



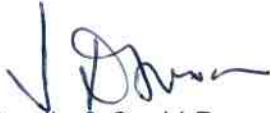

**STERLING TOOLS LIMITED**

CIN : L29222DL1979PLC009668

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@stlfasteners.com  
 website : stlfasteners.com

**FORM A**

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

1.	Name of Company	Sterling Tools Limited
2.	Annual Financial Statements for the Year Ended	31 <sup>st</sup> March, 2015
3.	Type of Audit Observation	<p>The Audit Report for Financial Year 2013-2014 doesn't contain any observation which needs to be explained / clarified by Management of Company.</p> <p>Please refer to sub paragraph (II) named "Report" under paragraph "Statutory Auditors" on Page No. 7 of Directors' Report for the Financial Year ended 31<sup>st</sup> March, 2015.</p>
4.	Frequency of Observation	N. A.
5.	To be signed by:	
	CEO/Managing Director	Shri Anil Aggarwal 
	CFO	Shri Atul Aggarwal 
	Auditor of the Company	 M/s S. R. Dinodia & Co. LLP.
	Chairman of the Audit Committee	 Shri C.R. Sharma

STERLING TOOLS LIMITED



ANNUAL REPORT 2014 - 2015



**Registered Office:**

K-40, Connaught Circus  
New Delhi - 110001

**Corporate Office :**

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

**Works :**

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

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

81, Sector 25, Ballabhgarh  
Faridabad (Haryana)

**Board of Directors**

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

**Shri Anil Aggarwal**  
*Managing Director*

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

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

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

**Ms. Malini Sud**  
*Additional Director*

**Compliance Officer**

**Ms. Vaishali Singh**

**Auditors****Statutory Auditor**

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

**Internal Auditor**

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

**Registrar & Transfer Agent**

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

**Bankers**

Oriental Bank of Commerce  
State Bank of India  
HDFC Bank Limited

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# Board's Report

Dear Members,

Your Directors are pleased to present the 36th Annual Report on the business and operations of your Company and Audited Financial Statements for the financial year ended March 31, 2015.

## Financial Results

The Company's performance for the Financial Year 2014-2015 vis-à-vis 2013-2014 is summarized as under:

(Amount in Lacs)

Particulars	Financial Year	
	2014-2015	2013-2014
Revenue from Operations (Net)	34275.72	30135.95
Profit before interest, depreciation and tax	4732.51	4165.22
Interest	655.44	714.60
Depreciation	1203.13	1029.84
Profit Before Tax (PBT)	2873.94	2420.77
Provision for Tax	751.78	858.35
Profit After Tax (PAT)	2122.16	1562.42
<b>Appropriations:</b>		
Interim Dividend	342.23	342.23
Proposed Dividend		-
Tax on Interim Dividend	58.16	58.16
Tax on Proposed Dividend		-
Transfer to General Reserve	212.00	155.00
Balance Carried to Balance Sheet	8587.68	7126.25

## Company's performance

The Company performed very well and demonstrated good performance during the Financial Year 2014-2015.

The highlights of the Company's performance during the Financial Year 2014-15 are as under:

- Revenue from operations increased by 13.73% to Rs. 34275.72 Lacs
- Exports increased by 4.97% to Rs. 3630.87 Lacs.
- PBDIT increased by 13.62% at Rs. 4732.51 Lacs.
- Profit before Tax increased by 18.72% at Rs. 2873.94 Lacs.
- Net Profit increased by 35.83% to Rs. 2122.16 Lacs

## Dividend

Considering the financial performance of the Company and keeping in view Sterling' tradition of high regard for its shareholders, the Directors had, in their meeting held on 11th August, 2014,

recommended 50% interim dividend for financial year 2014-2015 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 2014-2015 and the interim dividend already declared and paid be considered as final dividend for the financial year 2014-2015.

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

## **Transfer to General Reserve**

Out of the profits of the Company, a sum of Rs. 212.00 Lacs has been transferred to General Reserves during the year and total General Reserves of the Company are Rs. 2111.46 Lacs as on 31st March, 2015.

## **Deposits**

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

## **Depository System**

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2015, 98.99% of the Company's total paid-up Capital representing 6775271 shares are in dematerialized form. In view of numerous advantages offered by the Depository System, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the Depositories.

## **Capital Structure and Listing**

As on 31st March, 2015, the Company has Authorised Share Capital of Rs.10,00,00,000/-and Paid Up Share Capital of Rs. 6,84,46,000/-. The equity shares of the Company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. There are no arrears on account of payment of listing fees to the said Stock Exchanges.

The Promoters and Persons acting in concert with them hold 70.15% share Capital of the Company as on 31st March, 2015 as against 70.05% as on 31st March, 2014.

## **Performance of Joint Venture Company**

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

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

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

## Extract of Annual Return

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

## Declaration of Independence

All independent Directors have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

The details of training given to Independent Directors are provided separately in Corporate Governance Report.

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

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

## Policy on Board Diversity

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

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

The Company has not provided any loans or Guarantees under Section 186 during the year. It has invested Rs.5,88,25,000/- (Rupees five Crore eighty eight lac twenty five thousand only) in Equity Share Capital of Sterling Fabory India Private Limited, a Joint venture Company till 31st March 2015.

## Transactions with Related Parties

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

## Risk Management

During the year, your Company has constituted a Risk Management Committee on 13th February, 2015 to frame, implement and monitor the risk management plan for the Company.



The Company has adopted a Risk Management Policy describing the risk management methodology, structure and system employed across the Sterling in its Board meeting held on 13th February, 2015 effective from 01st October, 2014. Details of said Committee have been disclosed at Page No. 46 of Corporate Governance Report attached to this report.

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

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

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

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

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

Six meetings were conducted during the year in respect of which proper notices were given and the proceedings were properly recorded. For details of the meetings of the Audit Committee and attendance of the Members, please refer Page No. 42 of Corporate Governance Report attached to this Annual Report.

### **Board Evaluation**

During the year, the Evaluation cycle was completed internally by the Nomination & Remuneration Committee of the Company on its meeting held on 30th March, 2015 which included the evaluation of all Directors. First of all, all Executive Directors were evaluated keeping in view their KRAs and performance of the Company. Thereafter, the performances of all Independent Directors were evaluated. The exercise was led by the Non-Executive Chairman, among the Independent Directors alongwith a Senior Independent Director of the Company. The performance evaluation of Independent Directors had been done by entire members of the Committee (excluding the Director being evaluated).

### **Key changes:**

There was no change in the nature of business of the Company during the year under review. The details of changes in the Directorship & KMP are as follows:

Ms. Malini Sud was appointed as an Additional Director in the capacity of an Independent Director on the Board of the Company with effect from 15th September, 2014 and is eligible to be appointed as an Independent Director in the forthcoming Annual General meeting for a term of five years upto 14th September, 2019.

Shri Anil Aggarwal retires by rotation and being eligible offer himself for re-appointment.

Shri Atul Aggarwal, the Whole Time Director of the Company was appointed as Chief Financial Officer of the Company by the Board of Directors in their meeting held on 13th February, 2015.

Mr. K.R. Gupta resigned from the Board of the Company with effect from 22nd May, 2014.

The Company has not received any show cause notices/orders from any Regulatory Bodies during the year under review.

During the year under review, Your Company does not have any Associate or Subsidiary Company.

### **Credit Rating**

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

### **Corporate Social Responsibility**

Composition of the Corporate Social Responsibility Committee has been disclosed in the Corporate Governance Report, attached to this report. The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure – V** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy on CSR is available on the website of the Company.

### **Particulars of Employees**

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

### **Capital Expenditure**

As on March 31, 2015, the Gross Fixed Assets (including Capital WIP) stood at Rs. 21427.46 Lacs and Net Fixed Assets stood at Rs. 13053.10 Lacs. Additions during the year amounted to Rs. 5843.47 Lacs.

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

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

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

Pursuant to the provisions of Section 205A of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 2nd September, 2014 (date of last Annual General Meeting) on the Ministry of Corporate Affairs' website.

### **Corporate Governance**

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

The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49, is attached to the Report on Corporate Governance.

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

## **Management discussion & Analysis**

Management Discussion and Analysis Report covering issues relating to Industry structure & developments, Opportunities & Threats, Segment-wise or product wise performance, Outlook, Risks & Concerns, Internal Control Systems & their adequacy, Discussion on financial performance and material developments in Human Resources etc. has been given separately and form part of this Annual Report.

## **Director's Responsibility Statement**

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

- (i) in the preparation of the accounts for the Financial Year ended 31st March, 2015, the applicable accounting standards have been followed and there are no material departures;
- (ii) the Directors have selected accounting policies in consultation with Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year under review;
- (iii) the Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013. The Directors have confirmed that there are adequate control & systems for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the accounts for the Financial Year ended 31st March, 2015 on a 'going concern' basis.
- (v) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively

## **Industrial Relations**

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

## **Statutory Disclosures**

Your Directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

## **Material Changes and Commitments**

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

## **Statutory Auditors**

### **i) Appointment**

M/s. S. R. Dinodia & Co. LLP. the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. M/s S. R. Dinodia & Co., have, under Section 141(3) (g) of Companies Act, 2013, furnished the certificate of their eligibility for reappointment. As recommended by the Audit Committee, your Directors propose that they may be reappointed as Auditors of the Company for a period of 2 years from the conclusion of this Annual General Meeting until the conclusion of the 38th Annual General Meeting of the Company.

### **ii) Report**

The Auditors' Report and Notes on Accounts for the financial year 2014-2015 are self-explanatory and therefore do not call for any further comments.

## **Secretarial Auditors' report**

M/s Santosh Kumar Pradhan, Company Secretaries was appointed as the Secretarial Auditor of the Company for the Financial Year 2014-15, who has conducted the Secretarial Audit of the Company for the year 2014-15. The said Secretarial Audit Report is annexed as Annexure VIII to this Report.

As observed by the Secretarial Auditor, Mr. K.R. Gupta resigned on 22nd May, 2014 and the Company appointed Ms. Malini Sud as an Independent Director in his place on 15th September, 2014.

## **Cost Auditors**

The Company appointed M/s G.T. & Co., the Cost Auditors to conduct the cost audit of the Company' cost records for financial year 2014-2015.

## **Internal Financial Control Systems and their adequacy**

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

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

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

## **Safety, Health and Environment (SHE) Measures**

Protection of environment is the prime concern of your Company. Your Company complies with the relevant laws and regulations as well as take any additional measures considered necessary to Prevent pollution, maximize recycle, reduce waste, discharges and emissions. Company Conserve natural resources by their responsible and efficient use in all our operations and plant trees.

## Quality Management System

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

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

- TS16949
- ISO 14001
- OSHAS 18001

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

## Cash Flow Analysis

In compliance with the provisions of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31-03-2015 is annexed hereto.

## Sexual Harassment

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

During the year under review, no complaints were reported.

## Acknowledgements

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

Your Directors look forward to their continued support.

**For and on behalf of the Board**

**M. L. Aggarwal**  
Chairman

**DIN No. 00027380**

**Date: 4th August, 2015**

**Place: Faridabad**

# Annexure-I to Board's Report

## Form AOC-1

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

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

#### Part "A": Subsidiaries

The Company doesn't have any subsidiary as on 31st March, 2015.

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

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

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

S. No.	Name of Associates/Joint Venture	Sterling Fabory India Private Limited
1.	Latest audited Balance Sheet Date	31st March, 2014
2.	Shares of Associate/ Joint Venture held by the company on the year end	
	No.	24,05,000
	Amount of Investment in Associates/ Joint Venture	588.25
	Extend of Holding %	50
3.	Description of how there is significant influence	Joint Venture Agreement
4.	Reason why the associate/joint venture is not consolidated	Because of exemption granted vide notification dated 14th October, 2014 by MCA
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	150.90
6.	Profit / Loss for the year	(195.05)
	Considered in Consolidation	
	Not Considered in Consolidation	(195.05)

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

**Note:** This Form is to be certified in the same manner in which the Balance Sheet is to be certified.  
For and on behalf of Board of Directors of Sterling Tools Limited

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

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

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

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

# Annexure-II to Board's Report

Extract of Annual Return

FORM NO. MGT 9

As on financial year ended on 31.03.2015

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

## I. REGISTRATION & OTHER DETAILS:

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

## II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

## III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

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

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	N.A.	N.A.	N.A.	N.A.	N.A.

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

##### i) Category-wise Share Holding

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	4794875	0	4794875	70.05	4801235	0	4801235	70.15	0.10
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL: (A) (1)	4794875	0	4794875	70.05	4801235	0	4801235	70.15	0.10
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other...	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL: (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter									
(A)= (A)(1)+(A)(2)	4794875	0	4794875	70.05	4801235	0	4801235	70.15	0.10
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	2307	22400	24707	0.36	5422	22400	27822	0.41	0.05
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
C) Central govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(1):	2307	22400	24707	0.36	5422	22400	27822	0.41	0.05



<b>(2) Non Institutions</b>									
a) Bodies corporate	0	0	0	0.00	0	0	0	0.00	0.00
i) Indian	278131	300	278431	4.07	204844	300	205144	3.00	-1.07
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	633958	46629	680587	9.94	713697	43829	757526	11.07	1.13
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	1038323	0	1038323	15.17	1011763	0	1011763	14.78	-0.39
c) Others (specify)				0.00				0.00	
c-i) Clearing Member	4055	0	4055	0.06	20306	0	20306	0.30	0.24
c-ii) Non-Resident Indian/OCBs	23622	0	23622	0.35	20804	0	20804	0.30	-0.05
<b>SUB TOTAL (B)(2):</b>	<b>1978089</b>	<b>46929</b>	<b>2025018</b>	<b>29.59</b>	<b>1971414</b>	<b>44129</b>	<b>2015543</b>	<b>29.45</b>	<b>-0.14</b>
<b>Total Public Share-holding</b>									
<b>(B)= (B)(1)+(B)(2)</b>	<b>1980396</b>	<b>69329</b>	<b>2049725</b>	<b>29.95</b>	<b>1976836</b>	<b>66529</b>	<b>2043365</b>	<b>29.86</b>	<b>-0.09</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>6775271</b>	<b>69329</b>	<b>6844600</b>	<b>100.00</b>	<b>6778071</b>	<b>66529</b>	<b>6844600</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Share Holding of Promoters**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	MANOHAR LAL AGGARWAL HUF	320000	4.68	0	320000	4.68	0	0.00
2	ANIL AGGARWAL HUF	280400	4.10	0	280400	4.10	0	0.00
3	ATUL AGGARWAL	1723331	25.18	0	1729691	25.27	0	0.09
4	MANOHAR LAL AGGARWAL	771016	11.26	0	771016	11.26	0	0.00
5	ANIL AGGARWAL	1568128	22.91	0	1568128	22.91	0	0.00
6	AKHILL AGGARWAL	132000	1.93	0	132000	1.93	0	0.00
	<b>Total</b>	<b>4794875</b>	<b>70.06</b>	<b>0</b>	<b>4801235</b>	<b>70.15</b>	<b>0</b>	<b>0.09</b>

(iii) **Change In Promoters' Shareholding (Specify if there is no change)**

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1.	<b>Atul Aggarwal</b>				
	At the beginning of the year 1st April, 2014	1723331	25.18		
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	Date	Increase (decrease) in shareholding	1725781	25.21
		11.04.2014	2450		
		02.05.2014	3910	1729691	25.27
	At the end of the year 31st March, 2015	1729691	25.27		

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Change in Shareholding during the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	For Each of the Top 10 Shareholders	390,730	5.71	-	-	390,730	5.71
		257,500	3.76	(12,500)	(0.18)	245,000	3.58
3	SEEMA GOEL @	135,000	1.97	-	-	135,000	1.97
4	ENAM INVESTMENT SERVICES PVT LTD @	120,000	1.75	(40,000)	(0.58)	80,000	1.17
5	SEETHA KUMARI @	36,248	0.53	(4,969)	(0.07)	31,279	0.46

6	ANURADHA MIT-TAL@	33,851	0.49	-	-	33,851	0.49
7	A P HOLDINGS PRIVATE LIMITED *	33,739	0.49	(33,000)	(0.48)	739	0.01
8	RITU GOEL @	30,000	0.44	-	-	30,000	0.44
9	D SRIMATHI @	29,149	0.43	-	-	29,149	0.43
10	OJAS CONSULTING PVT. LTD.	28,000	0.41	(28,000)	(0.41)	-	-
11	CHAMBERS INVESTMENTS PVT LTD #	27,954	0.41	(5,954)	(0.09)	22,000	0.32
12	ANGEL FINCAP PRIVATE LIMITED#	18,117	0.26	12,553	0.18	30,670	0.45

Note:

1. The shares of the Company are in dematerialised form and traded on a daily basis, hence the date wise increase or decrease in the shareholding is not indicated.
2. \*Top 10 Shareholders only as on 31st March, 2014, # Top 10 Shareholders only as on 31st March, 2015, '@' Common Top 10 shareholder as on 31st March, 2014 and 31st March, 2015.

**(v) Shareholding of Directors & KMP**

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Shri Manohar Lal Aggarwal</b>				
	At the beginning of the year 1st April, 2014	771016	11.26	771016	11.26
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2015	771016	11.26	771016	11.26
<b>2.</b>	<b>Shri Anil Aggarwal</b>				
	At the beginning of the year 1st April, 2014	1568128	22.91	1568128	22.91
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2015	1568128	22.91	1568128	22.91

<b>3.</b>	<b>Shri Atul Aggarwal</b>				
	At the beginning of the year 1st April, 2014	1723331	25.18	1723331	25.18
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	6360	0.09	1729691	25.27
	At the end of the year 31st March, 2015	1729691	25.27	1729691	25.27
<b>4.</b>	<b>Dr. T. N. Kapoor</b>				
	At the beginning of the year 1st April, 2014	-	-	-	-
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2015	-	-	-	-
<b>5.</b>	<b>Shri C. R. Sharma</b>				
	At the beginning of the year 1st April, 2014	-	-	-	-
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2015	-	-	-	-
<b>6.</b>	<b>Ms. Malini Sud</b>				
	At the beginning of the year 1st April, 2014	-	-	-	-
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31st March, 2015	-	-	-	-
<b>7.</b>	<b>Ms. Vaishali Singh (Company Secretary)</b>				
	At the beginning of the year 1st April, 2014	-	-	-	-
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	No Change			
	At the end of the year 31st March, 2015	-	-	-	-

## V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment						
			Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year						
i) Principal Amount			654223152	0	0	654223152
ii) Interest due but not paid			0	0	0	0
iii) Interest accrued but not due			0	0	0	0
<b>Total (i+ii+iii)</b>			654223152	0	0	654223152
Change in Indebtedness during the financial year						
Additions			183241913	0	0	183241913
Reduction			113156315	0	0	113156315
<b>Net Change</b>			70085598	0	0	70085598
<b>Indebtedness at the end of the financial year</b>						
i) Principal Amount			724308751	0	0	724308751
ii) Interest due but not paid			0	0	0	0
iii) Interest accrued but not due			2236205	0	0	2236205
<b>Total (i+ii+iii)</b>			726544956	0	0	726544956

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of the MD/WT/Manager			Total Amount
1	Gross salary	Manohar Lal Aggarwal (WTD)	Anil Aggarwal (MD)	Atul Aggarwal (WTD)	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	69.44	62.65	58.87	190.96

	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	1.94	36.94	3.81	42.69
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	32.00	32.00	32.00	96.00
	as % of profit				
	others (specify)				
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>103.38</b>	<b>131.59</b>	<b>94.68</b>	<b>329.65</b>
	<b>Ceiling as per the Act</b>				<b>329.65</b>

**B. Remuneration to other Directors:**

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of the Directors			Total Amount
<b>1</b>	<b>Independent Directors</b>	<b>Dr. T. N. Kapoor</b>	<b>Shri C. R. Sharma</b>	<b>Ms. Malini Sud</b>	
	(a) Fee for attending board committee meetings	5.10	5.85	1.5	12.45
	(b) Commission	-	-	-	-
	(c ) Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>5.10</b>	<b>5.85</b>	<b>1.5</b>	<b>12.45</b>
<b>2</b>	<b>Other Non Executive Directors</b>				
	(a) Fee for attending board committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c ) Others, please specify.	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>5.10</b>	<b>5.85</b>	<b>1.5</b>	<b>12.45</b>
	<b>Total Managerial Remuneration (A)+(B)</b>				<b>309.32</b>
	<b>Overall Ceiling as per the Act.</b>				

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

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	62.65	11.18	58.87	132.70
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	36.94	-	3.81	40.75
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission	32.00	-	32.00	64.00
	as % of profit				
	others, specify				
5	Others, please specify				
	<b>Total</b>	<b>131.59</b>	<b>11.18</b>	<b>94.68*</b>	<b>237.45</b>

\* Mr. Atul Aggarwal, Whole Time Director and CFO of the Company is receiving total salary of ₹94.68 lacs in the capacity of both Whole Time Director and CFO, not individually

## VII Penalties/Punishment/Compounding of Offences

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

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

Manohar Lal Aggarwal

Chairman

DIN No.: 0027380

# Annexure-III to Board's Report

## Remuneration Policy

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

**1. Qualifications of Independent Director:**

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

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

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

**3. Independence of Independent Directors:**

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

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

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

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

**a) Fixed pay:**

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



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

**b) Minimum Remuneration:**

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

**c) Provisions for excess remuneration:**

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

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

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

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

# Annexure-IV to Board's Report

## FORM NO. AOC -2

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

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

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

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

The Company has not entered into any contract or arrangement with its related parties which is not at arm's length price during financial year 2014-15.

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

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

b.

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

c.

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

d.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sterling Fabory India Private Limited
b)	Nature of contracts/arrangements/ transaction	Purchase of Material & Job work
c)	Duration of the contracts/ arrangements/transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may purchase fasteners upto an annual value of Rs. 3 Crores and to get the job work done upto Rs. 50 lacs annually as approved by Regional Director, Noida on 05th April 2013
e)	Date of approval by the Board	23rd January, 2013
f)	Amount paid as advances, if any	N.A.

e.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sterling Fabory India Private Limited
b)	Nature of contracts/arrangements/ transaction	Sale of Material & Job work
c)	Duration of the contracts/arrangements/ transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may sell fasteners upto an annual value of Rs. 3 Crores and to do the job work upto Rs. 1 crore annually as approved by Regional Director, Noida on 05th April 2013
e)	Date of approval by the Board	23rd January, 2013
f)	Amount paid as advances, if any	N.A.

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

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

**Date: 4th August, 2015**  
**Place: Faridabad**

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

# Annexure-V to Board's Report

## ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

**2. The composition of the CSR Committee:** The Company has a CSR Committee of Directors comprising of Mr. Anil Aggarwal as Chairman of the Committee, Mr. Atul Aggarwal and Mr. C.R. Sharma as Members of the Committee.

**3. Average Net Profit of the Company for last three financial years for the purpose of computation of CSR:** Rs. 20.29 Crores

**4. Prescribed CSR Expenditure(two per cent of the amount as in item 3 above):** Rs. 40,58,231/-

**5. Details of CSR spent during the financial year:**

**a. Total amount to be spent for the financial year:** Rs. 40,58,231/-

**b. Amount unspent :** Rs. 36,66,231/-

**c. Manner in which the amount spent during the financial year:** Attached

**6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reason for not spending the amount in its Board report.**

The CSR Policy of the Company is aimed to incur expense to cure the primary health concerns of local community including providing hygienic sanitation facilities as well as to promote education for underprivileged section. The strategy adopted by CSR Committee of the Company is to adopt projects having multi- year life so that society could be benefitted in real sense. The Company had approached various local NGOs to assess the requirements of local vicinity as well as to formulate long term policies for getting the above said projects implemented. Infact, various local MCF schools were visited personally by the Company' official designated for said purpose and immediate requirements of the said schools such as providing tables, book shelves, water coolers etc. were served without any delay. The CSR Committee of the Company is in process of finalizing the projects in collaboration with local bodies which will be implemented this year.

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

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

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

Manner in which Amount spent during the financial year is detailed below:							
Sr. No.	CSR Project or Activity identified	Sector in which Project is covered	Specify the area where projects or programs was undertaken	Budget project or programs wise	Amount spent on the projects or programs	Cumulative expenditure upto the reporting period	Amount spent: direct or through implementing agency
1.	Training and educating under-privileged children/orphans	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Local area (Faridabad)	10,00,000	1,92,000	1,92,000	Through SOS villages of India
2.	Paid to Golf Foundation	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	Pan India	5,00,000	2,00,000	2,00,000	Direct
3.	Financing Hygiene Sanitation, sponsoring eye camps/ health camps	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.	Local Area (Faridabad)	26,00,000	Nil	Nil	
<b>Sub-Total</b>				<b>41,00,000</b>	<b>3,92,000</b>	<b>3,92,000</b>	

## Annexure – VI to Board's Report

### Particular of Employees

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

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

Executive Directors	Designation	Ratio to Median Remuneration
Sh. M.L. Aggarwal	Chairman	590
Sh. Anil Aggarwal	Managing Director	751
Sh. Atul Aggarwal	Whole Time Director	541

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

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

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% Increase in remuneration in the financial year
Sh. M.L. Aggarwal, Chairman	12.81
Sh. Anil Aggarwal, CEO & MD	54.40
Sh. Atul Aggarwal, CFO	13.70
Ms. Vaishali Singh, Company Secretary	1.65

- c. **The Percentage increase in the median remuneration of employees in the financial year: 8%**

- d. **The number of permanent employees on the rolls of Company: 602**

- e. **The explanation on the relationship between average increase in remuneration and Company performance:**

On an average, employees receive an annual increase of 10% in India. The individual increments varied from 8% to 15% based on individual performance. In order to ensure that remuneration reflects Company performance, the performance bonus is also linked to organization performance, apart from an individual's performance.

**f. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:**

Aggregate remuneration of key Managerial Personnel in F.Y. 2014-15 (Rs. Crores)	3.51
Revenue(Rs. Crores)	344.08
Remuneration of KMPs (as % of revenue)	1.02
Profit before Tax(PBT)(Rs. Crores)	28.74
Remuneration of KMPs (as % of PBT)	12.21

**g. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

Particulars	March 31, 2015	March 31, 2014	% Change
Market Capitalisation (Rs. Crores)	191.64	82.14	133.30
Price Earnings Ratio	9.03	5.26	71.67

**h. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:**

Particulars	March 31, 2015	IPO (18.04.1995)	Bonus Issue	% change with respect to IPO
Market Price(BSE)	280.00	75.00	265.00	273.33
Market Price(NSE)	283.40	159.00*	-	78.24

\* Listed on 02.02.2006

**i. Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

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

**j. Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company:**

Particulars	Mr. Anil Aggarwal, CEO & Managing Director	Mr. Atul Aggarwal, CFO	Ms. Vaishali Singh, Company Secretary
Remuneration in FY 15 (Rs.Lacs)	131.58	94.68	11.18
Revenue (Rs. lacs)	34407.85	34407.85	34407.85
Remuneration as % of revenue	0.38	0.28	0.03
Profit before Tax(PBT) (Rs. Lacs)	2873.94	2873.94	2873.94
Remuneration (as % of PBT)	4.58	3.29	0.39



- k. The key parameters for any variable component of remuneration availed by the Directors:**  
Only commission is payable in addition to monthly remuneration which is 1% of the net profits of the Company computed as per the provisions of Companies Act, 2013. No other variable compensation is paid to the Directors of the Company.
- l. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.**  
None
- m. Affirmation that the remuneration is as per the Remuneration Policy of the Company.**  
The Company affirms remuneration is as per the Remuneration Policy of the Company

## Annexure - VII to Board's Report

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

### (A) Conservation of energy:

1.	Steps taken or impact on conservation of energy	<ul style="list-style-type: none"> <li>a. Forging and rolling machine combined thereby 3 conveyors reduced and the connected load in the each forging machine conveyor reduced by 1.17KW</li> <li>b. Provided timers for preventing idle running of the rolling machine</li> <li>c. Interlinked the cooling tower with the chillers thereby prevent idle running of the cooling tower fan when the chiller is not running</li> <li>d. Eliminated the use of compressed air for agitation in the plating tank by installing blower</li> <li>e. Installed capacitor Panel to improve power factor to near unity</li> <li>f. Small Kaizens carried out in each section to conserve energy</li> <li>g. Reduced air leakage and implemented air consumption reduction projects. One of the Project Got the 2nd Best Award in ACMA Kaizen Award</li> </ul>
2.	The steps taken by the company for utilising alternate sources of energy	The Company is exploring the option of using Solar Energy.
3.	The capital investment on energy conservation equipments	NIL

### (B) Technology absorption:

1.	The efforts made towards technology absorption	<p>This year the focus was on installation of surface treatment plants. One new Zinc plating plant was installed. Based on the learning in the old plant and other best practices in plating industry new plating plant was installed which is a benchmark in the fastener industry.</p> <p>Similar Zinc Flake Plant was installed which further improved the surface treatment capability of the organisation.</p> <p>We could successfully develop sorting machine for Studs and the taper plug as planned in 2014~15</p> <p>We installed eddy current checking of the coil for crack to meet the increasing customer requirements.</p>
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2.	the benefits derived like product improvement, cost reduction, product development or import substitution	With the new plant, the corrosion resistant properties improved thereby improved product robustness. This can open the opportunity for getting better price realization from specific customers.
3.	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	NA
	the details of technology imported	NA
	the year of import	NA
	whether the technology been fully absorbed	NA
	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA
	the expenditure incurred on Research and Development	The Company has not incurred any expense towards R&D during the Financial Year under review.

**A) Conservation of energy:**

1.	The Foreign Exchange earned in terms of actual inflows during the year	Rs. 345,890,916.00
2.	the Foreign Exchange outgo during the year in terms of actual outflows.	Rs. 6,911,181.00

# Annexure - VIII to Board's Report

Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on 31st March, 2015 (Audit Period) complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015, according to the provisions of:

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

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India **(Not notified till the end of the Financial Year and hence not applicable to the Company during the Audit Period).**
- (ii) The Listing Agreements entered into by the Company with Stock exchanges.

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

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

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Mr. K.R. Gupta, an Independent Director resigned on 22nd May, 2014. The Company appointed Ms. Malini Sood as an Independent Director in his place on 15th September, 2014.

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

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

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

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

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

- i. The borrowing limit of the Company was increased from Rs. 150 Crores to Rs. 200 Crores under Section 180 (1)(c) through Postal ballot.
- ii. The power was given to the Board by the Shareholders under Section 180(1)(a) to create charge, mortgage and hypothecation on Companies movable and immovable properties.
- iii. The Board of Directors of the Company in their meeting held on 11th August, 2014, decided to invest an amount of Rs. 1,12,50,000/- in the equity shares of M/s. Sterling Fabory Private Limited, a Joint Venture of the Company.

**Date: 22/07/2015**  
**Place: Ghaziabad**

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

**Santosh Kumar Pradhan**  
**FCS No.: 6973**

**C P No.: 7647**

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

## **Annexure-A**

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

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

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

**Date: 22/07/2015  
Place: Ghaziabad**

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

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

# Corporate Governance Report for the year 2014-2015

## Statement on Company's philosophy

Corporate Governance is an ethically driven business process that is committed to values aimed at enhancing an Organisation's brand and reputation. Our Corporate Governance framework is a reflection of our culture, our policies, our relationship with stakeholders and our commitment to values. Accordingly, we always seek to ensure that our performance is driven by integrity which is vital to gain and retain the trust of our stakeholders. We believe Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving.

We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. At Sterling Tools Limited, the Board is at the core of our Corporate Governance practice and oversees the Sterling Tools' Management's functions and protects the long term interests of our stakeholders. Our Corporate Governance philosophy is based on the following principles:

- Corporate Governance standards should satisfy both the spirit of the law and letter of law.
- Ensure transparency and maintain a high level of disclosure.
- Clearly distinguish between personal conveniences and corporate resources.
- Communicate externally and truthfully about how the Company is running internally.
- Management is the trustee of the shareholders' capital and not the owner.

Your Company is committed to meet the aspirations of all our stakeholders. This is demonstrated in consistent high returns to shareholders, sound credit ratings, governance processes, employees' satisfaction and the customers have also benefited from high quality products delivered at extremely competitive prices.

## 1. Composition and Responsibility of Board of Directors

The Board comprises such number of Non-Executive, Executive and Independent Directors as required under Companies Act, 2013 and Clause 49 of listing Agreement. As on date of this Report, the Board consists of six Directors comprising one Executive Chairman, three Independent Directors including one woman Director and two Executive Directors. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. 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.

Our definition of 'Independence' of Directors is derived from Clause 49 of the Equity Listing Agreement and Section 149(6) of the Companies Act, 2013. Based on the confirmation/ disclosures received from the Directors and on evaluation of the relationships disclosed, all Non-Executive Directors are Independent in terms of Clause 49 of the Listing Agreement and Section 149(6) of the Companies Act, 2013.

The terms & conditions of appointment of the Independent Directors are disclosed on the website of the Company.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company.



The Board of Directors appointed Ms. Malini Sud, as an additional Independent Director on the Board of the Company with effect from 15th September, 2014.

The details of each member of the Board along with the number of Directorship(s) / Committee Membership(s)/Chairmanship(s) are provided herein below:

Name of the Directors	Category of Directorship	No. of Directorship held in other companies (a)	No. of Chairmanship/ Membership in Board Committee of other companies (b)	
			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	3	2	3
Shri. C. R. Sharma	Non-Executive Independent Director	3	2	2
Ms. Malini Sud	Non-Executive Independent & Women Director	1	Nil	Nil

- For the purpose of considering Directorships, only Public Limited Companies (Listed as well as Unlisted) have been included.
- For the purpose of calculating Chairmanship / Membership of Committees only Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies have been considered.

## 1.1 Board Meetings and Procedures thereof:

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

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

The Company Secretary' duty is to prepare and provide Agendas as well as other requisite information to the members of the Board. Board Meetings are open forum for the members of the Board to discuss and deliberate upon growth and development plans of the Company.

Minutes of the proceedings of every Board meeting are recorded in Minutes Book within 15 days of the meeting and are discussed before approval by the members of Board at successive Board Meeting.

## 1.2 Information supplied to the Board:

Presentations are made to the Board of Directors on various functional, operational, statutory compliances and financial highlights etc.

Among others, this includes:

- i) Annual operating plans and budgets and any updates.
- ii) Quarterly Results of the Company.
- iii) Capital Budgets-Plant wise as well as Company as a whole.
- iv) Minutes of Audit Committee, Investors' Grievance Committee, Share transfer Committee & Remuneration Committee.
- v) Information relating to recruitment of Senior Officers just below the Board level.
- vi) Certificates given by the Plant Heads / Admin. Heads detailing compliances with the various provisions of Factories Act, Safety, Health and Environmental norms etc.
- vii) Details of any Joint Venture, Collaboration etc.
- viii) Non-compliance of any statutory, regulatory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- ix) All other information which is required to be provided pursuant to the provisions of Listing Agreement.

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

During the Financial Year 2014-2015, the Board met 8 times—on 2nd April, 2014, 7th April, 2014, 30th May, 2014, 11th August, 2014, 5th November, 2014, 12th December, 2014, 13th February, 2015 and 30th March, 2015.

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

Name of the Director	No. of Board Meeting attended	Whether attended last AGM
Shri. M. L. Aggarwal	8	Yes
Shri Anil Aggarwal	8	Yes
Shri Atul Aggarwal	8	Yes
Shri K. R. Gupta*	2	No
Dr. T. N. Kapoor	8	Yes
Shri C. R. Sharma	8	Yes
Ms. Malini Sud**	3	N.A

\*Resigned from Directorship w. e. f. 22nd May, 2014.

\*\*Appointed as an additional Director w.e.f. 15th September, 2014.

#### **1.4 Separate Independent Directors' Meeting**

A Separate meeting of Independent Directors was held during the year 2014-15 on 30th March, 2015 without the attendance of non-independent Directors and members of management. All the Independent Directors of the company were present in the meeting and they inter-alia discussed:

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

#### **1.5 Training/Familiarisation programme for Independent Directors**

The provision of conducting familiarization programmes and training programmes for independent Directors is a major contributor to the maintenance of high Corporate Governance standards by the Company. The Independent Directors, from time to time request management to provide detailed understanding of any specific project, activity or process. The management provides such information and training either at the meeting of Board of Directors or otherwise.

Upon appointment, Directors receive a Letter of Appointment setting out in detail the terms of appointment, duties, responsibilities, confidentiality matters, evaluation criteria and expected time commitments. For all independent Directors including existing ones and newly appointed, the familiarisation programmes form part of board meetings.

The said letters of appointment are available on the Company's website at <http://www.stlfasteners.com/new/profile.asp>

##### **Training**

The Company Secretary keeps the Board briefed on legal and regulatory development relevant to the Company and the Directors. The Company Secretary ensures that the programme to familiarise the Non-Executive Directors with the business is maintained over time and kept relevant to the needs of the individuals involved and the Board as a whole. Based on the yearly performance evaluation of the Board and individual Directors, the Chairman shall in consultation with Senior Independent Director agree on the Training and Development needs of the Board as a whole and decide on action plan for each year. The Company Secretary shall be responsible for implementation of such plan and Chairman shall regularly review the same.

In addition to the extensive induction and training provided as part of the familiarization programme, the Independent Directors are also taken through various business and functional sessions in the Board meetings including the Board meetings to discuss strategy.

#### **1.6 Board Evaluation**

The Nomination and Remuneration Committee of the Company approved an evaluation Policy during the year, which was adopted by the Board of Directors. The policy provides for evaluation of the Executive Directors including the Chairman of the Board as well as Independent Directors. A specific format describing the criterion was adopted for evaluation of Directors' performance.

Also, all the Executive Directors have a specific as well as well-defined KRA and accomplishment of these KRAs determine their performance. Overall performance of the Company- financially as well as operationally under the guidance of the above said Managerial Personnel is a key factor and taken into account while evaluating the performance of Executive Directors.

During the year, the Evaluation cycle was completed internally by the Nomination & Remuneration Committee of the Company in its meeting held on 30th March, 2015 which included the Evaluation of all Directors. First of all, all Executive Directors were evaluated keeping in mind their KRAs and performance of the Company. Thereafter, the performances of all Independent Directors were evaluated. The exercise was led by the Non-Executive Chairman, among the Independent Directors alongwith a Senior Independent Director of the Company. The performance evaluation of Independent Directors was done by entire members of the Committee (excluding the Director being evaluated).

The Evaluation process focused on various aspects of the Board functioning such as composition of the Board, experience and competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgment

## 1.7 Secretarial Standards

The Institute of Company Secretaries of India (ICSI) has recently released the Secretarial Standard SS-1 and SS-2 relating to Board and General Meetings respectively, which takes effective from 1st July, 2015. The secretarial and the operating practices of the Company are in line with the above Secretarial Standards.

## 1.8 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 Annual General Meeting.

Details of the remuneration paid to Executive Directors during the year 2014-2015 are given below:

*(Amount in Rs.)*

Name of the Director	Salary and other Allowances	Commission	Perquisites	Total
Shri. M. L. Aggarwal	6,944,424	3,200,000	193,680	10,338,104
Shri Anil Aggarwal	6,264,665	3,200,000	3,694,014	13,158,679
Shri Atul Aggarwal	5,887,032	3,200,000	381,457	9,468,489

### Non-Executive Directors

The Non-Executive Directors are entitled to sitting fee for attending the Board / Committee Meetings. A sitting fee of Rs. 25000/- for attending each Meeting of the Board as well as Committee meeting is paid to an Independent Director.

The sitting fees are paid to Independent Directors pursuant to the compliance of the provisions of Companies Act, 2013 as amended from time to time. None of the Independent Directors have any pecuniary/other interest in the transactions of the Company, its Directors or its promoters, its Senior Management and Associates which may affect their independence.

Sterling Tools Limited has no stock option plans and hence, such instruments do not form a part of the remuneration package payable to any Executive and/or Non-Executive Director. During the year under review, none of the Directors was paid any performance-linked incentive.

During the year 2014-2015, the Company did not advance any loans to any of the Executive and/or Non-Executive Directors.

During the Financial Year 2014-2015, the sitting fees paid to Independent Directors is detailed below:

(Amount in ₹)

Name of the Director	Board Meeting	Audit Committee	Stakeholders' Grievance Committee	Nomination & Remuneration Committee	C S R Committee	Risk Management Committee	Share Transfer Committee
Shri K. R. Gupta*	40000	40000	0	0	0	0	0
Dr. T. N. Kapoor	185000	135000	95000	70000	0	0	0
Shri C. R. Sharma	185000	135000	95000	70000	50000	25000	0
Ms. Malini Sud**	75000	25000	0	25000	0	0	0
<b>TOTAL</b>	<b>485000</b>	<b>335000</b>	<b>190000</b>	<b>165000</b>	<b>50000</b>	<b>25000</b>	<b>0</b>

\*Resigned from Directorship w. e. f. 22nd May, 2014.

\*\*Appointed as an additional Director w. e. f. 15th September, 2014.

## 1.9 Details of shareholding of Directors as on 31.03.2015 are given as under:

Name of the Director	No. of Equity Shares	% of Holding
Shri Manohar Lal Aggarwal	771016	11.26
Shri Anil Aggarwal	1568128	22.91
Shri Atul Aggarwal	1729691	25.27
Dr. T. N. Kapoor	Nil	Nil
Shri C. R. Sharma	Nil	Nil
Ms. Malini Sud	Nil	Nil

## 2. Committee(s) of the Board

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

At present the Company has six Board Committees:

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

## 2.1 Audit Committee

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

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

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

The role and terms of reference of the Audit Committee cover areas mentioned in the Clause 49 of Listing Agreement with Stock Exchange and section 177 of the Companies Act. 2013 which, among others, include:

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

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

## Meetings of Audit Committee

During the Financial Year 2014-2015, the Audit Committee met 6 times – on 2nd April, 2014, 7th April, 2014, 30th May, 2014, 11th August, 2014, 5th November, 2014 and 13th February, 2015. The attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri. K. R. Gupta*	2
Shri. C. R. Sharma	6
Dr. T. N. Kapoor	6
Shri. Anil Aggarwal	6
Ms. Malini Sud**	1

\*Resigned from Directorship w.e.f. 22nd May, 2014.

\*\*Appointed as an Additional Director w.e.f. 15th September, 2014.

The necessary quorum was present for all the meetings.

## 2.2 Stakeholders' Relationship Committee

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

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

### Terms of reference

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

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

## Meetings of Stakeholders' Relationship Committee

During the financial year 2014-2015 the Committee met 4 times-on 30th May, 2014, 11th August, 2014, 5th November, 2014, and 13th February, 2015 to review the grievances / complaints received from Shareholders.

1.	Number of shareholder's complaints received during the financial year 2014-2015	One
2.	Number of shareholder's complaints solved to the satisfaction of shareholders.	One
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)

## 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 2014-2015 the committee met 13 (Thirteen) times.

## 2.4 Nomination and Remuneration Committee

The Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. This committee comprises of following Directors:

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

### Terms of Reference

#### (a) Authority:

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

#### (b) Duties:

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



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

In identifying suitable candidates the Committee may:

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

### **(c) Duties-Remuneration**

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

- a. to consider and determine, based on their performance and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board and the Chief Executive Officer, namely,
  - (i) base salary;
  - (ii) bonuses and performance-related payments (including profit-sharing schemes);
  - (iii) discretionary payments;
  - (iv) benefits in kind; and
  - (v) share options and their equivalents
- b. to approve the remuneration of other members of the senior management of the group
- c. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and considering any other connection that they may have with the Company.

- d. in relation to the above, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company;
- e. to delegate any of its powers to one or more of its members or the secretary of the Committee;
- f. to consider any other matters as may be requested by the Board; and
- g. to make available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board.

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

During the Financial Year 2014-2015, the Committee met three times-on 30th May, 2014, 12th September, 2014 and 30th March, 2015 to formulate the remuneration policy for Board's Approval, to recommend the appointment of Ms. Malini Sud as an Additional Director of the Company and to finalise methodology for evaluation of Directors. The attendance of each Member of the Committee is given below:

<b>Name of Directors</b>	<b>No. of Meetings attended</b>
Shri. C. R. Sharma	3
Dr. T. N. Kapoor	3
Ms. Malini Sud*	1
Shri M.L. Aggarwal	3

\*Appointed as an Additional Director w.e.f. 15th September, 2014

### **Remuneration Policy**

The Nomination and Remuneration Committee formulated a Remuneration Policy relating to remuneration of Directors as well as Key Managerial Personnel and recommended the same to Board on its meeting held on 30th March, 2015. The remuneration policy is given in an Annexure-III attached to annual report.

### **Policy on Board Diversity**

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

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

## **2.5 Corporate Social Responsibility Committee**

The CSR Committee of Directors as required under Section 135 of the Act was constituted on 30th May, 2014 comprising of 1 Non-Executive Director and 2 Executive Directors. The Members at the Committee are as follows:

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

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

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

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

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

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

During the Financial Year 2014-2015, the Committee met twice -on 5th November, 2014 and 30th March, 2015. The attendance of each Member of the Committee is given below:

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

## **2.6 Risk Management Committee**

The Board of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The said Committee was constituted on 13th February, 2015 pursuant to the provisions of listing Agreement. The Committee comprises of following Directors:

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

#### **Meetings of Risk Management Committee**

During the Financial Year 2014-2015, the Committee met once on 30th March, 2015 to take note of the risk management Policy which is effective from 01st October, 2014.

All the said members attended the meeting.

## **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](mailto:vaishalis@stlfasteners.com)

## Role of the Company Secretary in overall governance process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and Senior Management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to Directors and to facilitate convening of meetings. The Company Secretary interfaces between the Management and Regulatory Authorities for Governance matters.

## 4 Subsidiary Companies

The Company doesn't have any subsidiary.

## 5 Disclosures

### 5.1 Details of shares held by the Directors and dividend paid to them for the Financial Year 2014-2015.

No. of Equity Shares	Name of the Director	Dividend paid for the Financial year 2014-2015 (In Rs.)
771016	Shri Manohar Lal Aggarwal	3855080.00
1568128	Shri Anil Aggarwal	7840640.00
1729691	Shri Atul Aggarwal	8648455.00
Nil	Dr. T. N. Kapoor	Nil
Nil	Shri C. R. Sharma	Nil
Nil	Ms. Malini Sud	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 Reconciliation of share capital Audit

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

## **5.4 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.

## **5.5 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.

## **5.6 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.

## **5.7 Other Information**

### **Information to Directors**

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

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

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

### **Separation of office of CEO and Chairman**

The office of the Chairman and CEO of the Company has always been separated. Mr. M.L. Aggarwal is the Chairman and Mr. Anil Aggarwal is CEO of the Company.

### **Audit qualifications**

The Board has recommended to the shareholders, the re-appointment of M/s S.R. Dinodia & Co., LLP (SRD) as Auditors. SRD has furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non audit assignments for the Company. Mr. Sandeep Dinodia has signed the audit report for 2014-15 on behalf of firm and there is no Audit Qualification by the Statutory Auditors.

### **Shareholders' rights**

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

## **6. Company Policies**

During the year, your Company has adopted new policies and amended existing policies such as Policy on Related Party Transactions, CSR Policy, Risk Management Policy, Remuneration Policy and Whistle Blower Policy/Vigil Mechanism Policy and Prevention of Sexual Harassment Policy in line with new governance requirements. These policies are available on the website of the Company at <http://www.stlfasteners.com/new/news.asp>.

## **6.1 Policy on dealing with Related Party Transactions**

In line with requirement of the Companies Act, 2013 and Listing Agreement, your Company has formulated a Policy on Related Party Transactions which is also available at Company's website at <http://www.stlfasteners.com/new/news.asp>. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its Related Parties.

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

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

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

## **6.3 Code of conduct for Insider Trading**

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

In accordance with these SEBI Regulations as amended, the Company has established systems and procedures to restrict insider trading activity and has framed and adopted code of conduct for insider Trading vide Board Resolution dated 15th May, 2015. The aforesaid Code of the Company prohibits the Directors of the Company and other specified employees dealing in the securities of the Company on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company. The objective of this Code is to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large.

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

## **6.4 Policy on Risk Management**

The Company has adopted a Risk Management Policy (also available on Company's website <http://www.stlfasteners.com/new/news.asp>) describing the risk management methodology, structure and system employed across the STL Group in its Board meeting held on 13th February, 2015. The Company has in place mechanisms to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework.

## **6.5 Sexual Harassment policy**

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC) for all of its manufacturing locations. The Company has designated the Company Secretary as a Chairperson for each of the Committees. The Company has also framed a policy on sexual harassment which is also available on the website of the Company.

## **6.6 Corporate Social Responsibility Policy**

Pursuant to the provisions of Section 135 of Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee and adopted a policy describing the projects to be undertaken by the Company for CSR activities. The said policy is also available on the website of the Company.

# **7. Management**

## **7.1 Management Discussion and Analysis**

A detailed Management Discussion and Analysis forms part of the Directors' Report.

## **7.2 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.

# **8. Shareholders**

## **8.1 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.

## **8.2 Communication to Shareholders**

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

The quarterly/half yearly results are being furnished to stock exchanges and also are being published in leading English and Hindi Newspapers and are displayed on the website of the Company—[www.stlfasteners.com](http://www.stlfasteners.com).

The Chairman's speech is distributed to shareholders at Annual General Meeting. The same is also placed on the website of the company for information of the shareholders residing in various parts of the country.

### 8.3 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
2013-2014	02.09.2014	09:30 A.M.	LakshmiPat Singhania Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	Appointment of Independent Directors, Alteration of Articles of Association, Approving remuneration of cost auditors, Reappointment and payment of remuneration to Chairman, WTD and MD
2012-2013	08.07.2013	09:30 A.M.	LakshmiPat Singhania Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	-NONE-
2011-2012	06.07.2012	09:30 A.M.	LakshmiPat Singhania Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	Appointment of relative of Director to an office of profit.

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

Date	Time	Special Resolution
02.09.2014	09:30 A.M.	Appointment of Independent Directors, Alteration of Articles of Association, Reappointment and payment of remuneration to Chairman, WTD and MD
08.07.2013	09:30 A.M.	NONE
06.07.2012	09:30 A.M.	Appointment of relative of a Director to an office of profit.

### 8.5 Postal Ballot:

During the year the Company had passed following special resolutions through Postal ballot last year:

- Power to borrow money
- Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings

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

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

The results of the Postal Ballot were declared on 12th September, 2014. Details of the voting pattern were as under:



Description of Resolution	No. of total valid Postal Ballot Forms / e-votes received	Votes Cast (No. of shares)	
		For	Against
Power to Borrow Money	61	4851997	01
Creation of charges on the movable and immovable properties of the company, both present and future, in respect of Borrowings	61	4851987	11

## 9. CEO/CFO Certification

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

## 10. Report on Corporate Governance

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

## 11. 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.

## 12. Code of conduct

The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company as required under Clause 49(1D) of Listing Agreement. This code is also posted on the website of the Company i.e. [www.stlfasteners.com](http://www.stlfasteners.com).

The Members of the Board of Directors and Senior Management personnel have affirmed the compliance with the Code applicable to them during the year ended March 31, 2015. The Annual Report of the Company contains a certificate by the Managing Director & CEO in this regard.

## 13. General Shareholder Information

### (i) Annual General Meeting

Date : Tuesday, 29th September, 2015  
 Time : 4:00 P.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 2016	: Second Half of May

### 2015-2016

**(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 2014-2015 in their meeting held on 11th August, 2014 which has already been paid. Further, the Board of Directors in their meeting held on 25th May 2015 declared the Interim dividend already paid as final dividend for the Financial year 2014-15. 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, 23rd September, 2015 to Tuesday, 29th September, 2015 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 11th August, 2014 has already been made on 21st August, 2014 as under:

To all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as on the end-of-the-day on 16th August, 2014 and

To all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the company on or before the closing hours on 16th August, 2014.

**(vi) Share Transfer System :**

The shares of the Company are compulsorily traded in dematerialised form. Shares received in physical mode are processed and approved by the Share Transfer Committee within a period of 15 days from the date of receipt provided the documents lodged are being valid and complete in all respects. In order to expedite the process of share transfer and in line with clause 49 of Listing Agreement, the Company has delegated the power of share transfer to R & T Agent- M/s Mas services Limited.

**(vii) Registrar and Transfer Agent:**

MAS Services Limited  
T-34, 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, 2015, The summarised position of shareholders in Physical and Demat segment as on 31st March, 2015 is as under:

Type of shareholding	No. of shareholders	Physical Shares	Demat Shares
Equity	3756	66529	6778071
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:**

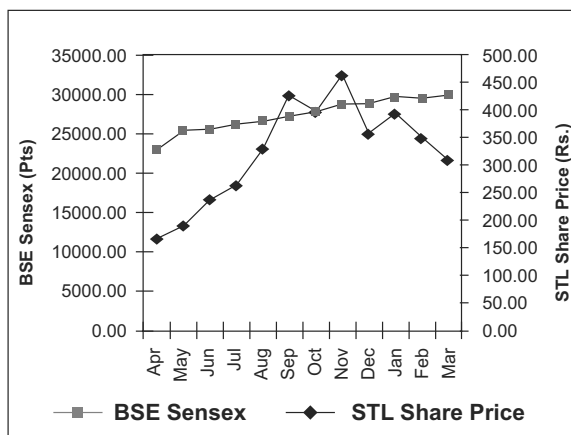
Investors and Shareholders are requested to send all correspondence to the Registrar & Transfer Agent at the address given above.

**(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 Stock Price Performance-STL Vs BSE Sensex during the financial year 2014-2015:**

Month	High	Low
April 2014	166.25	110.35
May 2014	190.00	155.00
June 2014	236.90	175.00
July 2014	263.00	205.00
August 2014	329.50	227.00
September 2014	427.00	299.00
October 2014	397.70	330.00
November 2014	464.00	335.00
December 2014	357.00	303.30
January 2015	393.90	305.00
February 2015	349.00	295.00
March 2015	309.50	235.00

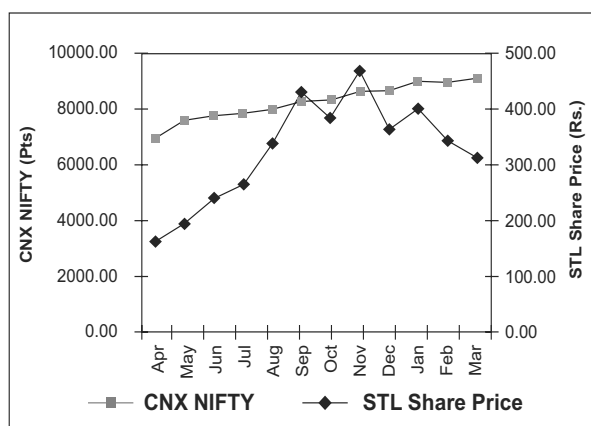


**Note:** Based on the Monthly highest data of STL (Rs. Per Share) and BSE Sensex (Pts.)

(xv) **Market Share price data on NSE during the financial year 2014-2015:**

Month	High	Low
April 2014	162.50	111.30
May 2014	191.90	150.70
June 2014	238.00	172.40
July 2014	264.00	210.05
August 2014	334.60	235.00
September 2014	425.65	298.00
October 2014	380.00	336.20
November 2014	465.00	337.10
December 2014	361.10	302.00
January 2015	398.00	301.50
February 2015	339.95	293.00
March 2015	310.15	239.10

**Stock Price Performance-STL Vs CNX NIFTY Financial Year 2014-2015**



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

(xvi) **Shareholding Pattern:**

	As on 31st March 2015		As on 31st March 2014	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Promoters	4801235	70.15	4794875	70.05
Mutual Funds	27822	0.41	24707	0.36
NRIs and OCBs	20804	0.30	23622	0.35
Body Corporate	205144	3.00	278431	4.07
Indian Public	1789595	26.14	1722965	25.17
<b>Total</b>	<b>6844600</b>	<b>100.00</b>	<b>6844600</b>	<b>100.00</b>

(xvii) **Distribution of shareholding as on 31st March, 2015 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
3391	90.282	1 TO 5000	346652	3466520	5.065
211	5.618	5001 TO 10000	160888	1608880	2.351
73	1.944	10001 TO 20000	110881	1108810	1.620
17	0.453	20001 TO 30000	42676	426760	0.623
10	0.266	30001 TO 40000	37020	370200	0.541
12	0.319	40001 TO 50000	54956	549560	0.803
16	0.426	50001 TO 100000	110459	1104590	1.614
26	0.692	100001 AND ABOVE	5981068	59810680	87.384
<b>3756</b>	<b>100.00</b>	<b>TOTAL</b>	<b>6844600</b>	<b>68446000</b>	<b>100.00</b>

# CEO AND CFO CERTIFICATION

We, Anil Aggarwal, Managing Director and Atul Aggarwal, Chief Financial Officer of Sterling Tools Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account and all its Schedules and Notes on accounts, as well as the Cash Flow Statements for the Year ended 31-03-2015 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 31-03-2015.

**Date: 28.07.2015**  
**Place: Faridabad**

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

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

# **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 2015, as stipulated in clause 49 of the Listing agreement of the said Company with the stock exchange.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedure and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

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

**Place : New Delhi**  
**Dated: 03.08.2015**

# Management Discussion and Analysis Report

## INDUSTRY STRUCTURE & DEVELOPMENTS:

### Business overview

Sterling Tools limited is engaged in manufacturing of high tensile cold forged fasteners. Thus the performance of Company is mainly dependent on the growth of automobile sector. The Indian automotive market is one of the most competitive markets with low costs, which make it an attractive assembly base for foreign automotive manufacturers.

India is the second fastest growing automobile market in the world after China.

The automobile industry accounts for 22 per cent of the country's manufacturing Gross Domestic Product (GDP). An expanding middle class, young population, and an increasing interest of the companies in exploring the rural markets have made the two wheelers segment (with 80 per cent market share) the leader of the Indian automobile market. The overall passenger vehicle segment has 14 per cent market share.

India is also a substantial Auto Exporter, with solid export growth expectations for the near future. Various initiatives by the Government of India and the major automobile players in the Indian market is expected to make India a leader in the Two Wheeler and Four Wheeler market in the World by 2020.

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

#### Automobile Production Trends

Category	2010-11	2011-12	2012-13	2013-14	2014-15
Passenger Vehicles	29,82,772	31,46,069	32,31,058	30,87,973	32,20,172
Commercial Vehicles	7,60,735	9,29,136	8,32,649	6,99,035	6,97,083
Three Wheelers	7,99,553	8,79,289	8,39,748	8,30,108	9,49,021
Two Wheelers	1,33,49,349	1,54,27,532	1,57,44,156	1,68,83,049	1,84,99,970
Total	1,78,92,409	2,03,82,026	2,06,47,611	2,15,00,165	2,33,66,246

#### Automobile Production Trends

Category	2010-11	2011-12	2012-13	2013-14	2014-15
Passenger Vehicles	4,44,326	5,08,783	5,59,414	5,96,142	6,22,470
Commercial Vehicles	74,043	92,258	80,027	77,050	85,782
Three Wheelers	2,69,968	3,61,753	3,03,088	3,53,392	4,07,957
Two Wheelers	15,31,619	19,75,111	19,56,378	20,84,000	24,57,597
Total	23,19,956	29,37,905	28,98,907	31,10,584	35,73,806

### Automobile Production Trends

Category	2010-11	2011-12	2012-13	2013-14	2014-15
Passenger Vehicles	25,01,542	26,29,839	26,65,015	25,03,509	26,01,111
Commercial Vehicles	6,84,905	8,09,499	7,93,211	6,32,851	6,14,961
Three Wheelers	5,26,024	5,13,281	5,38,290	4,80,085	5,31,927
Two Wheelers	1,17,68,910	1,34,09,150	1,37,97,185	1,48,06,778	1,60,04,581
Total	1,54,81,381	1,73,61,769	1,77,93,701	1,84,23,223	1,97,52,580

(Source of Information: SIAM)

Based on the information provided by the SIAM, the growth of Automobile industry as compared to previous financial year is detailed below:

#### Production

The industry produced a total of 23,366,246 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in April-March 2015 as against 21,500,165 in April-March 2014, registering a growth of 8.68 percent over the same period last year.

#### Domestic Sales

The sales of Passenger Vehicles grew by 3.90 percent in April-March 2015 over the same period last year. Within the Passenger Vehicles segment, Passenger Cars and Utility Vehicles grew by 4.99 percent and 5.30 percent respectively, while Vans declined by (-) 10.19 percent in April-March 2015 over the same period last year.

The overall Commercial Vehicles segment registered a de-growth of (-) 2.83 percent in April-March 2015 as compared to same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 16.02 percent and Light Commercial Vehicles declined by (-) 11.57 percent.

#### Exports

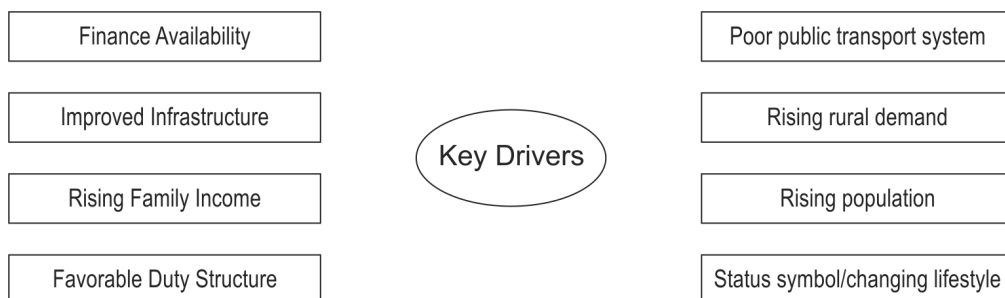
In April-March 2015, overall automobile exports grew by 14.89 percent over the same period last year. Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers grew by 4.42 percent, 11.33 percent, 15.44 percent and 17.93 percent respectively during April-March 2015 over the same period last year.

### OPPORTUNITIES & THREATS

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



Key drivers for the growth of Indian Auto industry:



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

### Threats

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

### PRODUCT-WISE PERFORMANCE

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

### RISK & CONCERNS

The Company is exposed to external and internal risks associated with the business such as downturn in economy, input prices, reputation, interest rates, foreign exchange, information systems, etc. It is also facing stiff competition from both domestic and overseas.

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

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

### INTERNAL CONTROL SYSTEM & THEIR ADEQUACY:

Your Company has a proper and adequate system of internal control commensurate with the size and nature of its business. The internal controls span across operations, inventory, fixed assets, financial records and regulatory compliances.

The internal audit department reviews the internal controls periodically. The reports of internal auditors are reviewed from time to time with respect to areas which require further strengthening of controls. The significant findings of internal auditors are placed before the Audit Committee. The improvements directed by the Audit Committee after reviews are implemented and their adequacy and effectiveness are monitored 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.

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

Revenue from Operations (Gross) for the year ended March 31, 2015 at Rs. 38074.94 Lacs show the increase of 13.61% against Rs. 33513.63 Lacs for the previous year despite enormous competition in automotive and other sector.

- Operating profit, excluding other income was Rs. 4710.21 Lacs for the year 2014-2015 increased by 13.17% as compared Rs. 4162.11 Lacs for the year 2013-2014.
- Operating margin was 13.74% for the year 2014-2015 as against 13.81% for the year 2013-2014.
- Other income was Rs. 132.13 Lacs for the year 2014-2015 increased by 121.21% as against Rs. 59.73 Lacs for the year 2013-2014.
- Interest expenses were Rs. 543.52 Lacs for the year 2014-2015 as against Rs. 714.60 Lacs for the year 2013-2014.
- Corporate tax liability including Deferred, Fringe Benefit and Wealth Tax Liability for the year was Rs. 751.78 Lacs for the year 2014-2015 as against Rs. 858.36 Lacs for the year 2013-2014.
- Net profit was Rs. 2122.16 Lacs for the year 2014-2015 increased by 35.83% as against Rs. 1562.42 Lacs for the year 2013-2014.
- Paid up equity share capital as on March 31, 2015 stood at Rs. 684.46 Lacs
- Earnings Per share (EPS) was Rs. 31.00 for the year 2014-2015 as against Rs. 22.83 for the year 2013-2014.
- Cash Earnings Per share (CEPS) was Rs. 48.58 for the year 2014-2015 as against Rs. 37.87 for the year 2013-2014.
- STL has contributed a foreign exchange to the tune of Rs. 3630.87 Lacs for the year 2014-2015 as against Rs. 3458.91 Lacs for the year 2013-2014.

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

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

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

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

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

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

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

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

As on 31st March, 2015, 602 employees are on Sterling's payroll.

### **Cautionary Statement**

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

## INDEPENDENT AUDITOR'S REPORT

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

**1. Report on the Financial Statements**

We have audited the accompanying financial statements of **M/S STERLING TOOLS LIMITED** ("the Company"), which comprise the Balance Sheet as at **March 31, 2015**, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

**3. Auditor's Responsibility**

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

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

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

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

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

**5. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at **March 31, 2015**;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Companies Act 2013, 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 and further proper returns adequate for the purpose of audit has been received from the branches not visited by us;
  - c. The Balance Sheet, the 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. In our opinion there are no financial transactions or matters that may have adverse effect on the functioning of the Company
  - f. On the basis of written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013;
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. On the basis of written representation received from the management of the Company, no litigation is pending against the Company's which would impact its financial position.
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund.

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

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

**PLACE: NEW DELHI  
DATE : 25 MAY 2015**

## **ANNEXURE TO THE AUDITORS' REPORT**

**(Referred to in Paragraph 1 under the heading of "Report on Other Legal & Regulatory Requirements" of our 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.
- ii) 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 of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of account.
- iii) (a) to (b) According to the information and explanation given to us, the company had not granted loan to any of the Company covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii) (a) to (b) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- 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 and services. 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) In our opinion and according to the information and explanation given to us, since the company has not accepted any deposits within the meaning of section 73 to 76 of the Companies Act, 2013, therefore the question of the compliance of any directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under does not arise.
- vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 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.
- vii) (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, Service tax, Customs duty, Excise duty, Investor Education and Protection Fund, cess 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, Sales tax, Service tax, Customs duty, Excise duty, Investor Education and Protection Fund, cess and other material statutory dues were in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.

- (b) According to the records of the Company examined by us and the information and explanations given to us, there are no dues of income tax and other statutory dues, except the following, which have not been deposited 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
a) Central Excise Act	Excise Duty and Penalty	189,015,254	June 2006-Dec 2008	CESTAT, New Delhi
		106,987,422	Jan 2009-Oct 2010	CESTAT, New Delhi
		3,990,394	February 2010-March 2010	CESTAT, New Delhi
		5,326,546	November 2010-January 2011	CESTAT, New Delhi
b) Central Excise Act	Interest on Excise Duty & penalty referred in clause (a) above	132,201,996	June 2006-January 2011	Since excise duty and penalty referred in clause a) above is pending at CESTAT, New Delhi, therefore interest relating to said matters will be decided accordingly
c) Haryana Value Added Tax, 2003	Vat on account of Sale of Capital Goods (cars)	98,594	A.Y. 2009-10	Hon'ble Haryana Tax Tribunal at Chandigarh
d) Income Tax Act, 1961	Income tax liability on account of disallowance u/s 14A of Income tax Act, 1961	137,500	A.Y. 2012-13	CIT (Appeals), VIII, New Delhi
e) Income Tax Act, 1961	Refund of A.Y. 2012-13 is adjusted against interest u/s 234B of Income tax Act, 1961	9,532,772	A.Y. 2012-13	Rectification u/s 154 of Income tax Act, 1961 is pending at Deputy Commissioner of Income Tax, Circle 24(2), New Delhi.

- (c) On the basis of information and explanations given to us by the management, no amount was required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- viii) 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.
- ix) In our opinion and on the basis of information and explanation 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.
- x) In our opinion and on the basis of information and explanation given to us, the company has not given guarantees for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 3(x) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- xi) 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.
- xii) 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, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the management.

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

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

**PLACE: NEW DELHI  
DATE : 25 MAY 2015**



## Balance Sheet as at 31st March, 2015

(Amount in ₹)

Particulars	NOTE NO.	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share Capital	3	68,446,000	68,446,000
Reserves and surplus	4	1,104,650,663	937,307,322
		<b>1,173,096,663</b>	<b>1,005,753,322</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	217,404,755	250,632,085
Deferred tax liabilities (Net)	6	136,568,976	130,745,516
Other Long term liabilities	7	3,226,707	2,823,375
Long-term provisions	8	5,658,315	5,528,111
		<b>362,858,753</b>	<b>389,729,087</b>
<b>Current liabilities</b>			
Short-term borrowings	9	393,861,262	330,558,164
Trade payables	10	260,768,613	205,152,223
Other current liabilities	11	169,962,989	117,971,732
Short-term provisions	8	8,150,768	18,815,926
		<b>832,743,632</b>	<b>672,498,045</b>
<b>TOTAL</b>		<b>2,368,699,048</b>	<b>2,067,980,454</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	12		
Tangible assets		1,300,606,194	1,093,902,086
Intangible assets		675,442	826,848
Capital work-in-progress		4,117,755	27,480,902
Non-current investments	13	58,825,000	47,575,000
Long-term loans and advances	14	31,939,068	55,912,177
Other Non current assets	16.2	7,924,005	
		<b>1,404,087,464</b>	<b>1,225,697,013</b>
<b>Current assets</b>			
Inventories	15	416,808,724	358,035,967
Trade receivables	16.1	398,853,968	347,947,107
Cash and other Bank Balances	17	12,983,935	63,989,008
Short-term loans and advances	14	119,918,018	54,237,595
Other current assets	16.2	16,046,939	18,073,764
		<b>964,611,584</b>	<b>842,283,441</b>
<b>TOTAL</b>		<b>2,368,699,048</b>	<b>2,067,980,454</b>
<b>Significant Accounting Policies</b>	2		

The accompanying notes are an integral part of the financial statements

As per our Audit Report of even date attached

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

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

(Sandeep Dinodia)  
 Partner  
 M.No. 083689

Place: New Delhi  
 Date: 25 MAY 2015

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

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

(Anil Aggarwal)  
 Managing Director  
 DIN No.00027214

(Vaishali Singh)  
 Company Secretary  
 PAN No.: AVIPS7863A

# Statement of Profit & Loss for the year ended March 31, 2015

(Amount in ₹)

Particulars	NOTE NO.	For the Year ended March 31, 2015	For the Year ended March 31, 2014
<b>Income</b>			
Revenue from operations (Gross)	18	3,807,494,419	3,351,362,826
Less : Excise Duty		379,922,645	337,767,343
Revenue from operations (Net)		3,427,571,774	3,013,595,483
Other income	19	13,212,799	5,973,166
<b>Total Income (I)</b>		<b>3,440,784,573</b>	<b>3,019,568,649</b>
<b>Expenses</b>			
Cost of raw material consumed	20	1,498,670,188	1,260,118,411
Changes in inventories in finished goods, work-in-progress and Stock in trade	21	(25,515,886)	45,398,507
Employee benefits expense	22	281,222,087	262,149,372
Finance Cost	23	73,685,567	81,330,570
Depreciation and amortization expense	12	120,312,957	102,984,056
Other expenses	24	1,201,782,384	1,029,718,479
CSR expenses	31	392,000	-
Total expenses (II)		<b>3,150,549,300</b>	<b>2,781,699,395</b>
<b>Profit before exceptional and extraordinary items and tax (I-II)</b>		<b>290,235,273</b>	<b>237,869,254</b>
Exceptional items	25	(2,841,453)	4,208,292
<b>Profit Before Tax</b>		<b>287,393,819</b>	<b>242,077,547</b>
<b>Tax Expense :</b>			
Current Tax		76,575,800	78,490,900
Deferred Tax		8,312,117	9,889,572
Tax adjustment for earlier years		(9,709,716)	(2,544,740)
<b>Profit after tax/Profit for the year</b>		<b>212,215,617</b>	<b>156,241,815</b>
<b>Earnings per equity share:</b>			
Basic / diluted earning per share	27	31.00	22.83
<b>Significant Accounting Policies</b>	2		

The accompanying notes are an integral part of the financial statements

As per our Audit Report of even date attached

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

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

(Sandeep Dinodia)  
 Partner  
 M.No. 083689

Place: New Delhi  
 Date: 25 MAY 2015

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

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

(Anil Aggarwal)  
 Managing Director  
 DIN No.00027214

(Vaishali Singh)  
 Company Secretary  
 PAN No.: AVIPS7863A

# Cash flow statement for the year ended 31 March, 2015

(Amount in ₹)

	Year Ended March 31,2015	Year Ended March 31,2014
<b>A. Cash Flow from operating activities</b>		
Net Profit before tax	287,393,819	242,077,546
Adjustments for :		
Depreciation (Net)	120,312,957	102,984,056
Unrealized foreign exchange gain & loss	828,896	(101,083)
Wealth Tax & Income Tax Interest	531,837	1,214,112
(Profit)/ Loss on sale of fixed assets	6,651,380	(6,789,294)
Interest Expenses	65,544,254	71,460,030
Bad debt written off	23,154,618	19,417,040
Provision for Doubtful Debts	6,287,446	10,097,372
Operation profit before working capital changes	<b>510,705,207</b>	<b>440,359,779</b>
<b>Adjustment for :</b>		
Trade Receivables	(81,177,822)	(8,310,119)
Other Recievables	(72,678,790)	27,320,226
Inventories	(58,772,757)	44,688,607
Trade Payables	55,616,390	49,816,148
Other Liabilities	11,010,988	593,268
Provisions	642,426	641,975
	<b>(145,359,566)</b>	<b>114,750,105</b>
Net Cash generated from operations	<b>365,345,641</b>	<b>555,109,884</b>
Direct taxes paid	(84,550,878)	(66,794,980)
Net cash from operating activities (A)	<b>280,794,763</b>	<b>488,314,904</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(298,038,197)	(172,981,416)
Sale of fixed assets	12,986,217	13,111,377
Investment in Joint Venture Company	(11,250,000)	(10,075,000)
Net cash used in investing activities (B)	<b>(296,301,980)</b>	<b>(169,945,039)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from long-term borrowings- from banks	119,938,815	76,451,525
Dividend paid including Dividend Tax	(40,039,199)	(40,039,199)
Repayment of long-term borrowings-to banks	(113,156,315)	(130,278,888)
Short Term Borrowings	63,303,098	(168,887,084)
Interest paid	(65,544,255)	(71,460,030)
Net cash used in financing activities (C)	<b>(35,497,855)</b>	<b>(334,213,676)</b>
Net increase in cash & cash equivalent (A+B+C)	<b>(51,005,073)</b>	<b>(15,843,811)</b>
Cash and Cash equivalents as at 01.04.2014 (Opening Balance)	63,989,008	79,832,819
Cash and Cash equivalents as at 31.03.2015(Closing balance) (C)	<b>12,983,935</b>	<b>63,989,008</b>

- 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 Audit Report of even date attached

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

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

(Sandeep Dinodia)  
Partner  
M.No. 083689

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

(Anil Aggarwal)  
Managing Director  
DIN No.00027214

Place: New Delhi  
Date: 25 MAY 2015

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

(Vaishali Singh)  
Company Secretary  
PAN No.: AVIPS7863A

# Notes to financial statements for the year ended March 31, 2015

## 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 have been prepared in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act, 2013 and are based on the historical cost convention. The financial statements have been prepared on accrual basis and under the historical cost convention.

### b. Uses of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### 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 is provided as per useful life specified in schedule II to the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of additions. On assets sold, discarded, etc. during the year, depreciation is provided up to the date of sale/discard.

### 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.

## Notes to financial statements for the year ended March 31, 2015

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.

## Notes to financial statements for the year ended March 31, 2015

**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.

## Notes to financial statements for the year ended March 31, 2015

### **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, 2015

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>NOTE 3 : SHARE CAPITAL</b>		
Authorised		
10,000,000 (March 31, 2014: 10,000,000) Equity Shares of ₹10/- each	100,000,000	100,000,000
Issued, Subscribed & Paid-up		
6,844,600 (March 31, 2014: 6,844,600) Equity Shares of ₹10/- each	68,446,000	68,446,000
fully paid up		
	<b>68,446,000</b>	<b>68,446,000</b>

## (a) Reconciliation Statement of Equity Share Capital

	March 31, 2015		March 31, 2014	
	No. of shares	Amount	No. of shares	Amount
No. of Shares at the beginning of the year	6,844,600	68,446,000	6,844,600	68,446,000
Add:- Addition during the year	-	-	-	-
Less:- Buy back during the year	-	-	-	-
No. of Shares at the end of the year	6,844,600	68,446,000	6,844,600	68,446,000

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

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of Equity shares is entitled to one vote per share. The company declares and pays interim dividend in Indian rupees.

During the year ended March 31, 2015, the amount of per share dividend recognized as distributions to equity shareholders is ₹5 (March 31, 2014: ₹5).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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.

	March 31, 2015		March 31, 2014	
	No. of shares	Amount	No. of shares	Amount
(i) Mr. Manohar Lal Aggarwal, Promoter	771,016	11.26%	771,016	11.27%
(ii) Mr. Anil Aggarwal, Promoter	1,568,128	22.91%	1,568,128	22.91%
(iii) Mr. Atul Aggarwal, Promoter	1,729,691	25.27%	1,723,331	25.18%
(iv) Mr. Jagdish Kumar Aggarwal	390,730	5.71%	390,730	5.71%



## Notes to financial statements for the year ended March 31, 2015

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>NOTE 4 : RESERVE AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balances at the beginning of the year	664,750	664,750
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Closing Balance	<b>664,750</b>	<b>664,750</b>
<b>Security Premium Reserve</b>		
Balances at the beginning of the year	34,071,500	34,071,500
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Closing Balance	<b>34,071,500</b>	<b>34,071,500</b>
<b>General Reserve</b>		
Balances at the beginning of the year	189,946,396	174,446,396
Add:- Addition during the year	21,200,000	15,500,000
Less:- Utilised during the year	-	-
Closing Balance	<b>211,146,396</b>	<b>189,946,396</b>
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balances at the beginning of the year	712,624,676	611,922,060
Add: Addition during the year		
Balance of Statement of Profit & Loss	212,215,617	156,241,815
Less: Utilised during the year		
Interim dividend paid	34,223,000	34,223,000
(Dividend amount per share ₹5 (March 31, 2014: ₹5))		
Dividend Distribution Tax on Interim Dividend	5,816,199	5,816,199
Transfer to General Reserve	21,200,000	15,500,000
Depreciation adjustment as per Schedule II of the Companies Act, 2013 (Net of Deferred Tax of ₹2,488,657)		
<b>[Refer Note 32]</b>	4,833,077	-
Closing Balance	<b>858,768,017</b>	<b>712,624,676</b>
<b>Total</b>	<b>1,104,650,663</b>	<b>937,307,322</b>

(Amount in ₹)

	Non Current portion		Current Maturities	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>NOTE 5 : LONG TERM BORROWINGS</b>				
Indian rupee loan from Banks (Secured)				
-Term loans	217,404,755	220,632,085	113,042,734	73,017,886
- Working capital term loan	-	30,000,000	-	-
From Others-Vehicle loan				
-Vehicle loan	-	-	-	15,018
<b>Total</b>	<b>217,404,755</b>	<b>250,632,085</b>	<b>113,042,734</b>	<b>73,032,904</b>
Less: Amount disclosed under head "other current liabilities" (note 11)	-	-	(113,042,734)	(73,032,904)
<b>Net amount</b>	<b>217,404,755</b>	<b>250,632,085</b>	<b>-</b>	<b>-</b>

## Notes to financial statements for the year ended March 31, 2015

- a) Term loan are secured by first equitable mortgage of certain Land & Building & hypothecation of Plant & Machinery & other fixed assets and personal guarantee by some of the directors of the company. The vehicle loans were secured by hypothecation of respective vehicles.
- b) Term Loan carries interest ranging from 11% to 13%.
- c) Working Capital Term Loan is secured by hypothecation of Stock in Trade, receivables, plant and machinery and other fixed assets, mortgage of certain Land and Building and personal guarantee by some of the directors of the Company.  
Repayment Profile of Term Loans is as set out below\*:

Bank/ Loan A/c No.	Nature of Loan	Balance No. of Installments	Installments starting on	Installments ending on
OBC/806	Term Loan	16	June 2011	July 2016
OBC/148	Term Loan	40	June 2013	July 2018
SBI/2066	Term Loan	24	April 2014	March 2017
SBI/7881	Term Loan	57	January 2015	December 2019
SBI/6326	Term Loan	14	November 2014	May 2016
OBC/2953	Term Loan	60	February 2016	January 2021

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>NOTE 6 : DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liability		
Fixed assets : Impact of difference between depreciation as per Income Tax Act and depreciation/amortization as per Companies Act.	145,111,850	140,319,427
<b>Total A</b>	<b>145,111,850</b>	<b>140,319,427</b>
<b>Deferred Tax Assets</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	5,403,373	5,813,656
Unrealised Exchange Fluctuation on capital goods	696,987	-
Lease Equalisation	305,409	328,158
Provision of doubtful debts	2,137,105	3,432,097
Total B	8,542,874	9,573,911
<b>Net Deferred Tax Liability (A-B)</b>	<b>136,568,976</b>	<b>130,745,516</b>

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>NOTE 7 : OTHER LONG TERM LIABILITIES</b>		
Security Deposits	3,226,707	2,823,375
<b>Total</b>	<b>3,226,707</b>	<b>2,823,375</b>

## Notes to financial statements for the year ended March 31, 2015

(Amount in ₹)

	Long Term		Short Term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>NOTE 8 :PROVISIONS</b>				
<b>Provisions for employees benefits</b>				
Provision for Leave Encashment (refer note 22)	5,161,604	4,629,587	1,720,535	1,543,196
	<b>5,161,604</b>	<b>4,629,587</b>	<b>1,720,535</b>	<b>1,543,196</b>
<b>Other provisions</b>				
Provision for Lease Equalisation	496,711	898,524	401,814	66,931
Provision for Income Tax	-	-	5,892,719	17,062,299
Net of advance tax of March 31, 2015				
₹71,079,218 (March 31, 2014 ₹62,499,213)				
Provision for Wealth Tax	-	-	135,700	143,500
	<b>496,711</b>	<b>898,524</b>	<b>6,430,233</b>	<b>17,272,730</b>
<b>Total</b>	<b>5,658,315</b>	<b>5,528,111</b>	<b>8,150,768</b>	<b>18,815,926</b>

### CONTINGENT LIABILITIES

(Amount in ₹)

S.No. Particulars	As at March 31, 2015	As at March 31, 2014
i) Disputed Liability under Central Excise Act*	305,319,675	348,815,314
ii) Interest on disputed liability under Central Excise Act**	132,201,696	112,355,917
iii) Letter of Credit	209,814,723	5,586,649
iv) Bank Guarantee	1,535,902	1,535,902
v) Guarantee towards repayment of EMI of car loans taken by the employees from MUL	-	77,539
vi) EPCG-Duty in relation to Export Obligation (Amount of export sales obligation ₹284,185,317)	34,477,000	-
vii) Disputed Liability for AY 2009-10 under Haryana Value Added Tax Act, 2003 on account Sale of Capital Good (Cars). The same is pending before The Hon'ble Haryana Tax Tribunal at Chandigarh.	98,594	-
viii) Disputed Liability for A.Y 2012-13 under Income tax Act, 1961 on account of disallowance u/s 14A of Income tax Act, 1961. The same is pending before CIT (Appeals), VIII, New Delhi	46,736	-
ix) Rectification filed u/s 154 for assessment year 2012-13 for rectification of asseessment order dt. 15.03.2015 u/s 143(3) of Income Tax Act, 1961.	9,532,772	-

\*Excise demand amounting to ₹189,015,254 for the period June 2006 to Dec 2008, ₹106,987,422 for the period January 2009 to October 2010, ₹3,990,394 for the period February 2010 to March 2010, ₹5,326,546 for the period Nov 2010 to January 2011 under Central Excise Act arisen due to dispute regarding assessable value with reference to MRP against which appeals were filed before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), New Delhi. Based on the appeals the department has granted the Stay order (No. SO/677-678/2012-EX (DB)) dated 23 April 2012 against the demand of ₹189,015,254 for the period June 2006 to Dec 2008, ₹106,987,422 for the period January 2009 to October 2010 and Stay Order (No. 53711-53714/2014- EX (DB)) dated 11 November 2014 of ₹4,658,470 against the demand of ₹3,990,394 for the period February 2010-March 2010 and ₹5,326,546 for the period November 2010-January 2011.

Based on the decisions of the Appellate Authorities and the interpretations of other relevant provisions, the company has been legally advised that the demands raised under the above said Acts are likely to be either deleted or substantially reduced and accordingly no provision has been made.

\*\*Interest amounting to ₹132,201,696 on the demands raised by Excise authorities has been calculated by the Company based on the fact mentioned in demand cum show-cause notices.

## Notes to financial statements for the year ended March 31, 2015

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>NOTE 9 : SHORT TERM BORROWINGS</b>		
Loans from banks (Secured)		
-Working Capital Facilities	271,454,301	330,558,164
- Buyers credit for capital goods	122,406,961	-
<b>Total</b>	<b>393,861,262</b>	<b>330,558,164</b>

- a) Working Capital Facilities include working capital demand loan, packing credit facilities, cash credits & buyers/suppliers credit for raw material . The same are secured by hypothecation of all inventories including in transit, receivables, book debts, plant and machinery and other fixed assets, equitable mortgage of certain land and building, and personal guarantee by some of the directors of the Company. The outstanding balance is repayable on demand. Cash Credit carries interest ranging from 10% to 12%.
- b) Buyers credit for capital goods was secured by first hypothecation of Plant & Machinery & other fixed assets and personal guarantee by some of the directors of the company.

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>NOTE 10 : TRADE PAYABLES</b>		
Amount due to Micro Small and Medium Enterprise	6,068,191	584,680
Principal Amount	38,369	64,530
Interest Payable	254,662,053	204,503,013
Amount due to others		
<b>Total</b>	<b>260,768,613</b>	<b>205,152,223</b>

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

(Amount in H)

S.No.	Particulars	As at March 31, 2015	As at March 31, 2014
i)	The Principal Amount & Interest due thereon remaining unpaid to any supplier as at end of the year		
	Principal Amount	6,068,191	584,680
	Interest	38,369	64,530
ii)	The amount of Interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	38,369	64,530
iii)	The amount of Interest accrued and remaining unpaid for the year	38,369	64,530

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.

## Notes to financial statements for the year ended March 31, 2015

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>NOTE 11: OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term borrowings (refer Note No. 5)	113,042,734	73,032,904
Interest accrued but not due	2,236,205	20,716
Advance from customers	13,713,859	14,266,939
Unclaimed Dividend	2,264,713	2,270,020
<b>Others:</b>		
Gratuity payable	9,014,811	5,152,632
Statutory Dues Payable	25,337,537	20,384,991
Creditors for Capital Expenditure	3,986,914	2,613,141
Other Payables	366,216	230,389
<b>Total</b>	<b>169,962,989</b>	<b>117,971,732</b>

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

# Notes to financial statements for the year ended March 31, 2015

## NOTE 12 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION/ AMORTIZATION			Adjustment with Retained Earning	NET BLOCK	
	AS AT APRIL 01, 2014	ADDITION	DEDUCTION	AS AT MARCH 31, 2015	AS AT APRIL 01, 2014	FOR THE YEAR		AS AT MARCH 31, 2015	AS AT MARCH 31, 2015
A. Tangible Assets									
Land	117,387,331	-	-	117,387,331	-	-	-	117,387,331	117,387,331
Buildings	219,340,177	59,247,304	-	278,587,481	61,649,597	8,002,775	(40,835)	208,975,944	157,690,580
Leasehold Improvements (Buildings)	24,134,164	-	-	24,134,164	11,417,760	918,609	-	12,336,369	12,716,404
Plant and Equipment	1,334,844,385	284,849,801	31,814,836	1,587,879,350	601,604,505	92,676,298	2,000,508	905,922,611	733,239,880
Furniture and fixtures	16,662,466	217,648	-	16,880,114	8,457,735	1,359,224	100,215	6,962,940	8,204,732
Vehicles	29,334,648	4,300,825	5,096,921	28,538,552	10,333,446	3,569,686	3,077,614	10,825,518	19,001,202
Office Equipments	20,074,464	2,508,426	-	22,582,890	7,062,908	3,990,611	-	11,053,519	13,011,556
Electrical Installations & Equipments	47,865,287	1,617,676	-	49,482,963	16,662,729	8,579,678	-	25,242,407	31,202,558
Computer System	11,329,881	758,310	2,178,006	9,910,185	9,882,037	739,670	148,536	1,189,922	1,447,843
Total	1,820,972,803	353,499,990	39,089,763	2,135,383,030	727,070,717	119,836,551	7,321,734	1,300,606,194	1,093,902,086
B. Intangible Assets									
Computer software	2,920,309	325,000	-	3,245,309	2,093,461	476,406	-	2,569,867	826,848
Total	2,920,309	325,000	-	3,245,309	2,093,461	476,406	-	2,569,867	826,848
C. Capital Work in Progress									
CWIP	27,480,902	230,521,685	253,884,832	4,117,755	-	-	-	4,117,755	27,480,902
Total	27,480,902	230,521,685	253,884,832	4,117,755	-	-	-	4,117,755	27,480,902
Grand Total	1,851,374,014	584,346,675	292,974,595	2,142,746,093	729,164,178	120,312,957	7,321,734	1,305,399,390	1,122,209,836
Previous Year	1,709,657,405	211,422,052	69,705,444	1,851,374,014	636,902,668	102,984,056	10,722,546	729,164,178	1,072,754,738

## Notes to financial statements for the year ended March 31, 2015

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>NOTE 13: NON-CURRENT INVESTMENTS</b>		
<b>Trade Investment (Valued at cost unless stated otherwise)</b>		
Investment in Joint Venture Company (Unquoted Equity Shares)	58,825,000	47,575,000
24,05,000 Equity Shares (March 31, 2014: 2,155,000) of ₹10 each fully paid up in Sterling Fabory India Pvt. Ltd.		
<b>Total</b>	<b>58,825,000</b>	<b>47,575,000</b>

Aggregate cost unquoted investment ₹58,825,000 (March 31, 2014: ₹47,575,000)

(Amount in ₹)

	Non Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>NOTE 14: LOANS AND ADVANCES</b>				
Capital Advances	8,976,183	40,026,055	-	-
(Unsecured, considered good)				
Security Deposits	7,309,365	6,711,140	20,000	762,500
(Unsecured, considered good)				
Advances recoverable in cash or in Kind	80,000	80,000	94,370,059	34,934,022
(Unsecured, considered good)				
Other Loans and advances (Unsecured considered good)				
Advance Income Tax	9,565,635	3,590,058	-	-
Net of provisions of March 31, 2015 ₹115,040,366 (March 31, 2014 ₹98,912,993)				
Loan to employees	-	516,200	843,328	324,000
Prepaid Expenses	3,114,403	2,913,023	3,994,858	4,277,013
Balances with statutory/ government Authorities	2,893,482	2,075,701	20,689,773	13,940,060
<b>Total</b>	<b>31,939,068</b>	<b>55,912,177</b>	<b>119,918,018</b>	<b>54,237,595</b>

### Capital Commitment:

- Estimated amount of contracts remaining to be executed on the capital account and not provided for in the account ₹123,856,356 (March 31, 2014: ₹73,505,104).
- The Company in previous year had paid amounts to Senior Town Planner, Faridabad Circle, Faridabad, for the "change in land use" of its part of the land situated at its Prithla unit. As per the agreed terms, there will be certain external development charges which are payable at future period. However, the quantum of such future liability is not quantified in the said letter.

# Notes to financial statements for the year ended March 31, 2015

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>NOTE 15: INVENTORIES</b>		
<b>(valued at lower of cost or net realizable value)</b>		
Raw Materials (refer note 20)	144,444,620	111,357,280
Goods in Transit - Raw Material	172,907	8,162,778
Work in Process (refer note 21)	46,667,120	56,232,308
Finished Goods (refer note 21)	182,682,892	147,284,672
Stores, spares & Consumables	32,515,476	30,438,119
Goods in Transit - Stores, spares & consumables	5,756,250	-
Tools & Dies	4,123,292	3,797,497
Scrap (refer note 21)	446,168	763,313
<b>Total</b>	<b>416,808,725</b>	<b>358,035,967</b>

(Amount in ₹)

	Non Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>NOTE 16.1: TRADE RECEIVABLES &amp; OTHER ASSETS</b>				
<b>(Unsecured, considered good unless stated otherwise)</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Unsecured, considered good	-	-	7,842,085	9,141,538
Unsecured, considered doubtful	-	-	6,287,452	10,097,373
	-	-	14,129,537	19,238,910
Less: Provision for doubtful debts	-	-	6,287,452	10,097,373
<b>(A)</b>	<b>-</b>	<b>-</b>	<b>7,842,085</b>	<b>9,141,538</b>
Other Receivables	-	-	391,011,884	338,805,569
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>391,011,884</b>	<b>338,805,569</b>
<b>Total (A+B)</b>	<b>-</b>	<b>-</b>	<b>398,853,969</b>	<b>347,947,107</b>

(Amount in ₹)

	Non Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>16.2 - OTHER ASSETS</b>				
<b>(Unsecured, considered good unless stated otherwise)</b>				
Deposit Accounts with original maturity more than 12 months*	7,607,479	-	-	-
Interest Accrued but not due	316,526	-	-	10,864
Export Incentive Receivable	-	-	16,046,940	18,062,900
<b>Total</b>	<b>7,924,005</b>	<b>-</b>	<b>16,046,940</b>	<b>18,073,764</b>



## Notes to financial statements for the year ended March 31, 2015

(Amount in ₹)

	Non Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 015	As at March 31, 2014
<b>NOTE 17: CASH AND BANK BALANCES</b>				
<b>Cash &amp; Cash Equivalents</b>				
Balances with Scheduled banks :				
On current accounts			9,547,521	11,111,369
Deposits accounts with original maturity less than 3 months*			-	50,000,000
On unpaid dividend accounts			2,264,713	2,270,020
Cash in hand			1,171,701	607,619
			<b>12,983,935</b>	<b>63,989,008</b>
<b>Other Bank Balances</b>				
Deposit Accounts with original maturity more than 12 months*	7,607,479	-	-	-
Less: Disclosed under Other Non-current assets(Refer Note 16.2)	(7,607,479)			
	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>12,983,935</b>	<b>63,989,008</b>

(Amount in ₹)

	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>NOTE 18: REVENUE FROM OPERATIONS</b>		
<b>Sale of Products</b>		
Finished Goods	3,733,103,254	3,283,347,887
<b>Other Operating Revenues</b>		
Steel Scrap Sale	44,954,369	42,431,142
Export incentives & Margins	29,436,796	25,583,797
Revenue From Operations (Gross)	3,807,494,419	3,351,362,826
Less: Excise duty#	379,922,645	337,767,343
<b>Revenue From Operations (Net)</b>	<b>3,427,571,774</b>	<b>3,013,595,483</b>

# Excise Duty on sales amounting to ₹379,922,645 (March 31, 2014 : ₹337,767,343) has been reduced from sales in statement of profit & loss and Excise duty on increase/decrease in stock amounting to ₹2,682,279 (March 31, 2014: ₹687,204) has been considered as (income)/expense in note 24 of financial statements.

	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>a) Detail of Product sold</b>		
High Tensile Fasteners	3,733,103,254	3,283,347,887
	3,733,103,254	3,283,347,887
<b>b) Earnings in foreign exchange</b>		
Export of goods (FOB)	363,086,870	345,890,916
	363,086,870	345,890,916

# Notes to financial statements for the year ended March 31, 2015

(Amount in ₹)

	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>NOTE 19: OTHER INCOME</b>		
Interest Income on		
Fixed Deposits	420,064	76,012
Interest Received on electricity security deposit	474,473	369,012
Other non operating income		
Miscellaneous Scrap	2,368,591	1,942,356
Sundry Balance Written Back	941,285	259,118
Debts written off recovered	-	594,208
Discount received	1,621,596	1,343,175
Exchange fluctuation	6,224,013	-
Miscellaneous Income	1,162,777	1,389,285
<b>Total</b>	<b>13,212,799</b>	<b>5,973,166</b>

(Amount in ₹)

	For the year ended March 31, 2015	For the year ended March 31, 2014		
<b>NOTE 20: COST OF RAW MATERIAL CONSUMED</b>				
Balance at the beginning of the year	111,357,280	110,322,888		
Add : Purchases during the year	1,531,757,529	1,261,152,803		
	1,643,114,809	1,371,475,691		
Less:- Balance at the end of the year	144,444,621	111,357,280		
<b>Cost of Raw Material Consumed</b>	<b>1,498,670,187</b>	<b>1,260,118,411</b>		
<b>a) Details of Raw material consumed</b>				
Cold Head Quality Steel Wire	1,498,670,188	1,260,118,411		
	<b>1,498,670,188</b>	<b>1,260,118,411</b>		
<b>b) Details of Closing Inventory</b>				
Cold Head Quality Steel Wire	144,444,621	111,357,280		
	<b>144,444,621</b>	<b>111,357,280</b>		
<b>c) CIF value of Imports</b>				
Raw Materials	284,205,745	147,973,582		
Consumable stores & tools	29,565,114	10,192,943		
Capital goods	143,211,735	44,480,286		
	<b>456,982,594</b>	<b>202,646,811</b>		
<b>d) Details of Imported and Indigenous Raw materials Consumed</b>				
	%	Value (₹)	%	Value (₹)
Imported	13.98	209,465,124	15.68	197,647,261
Indigenous	86.02	1,289,205,064	84.32	1,062,471,150
	<b>100</b>	<b>1,498,670,188</b>	<b>100</b>	<b>1,260,118,411</b>

# Notes to financial statements for the year ended March 31, 2015

(Amount in ₹)

	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>NOTE 21: CHANGES IN INVENTORIES IN FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>Inventories at the beginning of the year</b>		
Finished Goods	147,284,672	175,214,131
Work in progress	56,232,308	73,946,692
Scrap	763,313	517,977
	<b>204,280,293</b>	<b>249,678,800</b>
<b>Inventories at the end of the year</b>		
Finished Goods	182,682,892	147,284,672
Work in progress	46,667,120	56,232,308
Scrap	446,168	763,313
	<b>229,796,179</b>	<b>204,280,293</b>
<b>(Increase) / Decrease in inventories</b>	<b>(25,515,886)</b>	<b>45,398,507</b>
<b>a) Details of Inventory</b>		
<b>Finished goods</b>		
High Tensile Fasteners	182,682,891	147,284,672
	<b>182,682,891</b>	<b>147,284,672</b>
<b>Work-in-progress</b>		
Parts of High Tensile Fasteners	46,667,120	56,232,308
	<b>46,667,120</b>	<b>56,232,308</b>

(Amount in ₹)

	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>NOTE 22: EMPLOYEE BENEFIT EXPENSE</b>		
Salary, Wages & Bonus	249,440,366	236,205,121
Contribution to Provident & other Funds	18,552,399	16,214,118
Gratuity	3,862,179	1,339,374
Staff Welfare Expenses	9,367,142	8,390,759
<b>Total</b>	<b>281,222,086</b>	<b>262,149,372</b>

## a) Employee Benefits

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

### (i) Defined Contribution Plan

The Company makes contribution towards provident fund 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 ₹15,224,573/- (March 31, 2014: ₹12,809,791/-) for provident fund contributions and ₹2,729,544 /- (March 31, 2014: ₹3,021,359 /-) for ESI contribution in the statement of profit and loss. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

### (ii) Defined Benefit Plan

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

# Notes to financial statements for the year ended March 31, 2015

## Actuarial Valuation is as under:-

As at / for the year ended on March 31 2015		Gratuity (funded)					Earned Leave (unfunded)				
		2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
<b>I.</b>	<b>Change in Defined Benefit Obligations (DBO)</b>										
	Present value of DBO at beginning of year	26,919,994	25,660,119	19,346,970	16,352,071	13,974,785	6,172,782	5,782,815	4,393,837	4,282,498	3,357,427
	Current service cost	3,633,869	3,280,981	3,608,786	2,960,940	2,770,576	2,430,507	2,368,420	2,220,879	1,691,738	1,807,593
	Interest cost	2,153,600	2,052,810	1,547,758	1,308,166	1,117,983	493,823	462,625	351,507	342,600	268,594
	Actuarial (gains)/losses	(1,187)	(2,293,753)	2,049,733	316,112	(824,138)	(864,963)	(839,256)	(38,081)	(1,080,998)	10,459
	Benefits paid	1,076,467	1,780,163	893,128	1,590,319	687,135	1,350,010	1,601,822	1,145,327	842,001	1,161,575
	<b>Present value of DBO at the end of year</b>	<b>31,629,809</b>	<b>26,919,994</b>	<b>25,660,119</b>	<b>19,346,970</b>	<b>16,352,071</b>	<b>6,882,139</b>	<b>6,172,782</b>	<b>5,782,815</b>	<b>4,393,837</b>	<b>4,282,498</b>
<b>II.</b>	<b>Change in fair value of assets</b>										
	Plan assets at beginning of year	21,767,362	20,224,009	18,200,897	14,951,927	12,283,341	N.A	N.A	N.A	N.A	N.A
	Actual return on plan assets	1,924,103	1,700,664	1,652,318	1,343,212	1,112,173	-	-	-	-	-
	Actual company contributions	0	1,622,852	1,263,922	3,496,077	2,243,548	-	-	-	-	-
	Benefits paid	1,076,467	1,780,163	893,128	1,590,319	687,135	-	-	-	-	-
	<b>Plan assets at the end of year</b>	<b>22,614,998</b>	<b>21,767,362</b>	<b>20,224,009</b>	<b>18,200,897</b>	<b>14,951,927</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>	<b>N.A</b>
<b>III.</b>	<b>Net asset/(liability) recognised in Balance Sheet</b>										
	Present value of Defined Benefit Obligation	31,629,809	26,919,994	25,660,119	19,346,970	16,352,071	6,882,139	6,172,782	5,782,815	4,393,837	4,282,498
	Fair value of plan assets	22,614,998	21,767,362	20,224,009	18,200,897	14,951,927	-	-	-	-	-
	<b>Net asset/(liability) recognised in Balance Sheet</b>	<b>(9,014,811)</b>	<b>(5,152,632)</b>	<b>(5,436,110)</b>	<b>(1,146,073)</b>	<b>(1,400,144)</b>	<b>(6,882,139)</b>	<b>(6,172,782)</b>	<b>(5,782,815)</b>	<b>(4,393,837)</b>	<b>(4,282,498)</b>
<b>IV.</b>	<b>Components of employer expense recognized during the year</b>										
	Current service cost	3,633,869	3,280,981	3,608,786	2,960,940	2,770,576	2,430,507	2,368,420	2,220,879	1,691,738	1,807,593
	Interest cost	2,153,600	2,052,810	1,547,758	1,308,166	1,117,983	493,823	462,625	351,507	342,600	268,594
	Expected return on plan assets	1,924,103	1,700,664	1,652,318	1,343,212	1,112,173	Nil	Nil	Nil	Nil	Nil
	Actuarial losses / (gains)	(1,187)	(2,293,753)	2,049,733	316,112	(824,138)	(864,963)	(839,256)	(38,081)	(1,080,998)	10,459
	<b>Total expense recognised in the Profit and Loss Statement</b>	<b>3,862,179</b>	<b>1,339,374</b>	<b>5,553,959</b>	<b>3,242,006</b>	<b>1,952,248</b>	<b>2,059,367</b>	<b>1,991,789</b>	<b>2,534,305</b>	<b>953,340</b>	<b>2,086,646</b>
<b>V.</b>	<b>Actual contribution and benefit payments</b>										
	Actual benefit payments	1,076,467	1,780,163	893,128	1,590,319	687,135	1,350,010	1,601,822	1,145,327	842,001	1,161,575
	Actual contributions	-	1,622,852	1,263,922	3,496,077	2,243,548	-	-	-	-	-
<b>VI.</b>	<b>Actuarial assumptions</b>										
	Discount rate (p. a.)	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
	Future increase in compensation	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
	Expected return on plan assets	8.84%	8.41%	8.98%	9.05%	9.05%	N.A	N.A	N.A	N.A	N.A
	In Service Mortality	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96	L.I.C. 1994-96
		Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate	Ultimate
	Retirement age	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years	58 years
	Withdrawal Rates (p.a.)	10% to 2%	10% to 2%	10% to 2%	1%	1%	10% to 2%	10% to 2%	10% to 2%	1%	1%

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

## Notes to financial statements for the year ended March 31, 2015

(Amount in ₹)

	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>NOTE 23: FINANCE COST</b>		
Interest Expense	65,544,254	71,460,030
Other borrowing cost	1,422,800	2,409,517
Net exchange loss on foreign currency borrowings to the extent considered as an adjustment to interest cost	6,322,376	6,390,411
Interest on delayed payment of taxes	396,137	1,070,612
<b>Total</b>	<b>73,685,567</b>	<b>81,330,570</b>

(Amount in ₹)

	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>NOTE 24: OTHER EXPENSES</b>		
Consumption of stores & spares	280,912,779	243,311,741
Job work	107,509,635	82,847,859
Packing materials consumed	65,628,709	55,779,464
Power & Fuel	272,680,687	236,220,712
Rent (refer note 26)	7,146,098	7,245,278
Repairs to buildings	45,799,453	20,943,207
Repairs to machinery	89,283,352	76,007,151
Insurance	4,932,148	4,617,575
Rates and taxes	2,573,116	3,475,851
Increase Decrease in Excise Duty	2,682,279	(687,204)
Sales promotion	62,871,994	68,540,076
Freight Outward	103,557,120	85,850,163
Travelling & conveyance expenses	17,219,945	14,928,813
Contract Labour Charges	39,918,611	30,907,213
Payment to Auditors (refer details below)	912,920	917,525
Commission to Director	9,600,000	8,160,000
Exchange Fluctuation	-	11,948,058
Bad Debts Written Off	23,154,618	19,417,040
Prior Period Expenses (refer details below)	-	86,338
Miscellaneous Expenses	65,398,920	59,201,619
<b>Total</b>	<b>1,201,782,384</b>	<b>1,029,718,479</b>

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

	%	Value (₹)	%	Value (₹)
Imported	10.52	29,565,114	4.19	10,192,943
Indigenous	89.48	251,347,665	95.81	233,118,799
	<b>100</b>	<b>280,912,779</b>	<b>100.00</b>	<b>243,311,742</b>

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

(Amount in ₹)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Water	-	21,338
Rent	-	65,000
	-	86,338
Depreciation	-	1,153,310
<b>Total</b>	<b>-</b>	<b>1,239,648</b>

# Notes to financial statements for the year ended March 31, 2015

## c) Expenditure in foreign currency

	(Amount in ₹)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Travelling	4,176,585	1,631,600
Others	9,285,172	5,279,581
<b>Total</b>	<b>13,461,757</b>	<b>6,911,181</b>

## d) Payment to Auditors

	(Amount in ₹)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
As Auditor		
Audit Fee	600,000	600,000
Tax Audit Fee	100,000	100,000
Limited Review	90,000	90,000
	790,000	790,000
In Other Capacity		
Other Matters	12,500	55,000
Out of pocket expense	110,420	72,525
	122,920	127,525
<b>Total</b>	<b>912,920</b>	<b>917,525</b>

	(Amount in ₹)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>NOTE 25: EXCEPTIONAL ITEMS</b>		
Profit on acquisition of Land	-	8,734,222
Profit/ (loss) on sale of other fixed assets	(6,651,380)	(1,944,928)
Provision for doubtful debts for the year	(6,287,446)	(10,097,372)
Provision for doubtful debt written back	10,097,373	7,516,370
	<b>(2,841,452)</b>	<b>4,208,292</b>

## Note 26 Leases

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

Assets taken on operating leases:

- a) The Company has taken Factory Premises on non-cancellable operating lease from Haryana Ispat Pvt. Ltd. Agreement of Lease is renewed on 01.01.2012. Lease Agreement is valid till 31.12.2016. Lease rental (including transfer to lease equalisation reserve) amounting to ₹6,630,758 (March 31,2014: ₹6,630,758) has been debited to Statement of profit and loss. Future minimum lease rentals as on 31 March 2015 are as under:

	(Amount in ₹)	
Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Not later than one Year	6,630,758	6,630,758
Later than one year and not later than five years	4,973,068	11,603,828
<b>Total</b>	<b>11,603,826</b>	<b>18,234,586</b>

Details of Leasing Agreement are enumerated below:

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

## Notes to financial statements for the year ended March 31, 2015

- 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 ₹240,000 (March 31,2014: ₹320,000 /-) has been debited to Statement of profit and loss. Future minimum lease rentals as on 31 March 2015 are as under:

Particulars	(Amount in ₹)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Not later than one Year	240,000	240,000
Later than one year and not later than five years	210,000	450,000
<b>Total</b>	<b>450,000</b>	<b>690,000</b>

Details of Leasing Agreement is enumerated below:

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

- c) The Company has taken furnished office space on operating cancelable lease. Lease Agreement was valid till 31.10.2015. Lease rental amounting to ₹143,340 (March 31,2014: ₹211,680/-) has been debited to Statement of profit and loss.

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Office Space, Jamshedpur	31.10.2017	Yes	Yes	No

- d) The Company has taken furnished office space on operating cancelable lease. Lease Agreement is valid till 31.03.2016. Lease rental amounting to ₹72,000 (March 31,2014: ₹22,840/-) has been debited to Statement of profit and loss.

Details of Leasing Agreement are enumerated below:

Property taken on lease	Date of termination of lease	Escalation Clause	Terms of Renewal	Purchase Option
Office Space for Regd.Office,K-40,Conaught Circus,New Delhi-110001	31.03.2016	No	Yes	No

- e) The Company has taken Tricotect Equipment on non-cancellable operating lease from Atotech India Pvt. Ltd. Lease Agreement is valid till 28.02.2018. Lease rental amounting to ₹60,000 (March 31,2014: ₹125,000) has been debited to Statement of profit and loss. Future minimum lease rentals as on 31 March 2015 are as under:

Particulars	(Amount in ₹)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Particulars	60,000	55,000
Not later than one Year	115,000	-
<b>Later than one year and not later than five years</b>	<b>175,000</b>	<b>55,000</b>

## Notes to financial statements for the year ended March 31, 2015

Details of Leasing Agreement is enumerated below:

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

(Amount in ₹)

### NOTE 27 EARNING PER SHARES (EPS)

For the year ended  
March 31, 2015

For the year ended  
March 31, 2014

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

Profit after Tax	212,215,617	156,241,815
Weighted average equity Shares outstanding (Nos)	6,844,600	6,844,600
Earning per Share - basic/diluted (₹)	31.00	22.83

### NOTE 28 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. Sterling Mobikes 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 & CFO Ms. Vaishali Singh-Company Secretary Mr. Anish Aggarwal – Relative of Key Management Personnel
Joint Venture Company	Sterling Fabory India Pvt. Ltd.

### Disclosure of Related Parties Transactions:

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>i) Enterprises over which Key Management Personnel has significant influences</b>		
<b>a) Sale of Assets</b>		
Jaycee Automobiles Pvt. Ltd.	-	362,016
<b>b) Expenses paid- R&amp;M</b>		
Sterling Automobiles Pvt. Ltd.	428,386	479,788
Jaycee Automobiles Pvt. Ltd.	275,260	20,439
<b>c) Expenses paid- Insurance</b>		
Jaycee Automobiles Pvt. Ltd.	176,641	-
<b>d) Rent paid</b>		
Haryana Ispat Pvt. Ltd.	7,525,522	7,167,164
<b>e) Purchase of Asset</b>		
Sterling Automobiles Pvt. Ltd.	2,394,581	1,324,426
Jaycee Automobiles Pvt. Ltd.	-	64,502
<b>f) Purchase of Material</b>		
Sterling Automobiles Pvt. Ltd.	182	187,201
<b>g) Reimbursement of Expenses</b>		
Sterling Automobiles Pvt. Ltd.	1,854	-
Jaycee Automobiles Pvt. Ltd.	-	243,604
Sterling Mobikes Pvt. Ltd.	-	17,426



## Notes to financial statements for the year ended March 31, 2015

<b>ii) Transaction with Joint Venture Company</b>		
Investment in Shares of JV company	11,250,000	10,075,000
Sale of Assets	-	17,261
Sale of Material	1,997,337	1,456,874
Purchase of Material (Including Goods in Transit)	23,709,364	20,791,377
Director's Nomination fees paid under sec. 160 of the Companies Act, 2013	100,000	-
Director's Nomination fees received back under sec. 160 of the Companies Act, 2013	100,000	-
<b>iii) Transaction with Key Management Personnel &amp; Their Relatives</b>		
Remuneration Paid		
Mr. Manohar Lal Aggarwal	7,138,104	6,443,992
Mr. Anil Aggarwal	9,958,679	5,802,122
Mr. Atul Aggarwal	6,268,489	5,623,299
Ms. Vaishali Singh	1,118,772	1,100,667
Mr. Anish Aggarwal	988,440	969,142
Commission Paid		
Mr. Manohar Lal Aggarwal	3,200,000	2,720,000
Mr. Anil Aggarwal	3,200,000	2,720,000
Mr. Atul Aggarwal	3,200,000	2,720,000
<b>Total</b>	<b>83,031,611</b>	<b>70,306,300</b>
<b>Key Management Personnel</b>		
Remuneration Payable		
Mr. Manohar Lal Aggarwal	321,844	285,697
Mr. Anil Aggarwal	211,886	259,112
Mr. Atul Aggarwal	261,460	255,716
Ms. Vaishali Singh	63,001	51,827
Mr. Anish Aggarwal	73,303	60,088
<b>Total</b>	<b>931,494</b>	<b>912,440</b>
<b>Commission Payable</b>		
Mr. Manohar Lal Aggarwal	2,211,200	1,879,520
Mr. Anil Aggarwal	2,211,200	1,879,520
Mr. Atul Aggarwal	2,211,200	1,879,520
<b>Total</b>	<b>6,633,600</b>	<b>5,638,560</b>
<b>Outstanding Payables</b>		
Sterling Automobiles Pvt. Ltd.	40,000	12,511
Jaycee Automobiles Pvt. Ltd.	28,537	-
Sterling Fabory India Pvt. Ltd.	2,615,447	2,616,316
<b>Total</b>	<b>2,683,984</b>	<b>2,628,827</b>

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

#### a) Derivative instruments outstanding as at balance sheet date

Category of Deravative Instruments	Purpose of Derivative Instrument	Number of Contracts	Amount of Hedged Foreign Currency
Forward Contracts (Buy)			
As at 31.03.2014	Hedging	Nil	-
As at 31.03.2015	Hedging	18	US\$ 2,957,586.95

## Notes to financial statements for the year ended March 31, 2015

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Foreign Currency	INR	Foreign Currency	INR
Foreign currency exposure not hedged (Sell)	1,033,078 EURO	69,743,095	574,131 EURO	48,385,815
	149,893 USD	9,381,815	206,956 USD	12,579,404
	17,070 GBP	1,578,306	1,421 GBP	143,732
Foreign currency exposure not hedged (Buy)	-	-	20 EURO	1,704
	910,084.50 USD	56,962,189	189,932 USD	11,700,596
	-	-	182,620 JPY	107,746

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

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

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

S. No.	Name of the jointly Controlled entities	Company's Share			
		As at March 31, 2015		For the Year 2014-15	
		Assets	Liabilities	Income	Expenses
1	Sterling Fabory Private Limited	29,103,930	9,203,553	37,014,624	43,599,653
		(21,913,297)	(6,823,729)	(29,884,270)	(39,666,858)

### Notes

- Figures in brackets ( ) relate to previous year.
- Share of Contingent liabilities incurred in relation to interests in joint ventures as at March 31, 2015: ₹Nil (March 31, 2014 : ₹Nil)
- Share of Capital Commitments incurred in relation to interests in joint ventures as at March 31, 2015: ₹Nil (March 31, 2014 : ₹Nil)

### NOTE 31:

#### CSR Expenditure

- (a) Gross amount required to be spent by the company during the year: (Amount in ₹)  
4,058,231  
(i.e. 2% of Average Net profits of last three years)

- (b) Amount spent during the year on: (Amount in ₹)

S. No.	Purpose for which expenditure incurred	In cash/ Cheque	Remarks	Yet to be paid	Total
(i)	Construction/acquisition of any asset	-		-	-
(ii)	On purposes other than (i) above	192,000	Paid to SOS Children's Villages of India	3,666,231	4,058,231
		200,000	Paid to The Golf Foundation		

## Notes to financial statements for the year ended March 31, 2015

### Note 32:

As per Note No.7 of Part "C" of the Schedule II to the Companies Act, 2013 the carrying amount of the assets as at April 1,2014 has been depreciated as follows:

- a) Carrying value of asset has been depreciated over the remaining useful life of assets and recognized in the Statement of Profit & Loss.
- b) In case where the remaining useful life of an asset is nil the carrying amount of the assets after retaining the residual value has been recognized in the opening balance of retained earnings.

The Company has wef 1st April 2014, computed depreciation in accordance with the useful life of the Fixed Assets as per schedule II of the Companies Act,2013. Consequently Depreciation charged for the year is higher by ₹12,614,054 and carrying value of the assets amounting to ₹4,833,077 (Net of Deferred Tax ₹2,488,657) after retaining the residual value,whose remaining useful life is nil has been adjusted from the opening balance of Retained Earnings.

### Note 33:

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 31.03.2015

### Note 34

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 35

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

### Note 36

The figures are rounded off to nearest rupees.

### Note 37

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

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

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

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

Place: New Delhi  
Date: 25 MAY 2015

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

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



# STERLING TOOLS LIMITED



## Regd. Office:

K-40, Connaught Circus,  
New Delhi - 110001, India  
E-mail: [sterling@stlfasteners.com](mailto:sterling@stlfasteners.com)

## Corporate Office:

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Fax: +91-129-227 7359

## Pune Office:

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Kohinoor Estate Wakdewadi  
Bombay - Poona Road  
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Telefax: +91-20-2581 1566

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Village - Prithla, Tehsil - Palwal  
Distt. - Palwal, Haryana (India)  
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81, Sector - 25, Ballabhgarh  
Faridabad, Haryana (India)  
Telefax: +91-129-406 3462 3463

Website: [www.stlfasteners.com](http://www.stlfasteners.com)



# STERLING TOOLS LIMITED

CIN No.: L29222DL1979PLC009668

Regd.Office : K-40, Connaught Circus, New Delhi-110001

Corporate Office : Plot No. 4, D L F Industrial Estate, Faridabad-121003

E-mail : [sterling@stlfasteners.com](mailto:sterling@stlfasteners.com), Website : [www.stlfasteners.com](http://www.stlfasteners.com)

Tel : 91 129 2270621-25 / Fax : 91 129 2277359

## Notice for the Annual General Meeting

Notice is hereby given that Thirty Sixth 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 Tuesday, 29th September, 2015 at 4:00 P.M. to transact the following business(s):

### Ordinary Business

#### 1. Adoption of Accounts

To receive, consider and adopt the Financial Statements containing the Balance Sheet as at 31st March 2015 and the Profit and Loss Account for the financial year ended on that date alongwith the Cash Flow statements, Notes & Schedules appended thereto together with the Directors' Report and Auditors' Report thereon and in this regard, to consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution

**"RESOLVED THAT** Pursuant to the provisions of Section 134 of the Companies Act, 2013, the Financial Statements containing the Balance Sheet as at 31st March 2015 and the Profit and Loss Account ended on that date alongwith the Cash Flow statements, Note & Schedules appended thereto for the Financial Year ended 31st March 2015 together with the Directors' Report and Auditors' Report thereon be and are hereby received, considered and adopted."

#### 2. Ratification of payment of Interim Dividend

To confirm the Interim Dividend @ 50% for the Financial Year 2014-2015 as Final Dividend for the said Financial Year and in this regard, to consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the Provisions of Section 123 of the Companies Act, 2013, the Interim Dividend declared & paid @ 50% by the Board of Directors in their meeting held on 11th August, 2014 be and is hereby confirmed as Final Dividend for Financial Year 2014-2015."

#### 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 Anil Aggarwal (DIN 00027214) 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 a period of 2 years as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139(1) and other applicable provisions, if any, of the Companies Act, 2013, M/s S. R. Dinodia & Co. LLP. the Chartered Accountants, (ICAI Regn. No. 01478N) be and is hereby re-appointed as the Statutory Auditors of the Company for a period of 2 years for the Financial Years 2015-2016 and 2016-17 to hold office from the conclusion of this 36th Annual General Meeting till the conclusion of the 38th Annual General Meeting of the Company at such remuneration as may be determined by the Board of Directors of the Company."

## Special Business

### 5. Appointment of Ms. Malini Sud as an Independent Director:

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

**“RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV of the said Act, Ms. Malini Sud (holding DIN 01297943) who was appointed as an Additional Director of the Company with effect from 15th September, 2014 under section 161 of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years, commencing from 15th September, 2014 till 14th September, 2019, who shall not liable to retire by rotation.”

### 6. To approve the remuneration of the Cost Auditors for the financial Year 2015-16:

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors M/s GT & Co. appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**For Sterling Tools Limited**

**Date: 4th August, 2015**

**Place: Faridabad**

**Registered Office:**

**K-40, Connaught Circus**

**New Delhi-110001**

**(Vaishali Singh)**

**Company Secretary**

**Membership No. A15108**

**House No. 466, Second Floor**

**Ashoka Enclave Part-III**

**Faridabad-121003**

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, OR, WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER. 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.**

**A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

2. In terms of Section 102(1) (a) and (b), none of the Directors, Key Managerial Persons or their relatives have any concern, financial or otherwise and does not have any conflict of interest in Item No. 5.
3. Explanatory Statement in respect of Item No. 5 & 6 is annexed herewith.

4. 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.
5. In case of joint holders attending the Meeting, the member whose name appears as the first holder in the order of names as per the register of members of the Company will be entitled to vote.
6. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
7. 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.
8. The Directors' Report, Auditors' Report and Audited Balance Sheet as at 31st March 2015, the Profit and Loss Account and Cash Flow Statement for the financial year ended on that date are enclosed.
9. In terms of Article 89 of the Articles of Association of the Company, read with Section 152 of the Companies Act, 2013, Mr. Anil Aggarwal, Managing Director, retire by rotation at the ensuing Annual General Meeting and being eligible, offer 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.
10. 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.
11. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, 23rd September, 2015 to Tuesday, 29th September, 2015 (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.
12. 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.
13. 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.
14. 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.
15. Pursuant to the provisions of Section 205A (5) and 205 (c) of the Companies Act, 1956, read with Section 125 of the Companies Act, 2013 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 2006-2007 has already been transferred the fund on 23rd May, 2014, 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 2006-2007 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:

<b>Dividend Year</b>	<b>Date of declaration of dividend</b>	<b>Last Date for claim</b>
2007-2008	07/08/2008	12/09/2015
2008-2009	01/09/2009	07/10/2016
2009-2010 –Interim	18/02/2010	26/03/2017
2009-2010	30/08/2010	05/10/2017
2010-2011	06/07/2011	10/08/2018
2011-2012	06/07/2012	10/08/2019
2012-2013 – Interim	18/02/2013	26/03/2020
2013-14-Interim	22/01/2014	01/03/2021
2014-15 Interim	11/08/2014	18/09/2021

Those members who have not so far claimed their dividend for the financial year 2007-2008, 2008-2009, 2009-2010-Interim, 2009-2010, 2010-2011, 2011-2012, 2012-2013-Interim, 2013-2014-interim & 2014-2015 Interim are requested to make their claims to the Company for obtaining duplicate dividend warrants.

16. 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. Blank 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.
17. 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.
18. 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.
19. 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.
20. Members are requested to note that no **GIFT** will be distributed at the meeting.
21. Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
22. The entire Annual Report is also available at the Company's **Website [www.stlfasteners.com](http://www.stlfasteners.com)**.
23. As per Circular no. 18/2011 and Section 101(1) read with Rule 18 of the Companies(Management & Administration) Rules, 2014 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](mailto:vaishalis@stlfasteners.com).

24. In terms of the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies Management and Administration Rules, 2015 (the Rules), the Items of Business given in AGM Notice may be transacted through electronic voting system and the Company is providing remote e-voting facility to the members who are the members as on 22nd September, 2015 (End of Day) being the “cut-off date” fixed for the purpose, to exercise their right to vote at the 36th AGM by electronic means through the remote e-voting platform provided by National Securities Depository Ltd. (NSDL).
25. **The procedure and instructions for remote e-voting as given in the Notice of the 36th Annual General Meeting are again reproduced hereunder for easy reference:**
- I. **In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):**
    - a. Open e-mail and open PDF file viz. “STL REMOTE EVOTING. pdf” with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
    - b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
    - c. Click on Shareholder-Login.
    - d. Put user ID and password as initial password noted in step (i) above. Click Login.
    - e. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - g. Select “EVEN” of “STL LIMITED”.
    - h. Now you are ready for remote e-voting as Cast Vote page opens.
    - i. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
    - j. Upon confirmation, the message “Vote cast successfully” will be displayed.
    - k. Once you have voted on the resolution, you will not be allowed to modify your vote.
    - l. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [goyalsify11@gmail.com](mailto:goyalsify11@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - II. **In case of Members receiving Physical copy of Notice of 36th Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)**
    - a. Initial password is provided in the box overleaf.
    - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.
  - A. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
  - B. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - C. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - D. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22nd September, 2015.

- E. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22nd September, 2015, may also obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA, MAS Services Limited.  
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
  - F. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
  - G. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
  - H. The Company has appointed Mr. A. K. Goyal, Practicing Company Secretary (FCS No. 1565, C-7461) as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
  - I. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - J. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - K. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.stlfasteners.com](http://www.stlfasteners.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the Bombay Stock Exchange and National Stock Exchange.
26. The remote e-voting period begins on Saturday, 26th September, 2015 at 9:00 A.M. and ends on Monday, 28th September, 2015 at 5:00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd September, 2015 may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  27. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22nd September, 2015.
  28. For any further details in this regard, you may contact MAS Services Limited, RTA of the Company located at T-34, Okhla Industrial Area, Phase-II, New Delhi-110020 (011-26387281) or Sterling Tools Limited, Share Department, Plot No. 4, DLF Industrial Estate, Faridabad-121003 (0129-2270621) or NSDL (1800-222-990).
  29. A member may participate in the AGM even after exercising his right to vote through remote e-voting, but shall not be allowed to vote again at the AGM.
  30. The Facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their by remote e-voting shall be able to exercise their right at the meeting.

**31. Detail of Director seeking appointment/reappointment in the Annual General Meeting scheduled on Tuesday, 29th September, 2015 (Pursuant to Clause 49 (IV) (G) and Secretarial Standards are as follows:**

<b>Name of Director</b>	<b>Shri Anil Aggarwal</b>	<b>Ms. Malini Sud</b>
Date of Birth	07/05/1958	06/03/1956
Expertise in Specific Functional Areas	Production	Advocate
Qualification	B. Com.	B.A. LL.B
Board Membership of other Public Limited Companies as on 31st March, 2015	NIL	NIL
Chairman/member of the Committee of the Board of Directors as on 31st March, 2015	Audit Committee – Member Share Transfer Committee – Member CSR Committee – Chairman Risk Management Committee- Chairman	NIL
<b>Chairman / member of the Committee of Directors of the other Companies in which he is a Director as on March 31, 2015.</b> a. Audit Committee b. Stakeholders Relationship Committee c. Other Committees	NIL	NIL NIL
<b>Number of Shares held of Sterling Tools Limited</b>	1568128	NIL
<b>Experience</b>	39 Yrs	35 Yrs
<b>Terms and Conditions of appointment/reappointment and details of remuneration sought to be paid.</b>	Basic salary Rs. 82.20 lacs p.a. Perquisite & Allowances Rs. 3 lacs p.a. Commission 1% of profit. Other terms and conditions as approved by the shareholders vide their special resolution dated 2nd September, 2014.	Sitting fee Rs. 25,000 per Board Meeting/ Committee Meeting
<b>Relationship with other Directors/members and other KMP</b>	Son of Chairman and Brother of Whole Time Director/CFO	NA

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

**Date: 4th August, 2015  
Place: Faridabad**

**Registered Office:  
K-40, Connaught Circus  
New Delhi-110001**

**(Vaishali Singh)  
Company Secretary  
Membership No. A15108  
House No. 466, Second Floor  
Ashoka Enclave Part-III  
Faridabad-121003**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

The following Explanatory statement sets out all material facts relating to the Special Business as mentioned in the accompanying Notice:

**Item No. 5**

Section 149 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and clause 49 of the listing agreement provides that every listed public company shall have at least one-half of the total number of directors as Independent Directors and shall also have a woman director. Keeping in view the above provisions, Ms. Malini Sud has been appointed as an Additional Director on the Board of the Company vide resolution passed by circulation effective from 15th September, 2014. to hold office up to the date of the ensuing annual general meeting.

Your Board is of the opinion the appointment of Ms. Malini Sud fulfil the conditions specified in the Act for appointment as Independent Directors of the Company and the proposed Director is independent of the Management of the Company. The Company has received a declaration of independence from Ms. Malini Sud. Further, section 149 (10) of the Companies Act, 2013, inter alia, provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of a company.

The Company has received notice under Section 160 of the Companies Act, 2013 from Ms. Malini Sud signifying her candidature as an Independent Director of the Company.

Therefore, it is proposed by Management to appoint Ms. Malini Sud (DIN No. 01297943) resident of I-201, Som Vihar Apartments, R. K. Puram, New Delhi, by profession an Advocate (Member of Bar Council of Delhi) and presently working as Senior Partner of Khaitan Sud & Partners, New Delhi for a term of 5 years subject to the approval of shareholders.

Ms. Malini Sud has a vast experience of approx. 35 years as a Law Practitioner in litigation-Corporate including all civil matters, Arbitration, Restructuring, Mergers, Demergers, Acquisitions, General Corporate Advisory and Criminal matters relating to Economic Offences.

She has been associated with the various Big Corporates such as Jagatjit Industries Ltd., DLF Group, Eros Group, Sony India, Hero Group and many others as their Legal Consultant/Advisor on Corporate and Commercial matters including Arbitration and Litigation. Presently she is also working as director of two other closely held Companies.

Your Board considers that her appointment on the Board of the Company would be of immense benefit to the Company. In view thereof, your Board has recommended her appointment as an Independent Director for approval of the shareholders by way of special resolution for a period of five years with effect from 15th September, 2014.

Copy of the draft letter for appointment of Ms. Malini Sud as an Independent Director setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save as except the above, none of the other Directors/ Key managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

#### **Item No. 6**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors- M/s G.T. & Co. to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 at an Annual Fee of Rs. 1,50,000 plus Taxes.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

None of the Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution.

The Board commends the Ordinary Resolution set out at Item no. 6 for the approval of Members.

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

**Date: 4th August, 2015  
Place: Faridabad**

**Registered Office:  
K-40, Connaught Circus  
New Delhi-110001**

**(Vaishali Singh)  
Company Secretary  
Membership No. A15108  
House No. 466, Second Floor  
Ashoka Enclave Part-III  
Faridabad-121003**