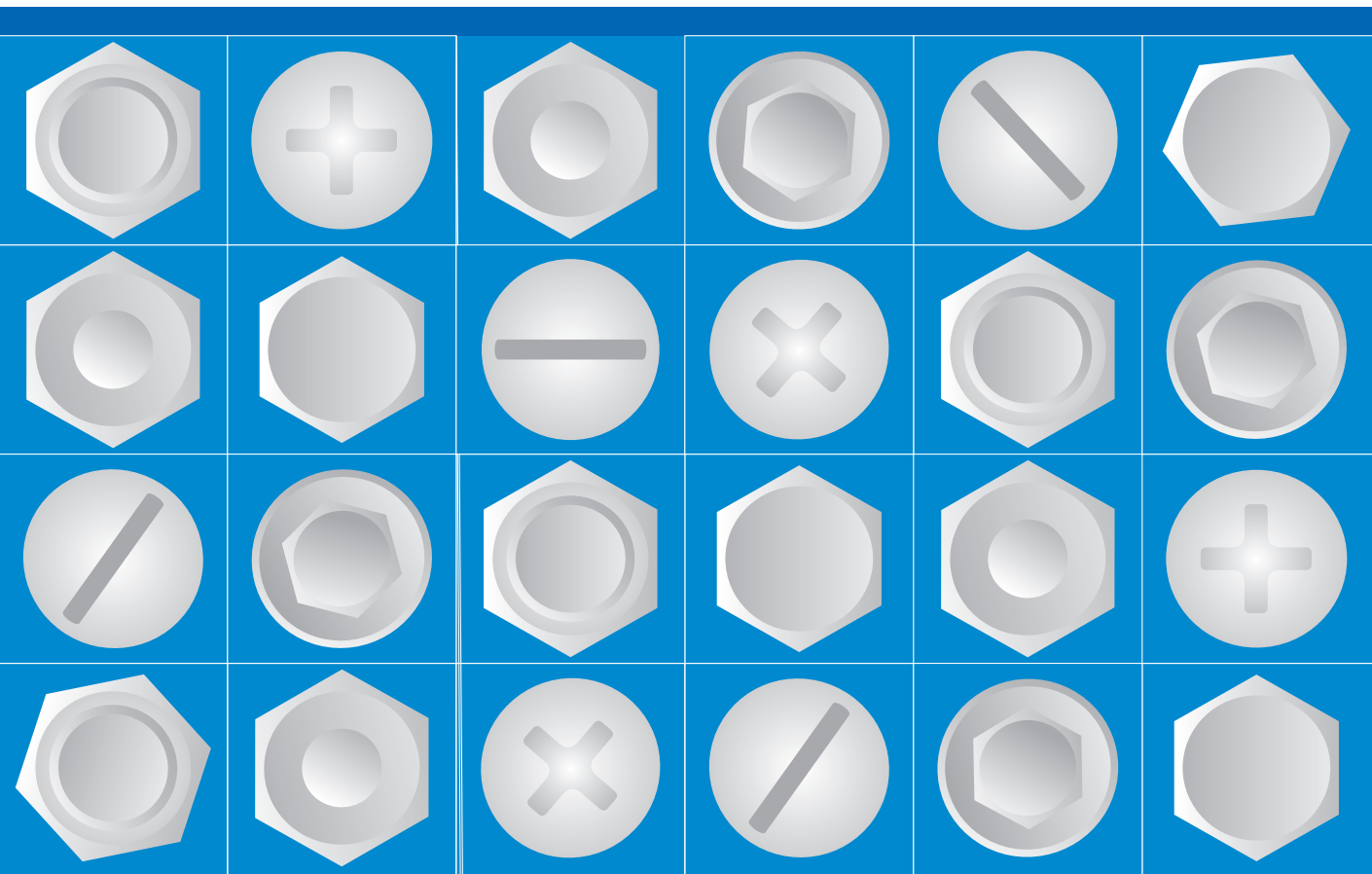


STERLING TOOLS LIMITED

Annual Report 2019-2020



Registered Office:

Unit No. 515, DLF Tower A
Jasola District Centre
New Delhi-110025

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)

Plot No. 109 P1, 109 P2, 110
Vemagal Industrial Area
Harjenahalli Village
Kolar (District),
Karnataka-563102

Bankers

Oriental Bank of Commerce
State Bank of India
HDFC Bank Limited

Board of Directors

Shri Manohar Lal Aggarwal
Chairman-Emeritus

Shri Anil Aggarwal
*Chairman-cum-
Managing Director*

Shri Atul Aggarwal
Whole Time Director & CFO

Dr. T.N. Kapoor
Director

Shri C.R. Sharma
Director

Ms. Malini Sud
Director

Shri Jaideep Wadhwa
Director

Shri Rahoul Kabir Bhandari
Director

Shri Akhill Aggarwal
Director

Shri Shailendra Swarup
Director

Compliance Officer

Ms. Vaishali Singh

Auditors**Statutory Auditors**

Walker Chandiook & Co LLP
(Formerly Walker Chandiook & Co)
L-41, Connaught Circus
New Delhi-110001

Internal Auditors

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

Secretarial Auditors

Dhananjay Shukla & Associates,
Company Secretaries,
23, Sector-30,
Gurgaon-122001

Registrar & Transfer Agent

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

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Board's Report

Dear Members,

Your Directors are pleased to present the 41st Annual Report on the business and operations of your Company and Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2020.

Financial Summary & Highlights

The Company's performance for the Financial Year 2019-2020 vis-à-vis 2018-2019 is summarized as under:

(Amount in Lacs)

Particulars	Standalone		Consolidated	
	2019-2020	2018-2019	2019-2020	2018-2019
Profit Before Tax	3370.26	6958.86	3600.61	6989.08
Less: Current Tax	593.95	2356.10	597.17	2360.98
Deferred Tax	(128.60)	116.70	(47.00)	116.36
Profit for the Year	2904.91	4486.06	3050.44	4511.74
Add: Other Comprehensive Income	413.57	(0.51)	413.57	(0.51)
Total Comprehensive Income for the Year	3318.48	4485.55	3464.01	4511.23
Appropriations:				
Interim Dividend	720.48	720.48	720.48	720.48
Tax on Interim Dividend	148.10	148.10	148.10	148.10
Transfer to General Reserve	0.00	0.00	0.00	0.00
Balance Carried to Balance Sheet	2449.9	3616.97	2595.43	3642.64

Covid-19

In the last month of F.Y. 2019-20, the Covid-19 Pandemic developed rapidly into a global crisis, forcing the Government of India to announce nationwide Lockdown to contain the spread of Covid-19 disease. Accordingly, the manufacturing and other activities of the Company were closed from March 22nd, 2020 to 17th May, 2020. While the lockdowns and restrictions imposed on various activities were necessary to contain the spread, it has significantly impacted the business operations of the Company. Consequently, revenues and profitability have been adversely affected.

But there has been no change in the controls and processes of the Company.

The operations of the Company have been resumed from 18th May, 2020 but at partial capacity levels and with limited manpower and the production will be enhanced in a phased manner based on the directives of the Government as well as demand from Customers.

The Company has developed the SOPs for the employees to work safely and with full security at workplace. All the facilities have been properly sanitized and all safety protocols of temperature sensing, social distancing etc. are being adhered to very stringently.

The circumstances are extremely dynamic, hence the Company is not in a position to ascertain, the future impact on its operations. However, the company is sure to adapt with the changing business requirements.

Company's performance and Future outlook

The highlights of the Company's performance (Standalone) during the Financial Year 2019-20 are as under:

- Profit before tax decreased by 51.57% at Rs. 3370.26 Lacs.
- Total Comprehensive Income decreased by 26.02% at Rs. 3318.48 Lacs.
- Cash Profit decreased by 15.08% at Rs. 5526.40 Lacs.

Financial Year 2019-20 has been a challenging year with weak macro-economic conditions, slow market growths in Automobile Sector and finally, COVID-19 outbreak and containment measures towards the end of the year. Despite of all these challenges, we have given competitive and profitable growth.

The Management looks the future with optimism and hopes to do better in times to come.

Dividend

Keeping in view the reward paying trends of the Company, the Directors had, in their meeting held on 2nd August, 2019 recommended 100% interim dividend for the financial year 2019-2020 against 100% dividend in the previous financial year. The interim dividend had already been paid and taking note of this payout, the Directors have not recommended any final dividend for the financial year 2019-2020 and the interim dividend already declared and paid to be considered as final dividend for the financial year 2019-2020.

The total outflows on account of said Interim Dividend (including Dividend Distribution Tax, Surcharge and Education Cess) amount to Rs. 868.58 Lacs.

Transfer to General Reserve

The Company has not transferred any funds to General Reserves out of the amount available for appropriation.

Deposits

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

Depository System

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2020, 99.72% of the Company's total paid-up Capital representing 35922614 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, 2020, the Company has Authorised Share Capital of Rs.10,00,00,000/-and Paid Up Share Capital of Rs. 7,20,48,422/-. 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 65.77% share capital of the Company as on 31st March, 2020.

There is no change in share capital during the year.

Subsidiaries, Joint Venture and Associate Companies

As on date, the Company has two Joint Ventures named:

1. Sterling Fabory India Private Limited- a Joint Venture on 50:50 basis with a Netherland based Company named Fabory Masters in Fasteners Group B.V. There has been no change in the nature of business carried out by said Joint Venture Company during Financial Year 2019-2020.
2. Sterling Gtake E-Mobility Limited- a Joint Venture on 51:44 basis with a China based Company named Jiangsu Gtake Electric Company Ltd. This Company has been formed in January 2020 for the purpose of manufacturing Motor Control Units (MCUs) for Electric Vehicles.

Though it is a Joint Venture with a China based Company but due to spread of Covid-19 and then changed FDI Guidelines by the Government of India, the Chinese JV Partner is to infuse the funds upon receipt of Government' approval which will take 3 to 4 months atleast. So as on date, the said JV Company is funded by Sterling Tools Limited and is termed as a Subsidiary of our Company for the time being.

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

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

In accordance with the third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements have been placed on the website of the Company, <https://stlfasteners.com/home/investors/>.

Number of meetings of the Board and attendance of the Directors

5 (Five) board meetings were conducted during the year in respect of which proper notices were given and the proceedings were properly recorded. For details of the meetings of the Board and attendance of the Directors, please refer **Page No. 56** of Corporate Governance Report attached to this Annual Report.

Disclosure under Secretarial Standards (SS-1 & SS-2):

Adherence by a Company to the Secretarial Standards is mandatory as per Sub-section (10) of Section 118 of Companies Act, 2013. As per the disclosure requirement of para (9) of Secretarial Standard-1 (SS-1), the Company complies with the provisions of applicable Secretarial Standards in respect of the convening of the Board & General Meetings.

Extract of Annual Return

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

Directors and Key Managerial Personnel

The Board of Director vide their meeting held on 17th December, 2019 subject to approval of shareholders, appointed Shri Shailendra Swarup as Non-Executive Independent Director of the Company for a term of 5 Years w.e.f. 17th December, 2019 to 16th December, 2024 and approval of shareholders was sought on 29th January, 2020 for his appointment as an Independent Director of the Company.

Shri Atul Aggarwal retires by rotation and being eligible offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice.

Pursuant to the provisions of Section 149 of the Act, the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees, Advisory fees if any and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board /Committee of the Company

During the year, Shri Narayan Vijay Gopal resigned from the post of Chief Financial Officer and Shri Atul Aggarwal has been designated as Chief Financial Officer of the Company.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Shri Anil Aggarwal, Chairman & Managing Director, Shri Atul Aggarwal, Whole Time Director and Chief Financial Officer of the company and Vaishali Singh, the Company Secretary

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

The Company recognizes and embraces the benefits of having a diverse board, and sees increasing diversity at board level as an essential element in maintaining a competitive advantage. A truly diverse board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the board and when possible should be balanced appropriately. All board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the board as a whole requires to be effective.

The Nomination and Remuneration Committee reviews and assesses board composition on behalf of the board and recommends the appointment of new directors. The committee also oversees the conduct of the annual review of board effectiveness.

The said Committee has adopted a formal policy on Board diversity which sets out a framework to promote diversity on Company's Board of Directors

Particulars of Loans, Guarantees or Investments under section 186

The Company has invested Rs. 3 crores in Equity Share Capital of Sterling Gtake E-Mobility Limited, a Joint Venture / Subsidiary Company. However, no other loan or guarantees or any other investments under section 186 has been made during the year.

Transactions with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in its ordinary course of business and on an arms' length basis.

During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

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

Audit Committee - Meetings of the Committee & Attendance of Members:

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

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

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

- Ms. Malini Sud – Member (Non Executive Independent Director)
- Shri Anil Aggarwal – Member (Managing Director)

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

Four meetings were conducted during the year in respect of which proper notices were given and the proceedings were properly recorded. For details of the meetings of the Audit Committee and attendance of the Members, please refer **Page No. 62** of Corporate Governance Report attached to this Annual Report.

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations

Based on the guidance note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

In a separate meeting of independent directors, the performance of non-independent directors, the board as a whole and the Chairman of the Company was evaluated, taking into account the views of Executive Directors and Non-executive Directors.

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

In the Board meeting that followed the meeting of the independent directors and meeting of the Nomination and Remuneration Committee, the performance of the board, its committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Material changes and commitments

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

Change in Business activities

The Company is in the business of manufacturing of High Tensile Cold Forged fasteners since the beginning and there is no change in the business activities during the period under review.

Credit Rating

The ICRA Limited ("ICRA"), the credit rating agency has reaffirmed the Long-Term Credit rating AA-Outlook Negative as well as Short Term Credit Rating A1+ of the Company. This rating indicates the strong financial health and credibility of the Company.

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, (<https://stlfasteners.com/home/investors/>).

Particulars of Employees

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report, which forms part of this Report.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report, which forms part of this Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection on all working days, during business hours, at the Registered Office of the Company. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

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, 2020, the Gross Fixed Assets including intangible assets stood at Rs. 41104.56 Lacs and Net Fixed Assets stood at Rs. 25205.33 Lacs. Additions during the year amounted to Rs. 9417.25 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 is given by way of **Annexure-VII** to this Report.

Transfer of amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 125 of the Companies Act, 2013, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund. Pursuant to the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer & Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with

the Company as on 15th October, 2019 (date of last Annual General Meeting) on the Ministry of Corporate Affairs' website.

Corporate Governance and Management Discussion & Analysis Report

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

Director's Responsibility Statement

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

- (i) in the preparation of the accounts for the Financial Year ended 31st March, 2020, 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 judgements 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, 2020 on a 'going concern' basis.
- (v) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Industrial Relations

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

Statutory Disclosures

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

Statutory Auditors

I) Appointment

M/s Walker Chandiook & Co., LLP were appointed as Statutory Auditors of the Company for a term of 5 years at the Annual General Meeting held on 28th September, 2017. They have

confirmed that they are not disqualified from continuing as Auditors of the Company from the conclusion of the forthcoming Annual General Meeting of the Company until the conclusion of the 43rd Annual General Meeting of the Company. Further consequent to amendment in Section 139 of Companies Act, 2013 vide Notification No. S.O. 1833(E) dated 7th May 2018, ratification of the appointment of Statutory Auditor in every Annual General Meeting is no longer required.

II) Report

The Auditors' Report and Notes on Accounts for the financial year 2019-2020 are self-explanatory and therefore do not call for any further comments. The Auditors' Report doesn't contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the auditors have not reported to the Board, under sub-section (12) of section 143 of the Companies Act, 2013 any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report

Secretarial Auditors' report

M/s Dhananjay Shukla and Associates, Company Secretaries was appointed as the Secretarial Auditor of the Company for the Financial Year 2019-2020, who had conducted the Secretarial Audit of the Company for the year 2019-2020. The Secretarial Auditors had pointed out that the composition of Board was not in alliance with the provision of Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 during the period from 07th February, 2019 to 22nd May, 2019 which was later on regularized on 23rd May, 2019.

In response to said observation, the Board clarified that the Composition got disturbed due to some unavoidable circumstances which were duly explained to NSE & BSE, infact NSE has waived off the penalty levied by them earlier and final decision from BSE is still awaited. Besides the said observation, the Secretarial Auditors' Report doesn't contain any qualification, reservation or adverse remarks. The said Secretarial Audit Report is annexed as Annexure-VIII to this Report.

Cost Auditors

The Company has appointed M/s Jitender, Navneet & Co., the Cost Auditors to conduct the cost audit of the Company' cost records for the financial year 2020-2021.

The Company has maintained the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and such accounts and records are made and maintained as per rule 8(5)(ix) of the Companies Accounts Rules, 2014.

Internal Financial Control Systems and their adequacy

Your Company has effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations.

Our management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015) as of March 31, 2020.

M/s Walker Chandiook & Co., LL.P., the statutory auditors of the Company have audited the financial statements included in this annual report and have issued an attestation report on our internal control over financial reporting (as defined in section 143 of Companies Act 2013).

The internal audit is entrusted to M/s S.R. Dinodia & Co., LLP, a firm of Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors, Statutory Auditors and the Management Personnel are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

Based on its evaluation (as defined in section 177 of Companies Act 2013 and Clause 18 of SEBI Regulations 2015), our audit committee has concluded that, as of March 31, 2020, our internal financial controls were adequate and operating effectively

Safety, Health and Environment (SHE) Measures

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

Quality Management System

Sterling Tools Limited has four manufacturing Units, Wire Processing Unit and three fastener manufacturing plants.

Our fastener manufacturing units are certified to the following standards:

- DLF and Prithla Plant are Certified to IATF 16949
- WDU plant is certified to ISO 9001

STL laboratory at DLF plant is certified to ISO 17025 for Chemical Testing, Mechanical Testing and Instrument Calibration. STL Tech Centre is also certified for Mechanical and Special testing as per ISO 17025

Cash Flow Analysis

In compliance with the provisions of Regulation 34 of the Listing Regulations, 2015, the Cash Flow Statement for the year ended 31st March, 2020 is annexed hereto.

Sexual Harassment

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

During the year under review, no complaint was reported.



Significant and Material Orders passed by the Regulators or Courts

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

Risk Management

The risk management framework is reviewed periodically by the Board and the Audit Committee. Some of the risks that the Company is exposed to are:

Financial risks

The Company's policy is to actively manage its foreign exchange risk. The Company actively manages the interest rate risk by adopting suitable strategies to minimise the impact of interest rate fluctuations, including maintaining an optimal balance of different loan types and maturities as well as through Multiple Banking System.

Regulatory risks

The Company is exposed to risks attached to various statutes, laws and regulations including the Competition Act. The Company is mitigating these risks through regular review of legal compliances carried out through internal as well as external compliance audits. The Company has implemented a compliance tool across all its plants including corporate for effectively tracking and managing regulatory and internal compliance requirements.

Human resource risks

Retaining the existing talent pool and attracting new talent are major risks. The Company has initiated various measures including training and integration of learning and development activities. The Company has also implemented a fully automated performance management system.

Strategic risks

Emerging businesses, capital expenditure for capacity expansion etc, are normal strategic risks faced by the Company. However, the Company has well-defined processes and procedures for obtaining approvals for investments in new businesses and capacity expansions.

Cyber risk

The failure of Information Technology (IT) systems due to malicious attacks and / or non-compliance with data privacy laws can potentially lead to financial loss, business disruption and / or damage to the Company's reputation. The Company uses standardised backup tools, services and procedures to ensure that information and data are stored at two or more diverse locations.

Vigil Mechanism/Whistle Blower Policy

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

Consolidated Financial Statements

Your Directors have pleasure in enclosing the Consolidated Financial Statements in addition to the standalone financial statements pursuant to Section 129(3) of the Companies Act, 2013 (Act) and SEBI Listing Regulations and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard. Highlights of Performance and other details of Subsidiaries and Joint Venture Companies during the period are given below:

I. Haryana Ispat Private Limited - Subsidiary Company:

The Subsidiary Company became a subsidiary on 25th November, 2016. During the year under review, the revenue of the Subsidiary Company is Rs. 18.41 Lacs. Further, the income of the Subsidiary for the year is Rs. 9.87 Lacs.

II. Sterling Fabory India Private Limited - Joint Venture Company:

The Joint Venture Company was incorporated on 9th March, 2010 as a JV. During the year under review, the revenue of the JV Company is Rs. 1144.54 lacs and the loss of the Company is Rs. 119.90 lacs

III. Sterling Gtake E-Mobility Limited - Subsidiary Company:

The Subsidiary Company became a subsidiary on 12th March, 2020. During the year under review, the revenue of the Subsidiary Company is Rs. 0.39 Lacs. Further, the loss of the Subsidiary for the year is Rs. 50.06 Lacs.

Business Responsibility Reporting

Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulation, 2015, inter alia, provides that the Annual Report of the top 1000 listed entities based on market capitalization, shall include a Business Responsibility Report (BRR). A separate section on Business Responsibility forms part of this Annual Report.

Human Resources

At STL, we believe that Company is made by its people. This principle places a premium on the ability to recruit better, train intensively and retain effectively. During the year under review, the Human Resources function put its best efforts to strengthen the leadership pipeline, enhance talent retention and increase workplace vibrancy and productivity.

The year under review witnessed a multitude of initiatives: increased training, deeper employee engagement, accountability and ownership.

The Company does not discriminate against employees based on caste, religion, region, gender or physical disability and merit of candidates is always accorded top priority for selection and promotion.

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade the skills of its employees. The proper appraisal systems based on key result areas (KRAs) are in place for its Employees.



Safety of the workforce is given top-most priority in all activities across facilities. Every task, job or assignment must be performed in a safe manner only. This is the basis of our work execution.

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

The Company has 573 Employees as on 31st March, 2020.

Weblink to Important documents/information

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

Acknowledgements

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

Your Directors look forward to their continued support.

For and on behalf of the Board

Date: 10th August, 2020
Place: Faridabad

Anil Aggarwal
Chairman & Managing Director
DIN No. 00027214

Atul Aggarwal
Whole Time Director
DIN No. 00125825

Annexure-I to Board's Report

Form AOC-1

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

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

Part "A": Subsidiaries

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

1.	Sl. No.	1
2.	Name of the Subsidiary	Haryana Ispat Private Limited
3.	Date since when the subsidiary was acquired	25.11.2016
4.	The reporting period for the subsidiary concerned, if different from the holding Company's reporting period	31 st March, 2020
5.	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	INR
6.	Share Capital	Rs. 10
7.	Reserves & Surplus	Rs. 239.49
8.	Total Assets	Rs. 251.80
9.	Total Liabilities	Rs. 251.80
10.	Investments	Rs. NIL
11.	Turnover/Other Income	Rs. 18.41
12.	Profit before taxation	Rs. 13.09
13.	Provision for taxation	Rs. 3.22
14.	Profit after taxation	Rs. 9.87
15.	Proposed Dividend	Rs. NIL
16.	Extent of Shareholding (in %)	100%



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

1.	Sl. No.	2
2.	Name of the Subsidiary	Sterling Gtake E-Mobility Limited
3.	Date since when the subsidiary was acquired	12.03.2020
4.	The reporting period for the subsidiary concerned, if different from the holding Company's reporting period	31 st March, 2020
5.	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	INR
6.	Share Capital	Rs. 305
7.	Reserves & Surplus	Rs. (50.06)
8.	Total Assets	Rs. 282.29
9.	Total Liabilities	Rs. 282.29
10.	Investments	Rs. NIL
11.	Turnover	Rs. NIL
12.	Profit before taxation	Rs. (51.06)
13.	Provision for taxation	Rs. (1.00)
14.	Profit after taxation	Rs. (50.06)
15.	Proposed Dividend	Rs. NIL
16.	Extent of Shareholding (in %)	98.36%

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

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

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

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

S. No.	Name of Associates/Joint Venture	Sterling Fabry India Private Limited
1.	Latest audited Balance Sheet Date	31 st March, 2020
2.	Date on which the Associate or Joint Venture was associated or acquired	09.03.2010
3.	Shares of Associate/ Joint Venture held by the company on the year end	
	No.	34,05,000
	Amount of Investment in Associates/Joint Venture	688.25
	Extend of Holding %	50
4.	Description of how there is a significant influence	Joint Venture Agreement
5.	The reason why the associate/joint venture is not consolidated	NA
6.	Networth attributable to Shareholding as per latest audited Balance Sheet	225.85
7.	Profit / Loss for the year	(119.90)
	Considered in Consolidation	(59.95)
	Not Considered in Consolidation	(59.95)

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

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

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

(Anil Aggarwal)
Chairman & Managing Director
DIN No. 00027214

(Atul Aggarwal)
Whole Time Director
DIN No. 00125825

Annexure-II to Board's Report

Extract of Annual Return

FORM NO. MGT 9

As on financial year ended on 31.03.2020

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	Unit No. 515, DLF Tower A, Jasola District Centre, New Delhi-110025 Phone No. 91-129-2270622 Fax No. 91-129-2277359
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any	MAS Services Limited T-34, First Floor, Okhla Industrial Area, Phase-II, New Delh-110020 Phone No. 91-11-26387281/41320335/36

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

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

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Haryana Ispat Private Limited	U27101DL2005 PTC134366	Wholly owned SUBSIDIARY	100%	2(87)
2	Sterling Gtake E-Mobility Limited	U31909DL2020 PLC360123	Subsidiary	98.36%	2(87)



IV SHAREHOLDING PATTERN (Equity Share capital Breakup as % to total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	23523675	0	23523675	65.30	23693030	0	23693030	65.77	0.47
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)	23523675	0	23523675	65.30	23693030	0	23693030	65.77	0.47
(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)	23523675	0	23523675	65.30	23693030	0	23693030	65.77	0.47
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	2898550	0	2898550	8.05	2856235	0	2856235	7.93	-0.12
b) Banks/FI	4410	0	4410	0.01	5217	0	5217	0.01	0.01
c) Central govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify Alternate Investment Funds)	0	0	0	0.00	44021	0	44021	0.12	0.12
Foreign Portfolio Investors	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(1):	2902960	0	2902960	8.06	2905473	0	2905473	8.06	0.00

(2)	Non Institutions									
a)	Bodies corporate	0	0	0	0.00	0	0	0	0.00	0.00
i)	Indian	229353	1500	230853	0.64	203275	1500	204775	0.57	-0.07
ii)	Overseas	1801211	0	1801211	5.00	1801211	0	1801211	5.00	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.2 lakhs	3255743	105097	3360840	9.33	3393449	100097	3493546	9.70	0.37
ii)	Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	3851413	0	3851413	10.69	3648144	0	3648144	10.13	-0.56
c)	Others (specify)									
c-i)	Clearing Member	57853	0	57853	0.16	7843	0	7843	0.02	-0.14
c-ii)	Non-Resident Indian/OCBs	121371	0	121371	0.34	96854	0	96854	0.27	-0.07
d)	NBFCs Registered with RBI	700	0	700	0.00	0	0	0	0.00	0.00
e)	Trust	0	0	0	0.00	0	0	0	0.00	0.00
f)	IEPF	173335	0	173335	0.48	173335	0	173335	0.48	0.00
SUB TOTAL (B)(2):		9490979	106597	9597576	26.64	9324111	101597	9425708	26.17	-0.47
Total Public Shareholding (B)= (B)(1)+(B)(2)		12393939	106597	12500536	34.70	12229584	105597	12331181	34.23	-0.47
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)		35917614	106597	36024211	100.00	35922614	101597	36024211	100.00	0.00

(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	ATUL AGGARWAL	9579155	26.59	0	9665367	26.83	0	0.24
2	MANOHAR LAL AGGARWAL	3855080	10.70	0	3855080	10.70	0	0.00
3	ANIL AGGARWAL	8027440	22.28	0	8110583	22.51	0	0.23
4	AKHILL AGGARWAL	660000	1.83	0	660000	1.83	0	0.00
5	PROMILA AGGARWAL	701000	1.95	0	701000	1.95	0	0.00
6	ANISH AGARWAL	701000	1.95	0	701000	1.95	0	0.00
	Total	23523675	65.30	0	23523675	65.77	0	0.47



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

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year		
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company	
1.	Anil Aggarwal					
	At the beginning of the year 1 st April, 2019	8027440	22.28			
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	Date	Increase (decrease) in shareholding	Reason	8110583	22.51
		27.05.19	1109	Purchase		
		28.05.19	2424			
		29.05.19	2000			
		31.05.19	2610			
		06.08.19	75000			
	At the end of the year 31 st March, 2020	8110583	22.51			
2.	Atul Aggarwal					
	At the beginning of the year 1 st April, 2019	8648455	24.01			
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	Date	Increase (decrease) in shareholding	Reason	9665367	26.83
		03.06.19	2200	Purchase		
		04.06.19	1447			
		06.06.19	2334			
		10.06.19	1572			
		11.06.19	830			
		13.06.19	1002			
		18.06.19	1664			
		20.06.19	163			
		06.08.19	75000			
	At the end of the year 31 st March, 2020	9665367	26.83			
3.	Manohar Lal Aggarwal					
	At the beginning of the year 1 st April, 2019	3855080	10.70	3855080	10.70	
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change				
	At the end of the year 31 st March, 2020	3855080	10.70	3855080	10.70	



4.	Akhil Aggarwal				
	At the beginning of the year 1 st April, 2019	660000	1.83	660000	1.83
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31 st March, 2020	660000	1.83	660000	1.83
5.	Anish Aggarwal				
	At the beginning of the year 1 st April, 2019	701000	1.95	701000	1.95
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	No Change			
	At the end of the year 31 st March, 2020	701000	1.95	701000	1.95
6.	Promila Aggarwal				
	At the beginning of the year 1 st April, 2019	701000	1.95	701000	1.95
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	No Change			
	At the end of the year 31 st March, 2020	701000	1.95	701000	1.95

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

S. No.	Shareholder's Name	Shareholding		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding During the Year	
		At the beginning (01.04.2019) and End of the Year (31.03.2020*)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	L&T MUTUAL FUND TRUSTEE LIMITED- L&T EMERGING BUSINESSES FUND®	2448550	6.80	31.03.19			2448550	6.80
				31.05.19	5000	Purchase	2453550	6.81
				12.07.19	1125	Purchase	2454675	6.81
				19.07.19	1639	Purchase	2456314	6.82
				26.07.19	2236	Purchase	2458550	6.82

				02.08.19	10000	Purchase	2468550	6.85
				09.08.19	150000	Sold	2318550	6.44
				06.09.19	2000	Purchase	2320550	6.44
				01.11.19	2052	Purchase	2322602	6.45
				08.11.19	19948	Purchase	2342550	6.50
				15.11.19	13612	Purchase	2356162	6.54
				22.11.19	5794	Purchase	2361956	6.56
				31.03.20			2361956	6.56
2	MEIDOH CO LTD [#]	1,801,211	5.00	01.04.18			1,801,211	5.00
		1,801,211	5.00	31.03.19			1,801,211	5.00
3	JAGDISH KUMAR AGGARWAL [@]	1797633	4.99	31.03.19			1797633	4.99
				10.05.19	500	Purchase	1798133	4.99
				31.05.19	8154	Purchase	1806287	5.01
				14.06.19	150	Purchase	1806437	5.01
				26.07.19	5666	Purchase	1812103	5.03
				02.08.19	2881	Purchase	1814984	5.04
				09.08.19	1621	Purchase	1816605	5.04
				18.10.19	428	Purchase	1817033	5.04
				06.03.20	145	Purchase	1817178	5.04
				13.03.20	72	Purchase	1817250	5.04
				20.03.20	52345	Purchase	1869595	5.19
				31.03.20			1869595	5.19
4	ANIL KUMAR GOEL [@]	1,010,000	2.80	31.03.19			1,010,000	2.80
				13.03.20	12524	Sold	997476	2.77
				20.03.20	53476	Sold	944000	2.62
				31.03.20			944000	2.62
5	SEEMA GOEL [@]	500,000	1.39	01.04.18			500,000	1.39
		500,000	1.39	31.03.19			500,000	1.39
6	IDFC STERLING EQUITY FUND [#]	450,000	1.25	30.03.19			450000	1.25
				24.05.19	2601	Purchase	452601	1.26
				31.05.19	21004	Purchase	473605	1.31
				21.06.19	3061	Purchase	476666	1.32
				26.07.19	6784	Purchase	483450	1.34
				02.08.19	943	Purchase	484393	1.34
				30.08.19	1568	Purchase	485961	1.35
				06.09.19	70	Purchase	486031	1.35



			31.01.20	3969	Purchase	490000	1.36	
			07.02.20	4279	Purchase	494279	1.37	
	450,000	1.25	31.03.20			494279	1.37	
7	ANURADHA MITTAL®	176,755	0.49	01.04.19		176,755	0.49	
		176,755	0.49	31.03.20		176,755	0.49	
8	D SRIMATHI®	157,794	0.44	01.04.19		157,794	0.44	
		157,794	0.44	31.03.20		157,794	0.44	
9	RAJEEV GUPTA®	100,000	0.28	01.04.19		100,000	0.28	
		100,000	0.28	31.03.20		100,000	0.28	
10	RAJIV MALHOTRA#	87500	0.24	01.04.19		87500	0.24	
		87500	0.24	31.03.20		87500	0.24	
11	DOLLY KHANNA*	209231	0.58	01.04.19		209231	0.58	
				05.04.19	8927	Sold	200304	0.56
				12.04.19	8766	Sold	191538	0.53
				19.04.19	3000	Sold	188538	0.52
				26.04.19	2000	Sold	186538	0.52
				03.05.19	4000	Sold	182538	0.51
				10.05.19	8000	Sold	174538	0.48
				17.05.19	14602	Sold	159936	0.44
				24.05.19	7105	Sold	152831	0.42
				31.05.19	6000	Sold	146831	0.41
				07.06.19	5000	Sold	141831	0.39
				14.06.19	3899	Sold	137932	0.38
				21.06.19	3312	Sold	134620	0.37
				28.06.19	1489	Sold	133131	0.37
				12.07.19	1000	Sold	132131	0.37
				19.07.19	1000	Sold	131131	0.36
				02.08.19	2000	Sold	129131	0.36
				09.08.19	3000	Sold	126131	0.35
				23.08.19	2000	Sold	124131	0.34
				30.08.19	5250	Sold	118881	0.33
				06.09.19	2000	Sold	116881	0.32
				13.09.19	1000	Sold	115881	0.32
				04.10.19	1000	Sold	114881	0.32
				18.10.19	1000	Sold	113881	0.32
				25.10.19	638	Sold	113243	0.31
				01.11.19	2200	Sold	111043	0.31
				22.11.19	1000	Sold	110043	0.31
				06.12.19	2000	Sold	108043	0.30
				13.12.19	1000	Sold	107043	0.30



		31.12.19	9000	Sold	98043	0.27
		03.01.20	1000	Sold	97043	0.27
		10.01.20	2717	Sold	94326	0.26
		31.01.20	2000	Sold	92326	0.26
		07.02.20	3000	Sold	89326	0.25
		14.02.20	10342	Sold	78984	0.22
		21.02.20	7676	Sold	71308	0.20
		28.02.20	10000	Sold	61308	0.17
		06.03.20	3000	Sold	58308	0.16
		13.03.20	7000	Sold	51308	0.14
		20.03.20	5421	Sold	45887	0.13
		27.03.20	2082	Sold	43805	0.12
		31.03.20	1000	Sold	42805	0.12
	42805	0.12	31.03.20		42805	0.12

Notes:

- The shares of the Company are in dematerialized form and traded on a daily basis, hence the date wise increase or decrease in the shareholding is not indicated.
- * Top 10 Shareholders only as on 31st March, 2019, # Top 10 Shareholders only as on 31st March, 2020, '@' Common Top 10 shareholders as on 31st March, 2019 and 31st March, 2020.

(v) Shareholding of Directors & Key Managerial Personnel:

Sl. No.	Each of the Directors & KMP	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1.	Shri Anil Aggarwal					
	At the beginning of the year 1 st April, 2019	8027440	22.28		8027440	22.28
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus / sweat equity etc)	Date	Increase (Decrease) in Shareholding	Reason	8110583	22.51
		27.05.19	1109	Purchase		
		28.05.19	2424			
		29.05.19	2000			
		31.05.19	2610			
	06.08.19	75000				
	At the end of the year 31 st March, 2020	8110583	22.51		8110583	22.51



2.	Shri Atul Aggarwal					
	At the beginning of the year 1 st April, 2019	9579155	26.59	9579155	26.59	
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Date	Increase (Decrease) in Shareholding	Reason	9665367	26.83
		03.06.19	2200	Purchase		
		04.06.19	1447			
		06.06.19	2334			
		10.06.19	1572			
		11.06.19	830			
		13.06.19	1002			
		18.06.19	1664			
		20.06.19	163			
	06.08.19	75000				
	At the end of the year 31 st March, 2020	9665367	26.83	9665367	26.83	
3.	Dr. Triloki Nath Kapoor					
	At the beginning of the year 1 st April, 2019	-	-	-	-	
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change				
	At the end of the year 31 st March, 2020	-	-	-	-	
4.	Shri Chotu Ram Sharma					
	At the beginning of the year 1 st April, 2019	-	-	-	-	
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change				
	At the end of the year 31 st March, 2020	-	-	-	-	
5.	Ms. Malini Sud					
	At the beginning of the year 1 st April, 2019	-	-	-	-	
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change				
	At the end of the year 31 st March, 2020	-	-	-	-	

6.	Shri Jaideep Wadhwa				
	At the beginning of the year 1 st April, 2019	8917	0.02	8917	0.02
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Date	Increase (Decrease) in Shareholding	Reason	13917
		19.06.19	20	Purchase	
		20.06.19	1000		
		21.06.19	1000		
		24.06.19	2980		
	At the end of the year 31 st March, 2020	13917	0.04	13917	0.04
7.	Shri Rahoul Kabir Bhandari *				
	At the beginning of the year 1 st April, 2019	-	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31 st March, 2020	-	-	-	-
8.	Shri Akhill Aggarwal *				
	At the beginning of the year 1 st April, 2019	660000	1.83	660000	1.83
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31 st March, 2020	660000	1.83	660000	1.83
9.	Shri Shailendra Swarup **				
	At the beginning of the year 1 st April, 2019	-	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31 st March, 2020	-	-	-	-

10.	Ms. Vaishali Singh (Company Secretary)					
	At the beginning of the year 1 st April, 2019	-	-	-	-	
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change				
	At the end of the year 31 st March, 2020	-	-	-	-	
11.	Shri Narayan Vijay Gopal (CFO) (Resigned w.e.f. 31.12.2019)					
	At the beginning of the year 1 st April, 2019	-	-	-	-	
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change				
	At the end of the year 31 st March, 2020	-	-	-	-	
12.	Shri Atul Aggarwal (CFO) (designated as CFO on 14.02.2020)					
	At the beginning of the year 1 st April, 2019	9579155	26.59	9579155	26.59	
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Date	Increase (Decrease) in Shareholding	Reason	9665367	
		03.06.19	2200	Purchase		26.83
		04.06.19	1447			
		06.06.19	2334			
		10.06.19	1572			
		11.06.19	830			
		13.06.19	1002			
		18.06.19	1664			
		20.06.19	163			
	06.08.19	75000				
	At the end of the year 31 st March, 2020	9665367	26.83	9665367	26.83	

*Shri Rahoul Kabir Bhandari and Shri Akhill Aggarwal were appointed as Additional Directors on 2nd August, 2019.

**Shri Shailendra Swarup was appointed as Additional Director on 17th December, 2019.

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	992868547	0	0	992868547
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	2846961	0	0	2846961
Total (i+ii+iii)	995715508	0	0	995715508
Change in Indebtedness during the financial year				
Additions	140000000	0	0	140000000
Reduction	396300016	0	0	396300016
Net Change	(256300016)	0	0	(256300016)
Indebtedness at the end of the financial year				
i) Principal Amount	736568531	0	0	736568531
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	4570552	0	0	4570552
Total (i+ii+iii)	741139083	0	0	741139083

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager: (₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Manohar Lal Aggarwal* (Chairman)	Anil Aggarwal (MD)	Atul Aggarwal (WTD)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	24.76	155.27	147.04	327.07
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.78	2.64	5.75	9.17
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	0.00	25.00	25.00	50.00
	as % of the profit				
	others (specify)				
5	Others, please specify	-	-	-	-
	Total (A)	25.54	182.91	177.79	386.24
	Ceiling as per the Act	32.18	193.05	193.05	418.28

* Shri Manohar Lal Aggarwal resigned on 23rd May, 2019



B. Remuneration to other directors:

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of the Directors							Total Amount
		Dr. T. N. Kapoor	Shri C. R. Sharma	Ms. Malini Sud	Shri Jaideep Wadhwa	Shri Rahoul Kabir Bhandari	Shri Akhill Aggarwal	Shri Shailendra Swarup	
1	Independent Directors								
	(a) Fee for attending board / committee meetings	4.25	4.50	2.50	-	0.75	-	0.25	12.25
	(b) Commission	-	-	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	4.25	4.50	2.50	-	0.75	-	0.25	12.25
2	Other Non Executive Directors								
	(a) Fee for attending board committee meetings	-	-	-	-	-	-	-	-
	(b) Commission	-	-	-	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-	-	-	12.25
	Total Managerial Remuneration (A)+(B)	4.25	4.50	2.50	-	0.75	-	0.25	398.49
									-
	Overall Ceiling as per the Act.								418.28

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	18.56	42.93	61.49
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of the profit			
	others, specify			
5	Others, please specify			
	Total	18.56	42.93*	61.49

* Shri Narayan Vijay Gopal, CFO of the Company resigned w.e.f. 31.12.2019.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

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

(Anil Aggarwal)
Chairman & Managing Director
DIN No. 00027214

(Atul Aggarwal)
Whole Time Director
DIN No. 00125825



Annexure-III to Board's Report

NOMINATION AND REMUNERATION POLICY

Introduction:

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee, in compliances with Section 178 of the Companies Act, 2013 read along with applicable rules thereto.

Objectives of the Committee:

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Formulation of criteria for evaluation of the Independent Director and to carry out the evaluation of every Director's performance and to provide the necessary report to the Board for further evaluation.
- iii. Devising a policy on Board diversity.
- iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- v. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- vi. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- vii. Ensure that level and composition of remuneration is reasonable and sufficient, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- viii. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- ix. To perform such other functions as may be necessary or appropriate for the performance of its duties.
- x. To develop a succession plan for the Board and to regularly review the plan.

Definitions:

- "Act":- Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- "Board":-Board means Board of Directors of the Company.
- "Director":-Directors means Directors of the Company.
- "Committee":-Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.

- “Company”:- Company means Sterling Tools Limited.
- “Independent Director”:- As provided under the Companies Act, 2013, ‘Independent director’ shall mean a non-executive director, other than a nominee director of the Company:
 - a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - b. (i) who is or was not a promoter of the Company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
 - c. apart from receiving director’s remuneration, has or had no pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - d. none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, amounting to two percent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
 - e. who, neither himself nor any of his relatives —
 - i. holds or has held the position of key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed; of-
 - (A). a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B). any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - iii. holds together with his relatives two per cent or more of the total voting power of the Company; or
 - iv. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company; or
 - f. who possesses such other qualification as may be prescribed under the applicable statutory provisions/ regulations
 - g. is a material supplier, service provider or customer or a lessor or lessee of the Company;



- h. who is not less than 21 years of age.
- “Key Managerial Personnel”:- Key Managerial Personnel (KMP) means-
 - (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the Whole-Time Director;
 - (iii) the Company Secretary;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed under the applicable statutory provisions/ regulations
- “Senior Management”:- The expression “senior management” means the persons in senior management would include all members of management one level below the CEO/MD/ whole-time director/manager (including CEO/manager, in case CEO/manager is not part of the board) and should specifically include the company secretary and the Chief Financial Officer (CFO) but does not include administrative staff.
- “Nomination and Remuneration Committee” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- “Policy or This Policy” means, “Nomination and Remuneration Policy.
- “Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Guiding Principles

The Policy ensures that

- i. The level and composition of remuneration are reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- iii. Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

Applicability:

The Policy is applicable to

- i. Directors (Executive and Non-Executive)
- ii. Key Managerial Personnel
- iii. Senior Management Personnel

Constitution of the Nomination and Remuneration Committee:

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of following Directors:

Name	Designation
Shri. Chhotu Ram Sharma	Chairman
Dr. Triloki Nath Kapoor	Member
Ms. Malini Sud	Member

- a. The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b. Minimum two (2) members or one-third of the members, whichever is greater , with at least one independent director shall constitute a quorum for the Committee meeting.
- c. Membership of the Committee shall be disclosed in the Annual Report.
- d. Term of the Committee shall be continued unless terminated by the Board of Directors.

Chairman:

- a. Chairman of the Committee shall be an Independent Director.
- b. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

Frequency of Meetings:

The Committee shall meet at least once in a year and at such regular intervals as may be required.

Committee Members' Interests:

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Secretary:

- a. The Company Secretary of the Company shall act as Secretary of the Committee.

Voting:

- a. Matters arising for determination at Committee meetings shall be decided by a majority of votes of the Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b. In the case of an equality of votes, the Chairman of the meeting will have a casting vote.

General Appointment Criteria:

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made there under or any other enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, or any other enactment for the time being in force.
- iv. The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for the extension of appointment beyond seventy years.

Term / Tenure:

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made there under as amended from time to time.

1. Managing Director/Whole-time Director/Manager (Managerial Person):- The Company shall appoint or re-appoint any person as to its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.
2. Independent Director: - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for appointment on the passing of a special resolution by the Company and disclosure of such appointment in the Board's Report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it should be ensured that the number of Boards on which such Independent Director serves as an Independent Director.

Evaluation:

The Committee shall carry out the evaluation of the performance of every Director, KMP and Senior Management at regular interval (yearly).

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Criteria for Evaluation of the Board:

Following are the criteria for evaluation of the performance of the Board:

1. Executive Directors:

The Executive Directors shall be evaluated on the basis of targets/Criteria given to executive Directors by the Board from time to time

2. Non-Executive Director:

The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- (a) act objectively and constructively while exercising their duties;
- (b) exercise their responsibilities in a bona fide manner in the interest of the Company;
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) refrain from any action that would lead to loss of his independence
- (f) inform the Board immediately when they lose their independence,
- (g) assist the Company in implementing the best corporate governance practices.
- (h) strive to attend all meetings of the Board of Directors and the Committees;
- (i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) strive to attend the general meetings of the Company;
- (k) keep themselves well informed about the Company and the external environment in which it operates;
- (l) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
- (n) abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading etc.



Policy on Board diversity:

The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development , Human Resources etc or as may be considered appropriate. The Board shall have at least one Board member who has accounting or related financial management expertise and financially literate.

Remuneration:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole Time Director, KMP and Senior Management Personnel to the Board for their approval. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

General:

1. The remuneration / compensation / commission etc. to Managerial Person, 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.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
3. 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 Managerial Person. Increments will be effective from the date of reappointment in respect of Managerial Person and 1st April in respect of other employees of the Company.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP 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 Managerial Person, KMP and Senior Management:

1. Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up 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 on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
2. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

3. Provisions for excess remuneration: If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 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 / Independent Director:

1. Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Limit of Remuneration /Commission: Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Minutes of Committee Meeting:

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

Deviations from this policy

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

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

(Anil Aggarwal)

Chairman & Managing Director

DIN No. 00027214

(Atul Aggarwal)

Whole Time Director

DIN No. 00125825



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 arm's length transaction under the third proviso thereto.

1. 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 the 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)	The date on which the special resolution was passed in general meeting as required under the 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 the financial year 2019-2020.

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 the 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	26 th May, 2017 effective from 1 st April, 2017
f)	Amount paid as advances, if any	N.A.

b.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of the 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	26 th May, 2017 effective from 1 st April, 2017
f)	Amount paid as advances, if any	N.A.

c.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of the relationship	Sterling Fabory India Private Limited
b)	Nature of contracts / arrangements / transaction	Purchase of Material & Job work
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may purchase fasteners upto an annual value of Rs. 3 Crores and to get the job work done upto Rs. 50 Lacs annually.
e)	Date of approval by the Board	7 th February, 2019 effective from 1 st April, 2019
f)	Amount paid as advances, if any	N.A.

d.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of the relationship	Sterling Fabory India Private Limited
b)	Nature of contracts / arrangements / transaction	Sale of Material & Job work
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may sell fasteners upto an annual value of Rs. 3 Crores and to do the job work done upto Rs. 1 Crore annually.
e)	Date of approval by the Board	7 th February, 2019 effective from 1 st April, 2019
f)	Amount paid as advances, if any	N.A.

e.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of the relationship	Sterling Technologies Private Limited
b)	Nature of contracts / arrangements / transaction	Lease Agreement
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company has taken on lease 6000 Sq. Ft. area situated at 12/2 Mathura Road, Faridabad.
e)	Date of approval by the Board	23 rd May, 2018 & 7 th February, 2019
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

(Anil Aggarwal)

Chairman & Managing Director
DIN No. 00027214

(Atul Aggarwal)

Whole Time Director
DIN No. 00125825



Annexure-V to Board's Report

ANNUAL REPORT ON CSR ACTIVITIES

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

The CSR Policy of Sterling Tools Limited is based on the philosophy of giving back to the society by addressing the needs of communities residing in the local vicinity by undertaking socially useful programs for the transformation and sustainable development of the rural communities at large.

A detailed policy was framed on CSR and it was duly approved by the CSR Committee and Board of Directors vide their meeting held on 05th November, 2014. The said policy covers the followings:

- Philosophy of the Company on CSR
- CSR Policy
- Implementation
- Governance
- CSR Expenditure

The Projects to be undertaken, inter alia, include the 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.

Broadly, 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 the last three financial years for the purpose of computation of CSR:** Rs. 64.88 Crores
- 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** Rs. 12976565/-
- 5. Details of CSR spent during the financial year:** Rs. 1,30,00,000/-
- a. **Total amount to be spent for the financial year:** Rs. 1,30,00,000/-
 - b. **Amount unspent:** Rs. NIL/-
 - c. **The manner in which the amount spent during the financial year:** The Company is managing its CSR activities through Sterling Tools Foundation, an NGO established by the Company for said purpose. The Company has a vision, under CSR, to undertake a project which



is primarily relating to providing basic health related check-ups by running a charitable OPD center in the local vicinity. For said purpose, the said Foundation is accumulating the funds under a Corpus which will be spent for opening of a charitable OPD in the local area. The major part of CSR contribution of this Financial year was given as Corpus Fund to said Foundation and some part of contribution was spent by the said Foundation on various activities relating to primary education, Eradicating hunger, poverty and malnutrition, facilities for senior citizens, environmental sustainability, paralympic sports and Olympic sports. A brief report detailing the amount spent under CSR by said Foundation is attached herewith.

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

Based on the calculation as provided in the provisions of Section 198 read with Section 135 of Companies Act, 2013, our Company was required to incur Rs. 1,29,76,565/- on Corporate Social Responsibility activities against which, the Company had actually incurred Rs. 1,30,00,000/- during Financial Year 2019-2020.

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 the implementation and monitoring of the CSR policy are in compliance with CSR objectives.

The manner in which the amount spent by Sterling Tools Limited during the financial year is detailed below:

Sr. No.	CSR Project or Activity identified	The sector in which Project is covered	Specify the area where projects or programs were 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.	Promoting health care including preventive health care	Payment to Sterling Tools Foundation (Regd.)	Delhi, NCR	1,29,76,565/-	1,30,00,000/-	1,30,00,000/-	Direct:
Total				1,29,76,565/-	1,30,00,000/-	1,30,00,000/-	

The manner in which the amount spent by Sterling Tools Foundation during the financial year is detailed below:

Sr. No.	CSR Project or Activity identified	The sector in which Project is covered	Specify the area where projects or programs were 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.	Eradicating hunger, poverty and malnutrition, promoting health care	Manav Mandir Mission Trust	Delhi, NCR	200000	200000	200000	Through Implementing Agency
2	Promoting health care including preventive health care	Holy Family Hospital Endowment Fund HCRA	Delhi, NCR Delhi, NCR	50000 15000	50000 15000	265000	Through Implementing Agency
3	Eradicating hunger, poverty and malnutrition, promoting health care	Ishwar	Delhi, NCR	200000	200000	465000	Through Implementing Agency
4	Promoting health care including preventive health care	Breast Cancer Patients Benefit Foundation	Delhi, NCR	100000	100000	565000	Through Implementing Agency
5	Setting up homes for orphans	Samarpan Foundation	Delhi, NCR	100000	100000	665000	Through Implementing Agency
6	Training to promote Paralympic sports and Olympic sports	The Golf Foundation	Delhi, NCR	500000	500000	1165000	Through Implementing Agency
7	Protection of National Heritage	Art & Photography Foundation	Bangalore	3000000	3000000	4165000	Through Implementing Agency
	Total			41,65,000	41,65,000	41,65,000	

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

(Anil Aggarwal)
Chairman & Managing Director
DIN No. 00027214

(Atul Aggarwal)
Whole Time Director
DIN No. 00125825

Annexure – VI to Directors’ Report

Particular of Employees

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

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

Executive Directors	Designation	Ratio to Median Remuneration
Sh. M.L. Aggarwal	Chairman	8
Sh. Anil Aggarwal	Managing Director	58
Sh. Atul Aggarwal	Whole Time Director	56

Note: *The Non-Executive Directors of the Company are entitled to 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 the financial year:**

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% Increase in remuneration in the financial year
Sh. M.L. Aggarwal, Chairman*	-88.80
Sh. Anil Aggarwal, CEO & MD**	-14.76
Sh. Atul Aggarwal, CFO**	-18.74
Ms. Vaishali Singh, Company Secretary	8.92

* Resigned w.e.f. 23rd May, 2019.

** The reason for (– %) is because of decreased amount of commission which the Directors received as a part of their remuneration.

- c. **The Percentage increase in the median remuneration of employees in the financial year: Nil.**
- d. **The number of permanent employees on the rolls of Company: 573**
- e. **Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average annual increase was around 8%. Increase in the Managerial remuneration for the year was 15%.

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

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

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

- I. The names of top ten employees in terms of remuneration drawn: In terms of the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of top ten employees of the Company drawing remuneration can be made available on a specific request given to the Company, in writing.
- II. Name of every employee who if:
- A. Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 1,02,00,000/-.

S. No.	Name of Employees	Designation	Remuneration (Rs.)	Nature of employment (Contractual or otherwise)	Qualification and Experience	Date of Commencement of employment	Age	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
1	Shri Anil Aggarwal	Managing Director	182.91 Lacs	Otherwise	B.Com. and 44 Years	30.09.1994	62	N.A.	22.51	Yes
2	Shri Atul Aggarwal	Whole Time Director	177.86 Lacs	Otherwise	M.B.A. and 31 Years	30.09.1994	56	N.A.	26.83	Yes

- B. Employed for part of the Financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rs. 8,50,000/- per month: **Not Applicable**
- C. Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.: **Not Applicable**

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

(Anil Aggarwal)
Chairman & Managing Director
DIN No. 00027214

(Atul Aggarwal)
Whole Time Director
DIN No. 00125825

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 the conservation of energy	<ol style="list-style-type: none"> 1. Replaced old compressor with energy efficient compressor. 2. The Idle running of the machine stopped automatically 3. Replaced Heavy duty Fumes extraction system with environment friendly and efficient Electrostatic Separation unit. 4. In the phosphating line introduced Hot water heating system 5. Natural ventilation Fume extraction system installed and removed electrically operated Air Blower 6. VFD installed in the Rolling Machine 7. Oversize motors replaced with smaller motor
		8. Furnace relining done to prevent heat loss
2.	The steps taken by the company for utilising alternate sources of energy	1. The electric heating system in phosphating line replaced with PNG heating system
3.	The capital investment in energy conservation equipment's	<p>The capital investment done in</p> <ol style="list-style-type: none"> 1. Furnace relining done to prevent heat loss 2. Old compressor replaced with new compressors 3. Investment in Electrostatic Separation unit for Fumes extraction.

(B) Technology absorption-

1.	the efforts made towards technology absorption	<p>In 2015-16 Company had upgraded our Surface Treatment facilities.</p> <p>In 2016-17 Company had consolidated its technological understanding of the surface treatment process and had installed a Scanning Electron Microscope in the Technical Centre.</p> <p>In 2017-18 Company introduced Endo gas system in the furnace by replacing the Methanol system. The learning from the Technology-wise breakthrough projects deployed in the shop floor.</p> <p>In 2018-19 further improvement done in the Surface treatment line by introducing automation and new technology in rectifiers. The company introduced a new type of part (Paint Scrapper) which helped to get new business from the customer. The Endo gas system introduced last year further deployed to more furnaces</p>
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		In 2019-20 STL started using better quality Quenching oil to give improved mechanical properties of product. Corrosion protection limit increased
2.	2 benefits derived like product improvement, cost reduction, product development or import substitution	The above action resulted in a reduction and optimisation of the manufacturing cost, getting new business etc.
3.	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	N.A.
	the details of technology imported	N.A.
	the year of import	N.A.
	whether the technology been fully absorbed	N.A.
	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
	the expenditure incurred on Research and Development	No expense incurred for R&D activities

(C) Foreign exchange earnings and Outgo-

1.	The Foreign Exchange earned in terms of actual inflows during the year	Rs. 26,22,91,567/-
2.	the Foreign Exchange outgo during the year in terms of actual outflows	Rs. 15,20,79,230.00/-

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

(Anil Aggarwal)

Chairman & Managing Director

DIN No. 00027214

(Atul Aggarwal)

Whole Time Director

DIN No. 00125825



Annexure - VIII to Board's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT For the Financial Year ended 31st March, 2020

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

To,
The Members,
M/s Sterling Tools Limited
(CIN: L29222DL1979PLC009668)
Regd. Office: Unit No. 515,
DLF Tower A,
Jasola District Centre,
New Delhi -110025

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Sterling Tools Limited**, (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification, to the extent possible in the prevailing conditions caused by the Covid-19 pandemic, 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2020 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 hereinafter:

We have examined, to the extent possible in the prevailing conditions caused by the Covid-19 pandemic, the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing; **(No event took place under this Regulation during Audit period)**
- 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 of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (No event took place under this Regulation during Audit period);
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (No event took place under this Regulation during Audit period);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (No event took place under this Regulation during Audit period);
 - 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 (No event took place under this Regulation during Audit period); and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (No event took place under this Regulation during Audit period).
- vi. There were no specific laws applicable to the Company, as confirmed by the management of the Company, during the period under audit.

We have also examined, to the extent possible in the prevailing conditions caused by the Covid-19 pandemic, compliance with the applicable clauses of the following:

- I. Secretarial Standards issued by The Institute of Company Secretaries of India on Board Meetings (SS-1) and General Meetings (SS-2);
- II. The Listing agreements read with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as entered by the company with the Stock Exchanges.

During the period under audit, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above to the extent applicable.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director during the Audit Period except for the period from 7th February, 2019 to 23rd May, 2019 when the minimum required number of Independent Directors were not in conformity with the Regulation 17 (1) of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015. However the composition became proper after Resignation of Mr. M.L. Aggarwal, Executive Chairman on 23rd May, 2019.

The Company had received the show cause notices from both National Stock Exchange and Bombay Stock Exchange under regulation 17(1) of SEBI (Listing obligations and Disclosure Requirement)

Regulations, 2015 levying the penalty of Rs. 6,25,400/- respectively. The Company had contested the same and, accordingly, NSE had waived off the penalty and in BSE, the matter is pending before their Review Committee for the final disposal.

Further the changes in the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance of the meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as per the minutes, as duly recorded and signed by the Chairman of the meeting of the Board of Directors or committees of the Board; therefore there were no dissenting views required to be recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the company and on the basis of the quarterly compliance certificate(s) issued by the Company Secretary, Chief Financial Officer(CFO) and other department heads and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the Management has adequate systems and processes and control mechanism exist in the company to monitor and ensure compliances with applicable General Laws like Labour laws and Environmental laws.

We further report that, during the audit period the Company has undertaken the following major decisions during the period under Audit:-

1. Pursuant to Sections 179 to read with 186 of the Companies Act,2013, the company has invested Rs. 3 (Three) Crores during the Audit period into equity shares of Sterling Gtack E-mobility Limited (a Joint venture company with Jiangsu Gtack Electric Company Ltd, a China based Company).
2. Pursuant to Regulation 17(6)(ca) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, the company has passed a special resolution for payment of remuneration of Rs. 5 Lakh per month to Shri Jaideep Wadhwa (DIN: 00410019), a Non-Executive Non Independent Director during the Financial year ending March 31,2020, exceeding 50% of the total annual remuneration payable to all the Non-Executive Directors of the company for the said year. In the same meeting Shri Jaideep Wadhwa was regularized as Director by passing an Ordinary resolution separately and also approval of the shareholders were taken u/s 188(1)(f) of the Act.
3. Pursuant to Section 149 of the Companies Act, 2013, the company has appointed Mr. Rahoul Kabir Bhandari (DIN:00019495), as an Independent Non-Executive Director in the Board Meeting held on 2nd August 2019 for a period of Five Years w.e.f 2nd August 2019 to 1st August 2024, and was regularized by the shareholders u/s 152 of the Companies Act, 2013, in the Annual General Meeting of the company held on 27th September 2019.
4. Pursuant to Section 149 of the Companies Act,2013, the company has appointed Mr. Shailendra Swarup (DIN:00167799) as an Additional Director in the capacity of an Independent Non-Executive Director in the Board Meeting held on 17th December 2019 for a period of Five Years w.e.f 17th December 2019 to 16th December 2024 and was regularized as Director u/s 152 of the Act through Postal Ballot concluded on 30th January 2020.

5. The company has appointed Mr. Akhil Aggarwal (DIN:01681666) as an Additional Director in the capacity of a Non-Executive Director in the Board Meeting held on 2nd August 2019 and Mr. Akhil Aggarwal (DIN:01681666) was further regularized as Director in the Annual General Meeting of the company held on 27th September 2019.
6. Mr. M.L. Aggarwal resigned as Executive Chairman on 23rd May 2019 and Mr. Anil Aggarwal, Managing Director was further appointed as Chairman on 2nd August 2019.

**For Dhananjay Shukla & Associates
Company Secretaries**

**Date: 10th August, 2020
Place: Gurugram**

**Dhananjay Shukla
FCS-5886, CP No. 8271**

This report is to be read with our letter of even date which is annexed as 'Annexure –A' and forms integral part of this report

To,

**The Members,
M/s Sterling Tools Limited
(CIN: L29222DL1979PLC009668)
Unit No. 515, DLF Tower A, Jasola District Centre,
New Delhi -110025**

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 and other relevant records as maintained by the company. Our Report is based on the online verification of the documents/records supplied by the company, its officers and Authorised representatives and information available on the websites of the company, Bombay Stock Exchange /National Stock Exchange/Ministry of Corporate Affairs. Physical verification of the records/documents could not be carried out due to the Covid-19 pandemic. Further the verification was done on test basis to ensure that correct facts are reflected in secretarial records and other relevant records. We believe that the processes and practices we followed and the audit evidences we have obtained are sufficient and appropriate to 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. We have not examined the compliance by the company with applicable financial laws like Direct tax and Indirect Tax Laws, since the same has been subject to review by the Statutory Financial Auditor or by other designated professionals.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Dhananjay Shukla & Associates
Company Secretaries**

**Date: 10th August, 2020
Place: Gurugram**

**Dhananjay Shukla
FCS-5886, CP No. 8271**



Corporate Governance Report for the year 2019-2020

1. Statement on Company's philosophy

STL has always placed great importance on responsible corporate governance. The Company's philosophy on Corporate Governance is to go beyond the legal requirements and is derived from the vision and common values which form the basis of the respectful working relationship between our employees and with our external partners.

The Company's policy on Corporate Governance is based on trusteeship, transparency and accountability. As a corporate citizen, our business fosters a culture of ethical behaviour and disclosures aimed at building the trust of our stakeholders. The Company's Code of Business Conduct and Ethics, Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Designated Persons are an extension of our values and reflect our commitment to ethical business practices, integrity and regulatory compliances.

Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as to disclosures related to the leadership and governance of the Company.

The Company is in compliance with the requirements stipulated under Regulations 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as applicable, with regard to corporate governance.

2. Board of Directors

2.1 Composition of Board of Directors:

We believe that an effective and well-informed Board is necessary to ensure high standards of Corporate Governance. The Board of Directors, along with its Committees, play a fundamental role in upholding and nurturing the principles of good governance in the Company.

The Board is entrusted with the ultimate responsibility of the Management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.

The Board is broad-based and consists of eminent individuals from Industrial, Managerial, Technical, Financial and Banking background. The Company is managed by the Board of Directors in co-ordination with the Senior Management team. The composition and strength of the Board is reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements.

As on the date of this report, the total Board strength comprises of Nine Directors on the Board, out of which Seven are Non-Executive Directors and the rest are Executive Directors. The details of each member of the Board along with the number of Directorship(s) / Committee Membership(s) / Chairmanship(s) are provided herein below:



Name of the Directors	Category of directorship	No. of Directorship held in other companies (a)	No. of Chairmanship/ Membership in Board Committee of other companies		Relationship between Directors inter-se
			Chairman	Member	
Shri. Anil Aggarwal	Chairman Cum Managing Director	0	Nil	Nil	Relative of Shri Atul Aggarwal
Shri. Atul Aggarwal	Whole Time Director	0	Nil	Nil	Relative of Shri Anil Aggarwal
Dr. T. N. Kapoor	Non-Executive Independent Director	1	1	2	Nil
Shri. C. R. Sharma	Non-Executive Independent Director	1	Nil	1	Nil
Ms. Malini Sud	Non-Executive Independent & Women Director	1	Nil	Nil	Nil
Shri Jaideep Wadhwa	Non-Executive Non-Independent Director	0	Nil	Nil	Nil
Shri Rahoul Kabir Bhandari *	Non-Executive Independent Director	NIL	NIL	NIL	NIL
Shri Akhill Aggarwal**	Non-Executive Non-Independent Director	NIL	NIL	NIL	Son of Shri Anil Aggarwal
Shri Shailendra Swarup ***	Non-Executive Independent Director	6	NIL	4	NIL

- a) For the purpose of considering directorships, only Public Limited Companies (Listed as well as Unlisted) have been included.
- b) For the purpose of calculating Chairmanship / Membership of Committees only Audit Committee and Shareholders' / Investors' Grievance Committee of all Public Limited Companies have been considered.

*Shri Rahoul Kabir Bhandari has been appointed as Non-Executive Independent Director with effect from 2nd August, 2019.

**Shri Akhill Aggarwal has been appointed as Non-Executive Non-Independent Director with effect from 2nd August, 2019.

***Shri Shailendra Swarup has been appointed as Non-Executive Independent Director with effect from 17th December, 2019.

2.2 Directorships in equity Listed Entities:

Name of the Equity Listed Entities wherein the Board of Directors held the directorships as on 31st March, 2020.

Name of the Director	Name of Listed Entity	Category
Shri Anil Aggarwal	Sterling Tools Limited	Managing Director
Shri Atul Aggarwal	Sterling Tools Limited	Whole Time Director

Dr. T. N. Kapoor	Sterling Tools Limited Omax Auto Limited	Non-Executive Independent Director Non-Executive Independent Director
Shri. C. R. Sharma	Sterling Tools Limited PNC Infratech Limited	Non-Executive Independent Director Non-Executive Independent Director
Ms. Malini Sud	Sterling Tools Limited The Hi-Tech Gears Limited	Non-Executive Independent & Women Director Non-Executive Independent & Women Director
Shri Jaideep Wadhwa	Sterling Tools Limited	Non-Executive Non-Independent Director
Shri Rahoul Kabir Bhandari	Sterling Tools Limited	Non-Executive Non-Independent Director
Shri Akhill Aggarwal	Sterling Tools Limited	Non-Executive Non-Independent Director
Shri Shailendra Swarup	Sterling Tools Limited J K Paper Limited Jagran Prakashan Limited GFL Limited Gujarat Fluorochemicals Limited Bengal & Assam Company Limited Subros Limited	Non-Executive Independent Director

2.3 Certificate from Practising Company Secretary:

The Company has received a certificate from Santosh Kumar Pradhan, practising Company Secretary to the effect that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs or any other statutory authority. The same forms part of this report.

2.4 Details of Board Meetings held during the Financial Year:

During the Financial Year 2019-2020, the Board met 5 times—on 23rd May, 2019, 2nd August, 2019, 14th November, 2019, 17th December, 2019 and 14th February, 2020.

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

Name of the Director	No. of Board Meeting attended	Whether attended last AGM
Shri Anil Aggarwal	5	Yes
Shri Atul Aggarwal	5	Yes
Dr. T. N. Kapoor	5	Yes
Shri C. R. Sharma	5	Yes
Ms. Malini Sud	4	Yes
Shri Jaideep Wadhwa	5	Yes
Shri Rahoul Kabir Bhandari*	2	No
Shri Akhill Aggarwal**	3	No
Shri Shailendra Swarup***	1	No
Shri M. L. Aggarwal****	1	No

* Appointed on 2nd August, 2019 ** Appointed on 2nd August, 2019

*** Appointed on 17th December, 2019 **** Resigned on 23rd May, 2019

2.5 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 a 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 is 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 an open forum for the members of the Board to discuss and deliberate upon growth and development plans of the Company.

Minutes of the proceedings of every Board meeting are recorded in Minutes Book within 30 days of the meeting and are discussed before signing the same by the Chairman in successive Board Meeting.

2.6 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, these include:

- i) Annual operating plans and budgets and any updates.
- ii) Quarterly Results of the Company.
- iii) Capital Budgets-Plant wise as well as Company as a whole.
- iv) Minutes of Audit Committee, Investors' Grievance Committee, Share transfer Committee & Remuneration Committee.
- v) Information relating to the 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 read with the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015.

2.7 Details of shareholding of Directors as on 31.03.2020 are given as under:

Name of the Director	No. of Equity Shares (Face Value Rs. 2/-)	% of Holding
Shri Anil Aggarwal	8110583	22.51
Shri Atul Aggarwal	9665367	26.83
Dr. T. N. Kapoor	Nil	Nil
Shri C. R. Sharma	Nil	Nil
Ms. Malini Sud	Nil	Nil
Shri Jaideep Wadhwa	13917	0.04
Shri Rahoul Kabir Bhandari	Nil	Nil
Shri Akhill Aggarwal	660000	1.83

2.8 Board Independence:

The Company strongly believe that Independent directors play an important role in the affairs of the Company through their valuable contribution and bring transparency and effectiveness in the functioning of the Company. The definition of "independence" of Directors is derived from Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Companies Act. The Company has received the annual confirmation and disclosures from all its Non-Executive Independent directors and all of them comply with the requirements laid down by the SEBI Listing Regulations that are applicable to an Independent Director.

2.9 Separate Independent Directors' Meeting:

A separate meeting of Independent Directors was held during the year 2019-20 on 14th November, 2019 without the attendance of non-independent directors and members of management. The following points were 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 the flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the independent directors of the company were present throughout the meeting and they expressed their satisfaction on the governance process followed by the Company as well as the information provided to them on a timely basis.

2.10 Familiarisation programme for Independent Directors

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

The roles and duties of Independent Directors are well defined in the Appointment letters issued to them, copies of which are available on the Website of the Company (<https://stlfasteners.com/home/company/board-composition/>). The familiarisation programme for Independent Directors is also available on the Website of the Company (<https://stlfasteners.com/home/investors/>).

2.11 Secretarial Standards

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

3. Committee(s) of the Board

The Committees of the Board plays a vital role in the governance structure of the Company and help the Board of Directors in discharging their duties and responsibilities. The committees have been constituted to deal with specific areas/activities, which concern the Company. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all Committees are placed before the Board for review.

At present the Company has five Board Committees:

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

3.1 Audit Committee:

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

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

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

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- Recommending the appointment, remuneration and terms of appointment of statutory auditors, including cost auditors of the Company;
- Approving payment to statutory auditors, including cost auditors, for any other services rendered by them
- Reviewing with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgement by the management;
 - d. Significant adjustments made in financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilised for the purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of the proceeds of public or right issue, and making appropriate recommendations to the board to take up steps in this matter.
- Reviewing and monitoring the auditors' independence and performance, and effectiveness of the audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, the performance of statutory auditors and internal auditors, adequacy of internal control systems;
- Formulating the scope, functioning, periodicity and methodology for conducting the internal audit;
- Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; Discussion with internal auditors of any significant findings and follow-up thereon;



- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Vigil Mechanism and Whistle Blower mechanism;
- Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- To review the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding INR100 crore or 10 per cent of the asset size of the subsidiary, whichever is lower. The thresholds would include existing loans/advances/investments existing as on 1 April 2019.
- Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries;
- Reviewing the following information:
 - a) The Management Discussion and Analysis of financial condition and results of operations;
 - b) Statement of significant, related party transactions (as defined by the Audit Committee), submitted by management;
 - c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - d) Internal audit reports relating to internal control weaknesses;
 - e) Reviewing the appointment, removal and terms of remuneration of the Chief internal auditor / internal auditor(s); and
- statement of deviations:
 - (a) quarterly statement of deviation(s) including the report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Meetings of Audit Committee

During the Financial Year 2019-2020, the Audit Committee met 4 times – on 23rd May, 2019, 2nd August, 2019, 14th November, 2019 and 14th February, 2020. The attendance of each Member of the Committee is given below:

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

The necessary quorum was present for all the meetings.

3.2 Nomination and Remuneration Committee:

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

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

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Formulation of criteria for evaluation of the Independent Director and to carry out an evaluation of every Director's performance and to provide a necessary report to the Board for further evaluation.
- iii. Devising a policy on Board diversity.
- iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- v. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- vi. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- vii. Ensure that level and composition of remuneration is reasonable and sufficient, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- viii. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- ix. To perform such other functions as may be necessary or appropriate for the performance of its duties.
- x. To develop a succession plan for the Board and to regularly review the plan.



Meetings of Nomination and Remuneration Committee

During the Financial Year 2019-2020, the Committee met four times-on 23rd May, 2019, 2nd August, 2019, 14th November, 2019 and 17th December, 2019 The attendance of each Member of the Committee is given below:

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

A chart setting out the skills / expertise / competence of the Board of Directors:

As stipulated under Schedule V of the SEBI Listing Regulations, core skills / expertise / competencies, as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of Directors.

S.No. Core Skills/Expertise/Competencies

1. Corporate Management and Leadership Quality
2. Knowledge of Automobile and Auto Ancillary Industry
3. Knowledge of Corporate Finance, Accounting and Internal Financial Controls
4. Sales, Marketing and International business
5. Banking, investment and Forex Management
6. Experience in Corporate law and Regulatory Compliances in India.
7. Corporate Governance

While evaluating the performance of Board as a whole, it was ensured that the core skills/ competencies of the Board Member match with the Core Skills/Competencies matrix set by the company for running its business effectively and in a transparent manner:

Name of the Director	Expertise in the specific functional area
Sh. Anil Aggarwal	Industrialist, Industry Knowledge, Management skills, Leadership
Sh. Atul Aggarwal	Industry Knowledge, Marketing, Banking, finance, IT
Sh. C.R. Sharma	Banking, Finance
Dr. T.N. Kapoor	Strong knowledge in Regulatory Compliances and Governance related issues.
Mrs. Malini Sud	Corporate Laws including International Laws
Mr. Jaideep Wadhwa	International Business Management, Industry Knowledge
Shri Rahoul Kabir Bhandari	Industrialist, Industry Knowledge, Management skills, Leadership
Shri Akhill Aggarwal	Industry Knowledge
Shri Shailendra Swarup	Corporate Laws including International Laws

Board Evaluation

The Company has adopted a Performance Evaluation Policy (“the Policy”) which provides for an evaluation of the Board, the Committee of the Board and the Individual Directors, including the Chairman of the Board. The criteria for Board Evaluation includes the experience and qualification possessed by the Directors, their relevant expertise that will be of assistance to the management in operating the Company’ business, integrity, accountability and their judgement to bring in objectivity in the Board proceedings. The Policy also sets independent standards for the Independent Directors and the Board as a whole.

An indicative list of factors that may be evaluated includes participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of the relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

During the year, in terms of the requirements of the Act and the SEBI Listing Regulations, a Board Evaluation cycle was completed, by the Company internally which included the evaluation of the Board as a whole, Board Committees and Directors through a structured questionnaire having questions based on above said parameters.

In terms of the provisions of the Act, Listing Regulations and as per the recommendation of the Nomination & Remuneration Committee, Board has adopted a formal mechanism for evaluating its performance, as well as that of its committees and individual directors. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board & Committees, experience & competencies, leadership attribute of the directors through vision and values, strategic thinking and decision making, commercial and business acumen, contribution to resolution of divergent views, proactive participation, time commitment teamwork skills and adequacy of business strategy.

Compensation to the Members of the Board

Executive Directors

The terms of existing remuneration of Shri M. L. Aggarwal, Shri Anil Aggarwal and Shri Atul Aggarwal have already been fixed by the Board of Directors and approved by the shareholders in the AGM.

Details of the remuneration paid to Executive Directors during the year 2019-2020 are given below:

(Amount in Rs.)

Name of the Director	Salary and other Allowances	Commission	Perquisites	Total
Shri. M. L. Aggarwal *	2475667.00	0.00	78128.00	2553795.00
Shri Anil Aggarwal	15526644.00	2500000.00	263696.00	18290340.00
Shri Atul Aggarwal	14703600.00	2500000.00	575000.00	17778600.00

* Resigned on 23rd May, 2019.

- The service contract of Executive Directors is for a period of three years from 1st April, 2018 to 31st March, 2021.
- Services of an Executive Director may be terminated by either party, giving the other party three months' notice as per the policy of the Company. There is no separate provision for payment of severance fees.

Non-executive Directors

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

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 has any pecuniary/other interest in the transactions of the Company, its directors or its promoters, its senior Management and Associates which may affect their independence.

During the Financial Year 2019-2020, the sitting fees paid to Independent directors is detailed below:

(Amount in Rs.)

Name of the Director	Board Meeting	Audit Committee	Stakeholders' Relationship Committee	Nomination & Remuneration Committee	C S R Committee	Risk Management Committee	Share Transfer Committee
Dr. T. N. Kapoor	125000	100000	100000	100000	0	0	0
Shri C. R. Sharma	125000	100000	100000	100000	25000	0	0
Ms. Malini Sud	100000	75000	0	75000	0	0	0
Shri Rahoul Kabir Bhandari	75000	0	0	0	0	0	0
Shri Shailendra Swarup	25000	0	0	0	0	0	0
TOTAL	450000	275000	200000	275000	25000	0	0

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

The payment of remuneration by way of advisory fee of Rs. 60 Lacs per Annum paid to Shri Jaideep Wadhwa, Non-Executive Non-Independent Director during the financial year ending March 31, 2020.

During the year 2019-2020, the Company did not advance any loans to any of the Executive and/or Non-Executive Directors.

3.3 Stakeholders' Relationship Committee

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

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

Terms of reference

- (i) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of the annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (ii) Review of measures taken for the effective exercise of voting rights by shareholders.
- (iii) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (iv) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

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

Meetings of Stakeholders' Relationship Committee

During the financial year 2019-2020 the Committee met 4 times-on 23rd May, 2019, 2nd August, 2019, 14th November, 2019 and 14th February, 2020 to review the grievances / complaints received from Shareholders.

1.	Number of shareholder's complaints received during the financial year 2019-2020	NIL
2.	The number of shareholder's complaints solved to the satisfaction of shareholders.	NIL
3.	Number of pending shareholders' complaints	NIL

3.4 Other Committees

3.4.1 Share Transfer Committee

The Share Transfer Committee comprises of following Directors:

- 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 2019-2020 the committee met 12 (Twelve) times.

3.4.2 Corporate Social Responsibility Committee

The CSR Committee of the Company comprises the followings:

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

Terms of reference:

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

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

The CSR Policy of the Company can also be viewed at www.stlfasteners.com/new/news.asp.

Meetings of Corporate Social Responsibility Committee

During the Financial Year 2019-2020, the Committee met once on 14th February, 2020. The attendance of each Member of the Committee is given below:

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

4. Policies

Remuneration Policy

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

Policy on Board Diversity

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

- (i) The 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.

Code of conduct

In compliance with the requirements of Regulation 17(5) of the SEBI Listing Regulations, the Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. This code is also posted on the website of the Company i.e. <http://www.stlfasteners.com/new/news.asp>.

The Members of the Board of Directors and Senior Management personnel have affirmed the compliance with the Code applicable to them during the year ended March 31, 2020. The Annual Report of the Company contains a certificate by the Managing Director & CEO in this regard.

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 the amended SEBI Regulations 2018, the Company has further amended the said code. The objective of this code is to protect the interest of the shareholders, to prevent the misuse of any price sensitive information, and to prevent any insider trading activity.

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

Prevention of Sexual Harassment Policy

In order to comply with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated and implemented a policy on prevention, prohibition and redressal of complaints related to sexual harassment of women at the workplace. All women employees are covered under the above policy. The said policy has been uploaded on the internal portal of the Company for information of all employees. An Internal Complaint Committee (ICC) has been set up in compliance with the said Act. During the year under review, the details of Complaint filed, disposed and pending pertaining to sexual harassment of women at workplace is given below:

1.	Number of complaints filed during the financial year 2019-2020	NIL
2.	Number of complaints disposed of during the financial year 2019-2020	NIL
3.	Number of complaints pending as on end of the financial year 2019-2020	NIL

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website viz. http://stlfasteners.com/wp-content/uploads/2017/02/STL_POLICY_WHISTLE_BLOWER.pdf.

Policy on disclosure of material events

The Company has also adopted policies on determination of material events and policy for the preservation of documents. The said policies are available on the website of the Company http://stlfasteners.com/wp-content/uploads/2017/02/STL_POLICY_ON_DISCLOSURE_OF_MATERIAL_EVENTS.pdf

Business Responsibility Policy

The Company has adopted a detailed Policy on Business Responsibility towards the Customers, shareholders, Bankers and the Community. The Policy is intended to ensure that the Company adopts responsible business practices in the interest of the social set up and the environment to contribute beyond financial and operational performance and company can contribute towards sustainable development and fulfill its social, environmental and economic responsibilities.

The said policy is available on the website of the Company http://stlfasteners.com/wp-content/uploads/2020/07/BR_POLICY_01042020.pdf

Compliance Officer

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

5A DLF Industrial Estate, Faridabad-121003

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

Email: csec@stlfasteners.com

Role of the Company Secretary in the 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 the convening of meetings. The Company Secretary interfaces between the management and regulatory authorities for governance matters.

5. General Meeting Information

5.1 Annual General Meeting (AGM)

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

Financial Year	Date	Time	Venue	Special Business
2018-2019	27.09.2019	10:00 A.M.	The Little Theatre Group (LTG) Auditorium, Copernicus Marg, New Delhi-110001	Approving remuneration of cost auditors, Regularization of Directors and Remuneration of Non-Executive Director.
2017-2018	28.09.2018	10:30 A.M.	The Little Theatre Group (LTG) Auditorium, Copernicus Marg, New Delhi-110001	Approving remuneration of cost auditors, Power to borrow money and Power to Make Loan, Investment and Guarantee.
2016-2017	28.09.2017	11:00 A.M.	The Little Theatre Group (LTG) Auditorium, Copernicus Marg, New Delhi-110001	Approving remuneration of cost auditors, Reappointment and payment of remuneration to Chairman, WTD and MD.



5.2 Special Resolutions passed at the last 3 AGMs:

Date	Time	Special Resolution
27.09.2019	10:00 A.M	Approval of remuneration payable to Shri Jaideep Wadhwa (DIN No. 00410019), Non-Executive Non-Independent Director, during the Financial Year ending March 31, 2020 which is expected to exceed 50% of the total annual remuneration payable to all Non-Executive Directors for the said year
28.09.2018	10:30 A.M	1. Power to borrow money 2. Power to Make Loan, Investment and Guarantee.
28.09.2017	11:00 A.M	Reappointment and payment of remuneration to Chairman, WTD and MD

5.3 Special Resolution passed through Postal Ballot in last year:

During the year, the Company had passed the following special resolutions through Postal ballots:

- a) Appointment of Shri Shailendra Swarup (DIN 00167799) as an Independent Director of the Company

In the Postal Ballot conducted pursuant to Clause 44 of the Listing Regulations, the Company had also offered e-voting facility through NSDL as an alternate to enable the shareholders to cast their vote electronically.

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

The result of the Postal Ballot was declared on 30th January, 2020. The 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
Appointment of Shri Shailendra Swarup (DIN 00167799) as an Independent Director of the Company.	54	26071918	3669

5.4 Details of the special resolution proposed to be conducted through postal ballot:

No special Resolution is proposed to be conducted through postal ballot at the AGM to be held on Friday, 25th September, 2020.

6. Means of Communication

The Board recognizes the importance of two-way communication with shareholders and giving a balanced report of results and progress and responding to questions and issues raised in a timely and consistent manner. The Company website (www.stfasteners.com) has information

for institutional and retail shareholders alike. Shareholders seeking information related to their shareholding may contact the Company directly and Management of the Company been meeting the Analysts upon their requests to appraise them about the current working as well as the future vision of the Company.

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

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

7. General Shareholder Information

(i) Annual General Meeting

Date	:	Friday, 25 th September, 2020
Time	:	10:30 A.M.
Venue	:	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

(ii) Financial Year

Financial Year	:	2020-2021 (1 st April, 2020 to 31 st March, 2021)
Financial Year	:	1 st April to 31 st March

(iii) Dividend Announcement

: The Board of Directors of Sterling Tools Limited has recommended an interim dividend for the financial year 2019-2020 of Rs. 2 per equity share (100%) in their meeting held on 2nd August, 2019 which has already been paid. Further, the Board of Directors in their meeting held on 26th June, 2020 declared the Interim dividend already paid as final dividend for the Financial year 2019-2020. Dividend paid in the previous year was Rs. 2 per equity share (100%).

(iv) Dates of Book Closure

: The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 19th September, 2020 to Friday, 25th September, 2020 both days inclusive, for the purpose of Annual General Meeting.

(v) Date of Dividend Payment

: The payment of interim dividend recommended by the Board of Directors in their meeting 2nd August, 2019 has already been paid on 17th August, 2019 as under:

To all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as on the end-of-the-day on 10th August, 2019 and

To all those shareholders holding shares in physical form, after giving effect to all the valid share transfers lodged with the company on or before the closing hours on 10th August, 2019.

(vi) **Listing on Stock Exchange** :

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

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

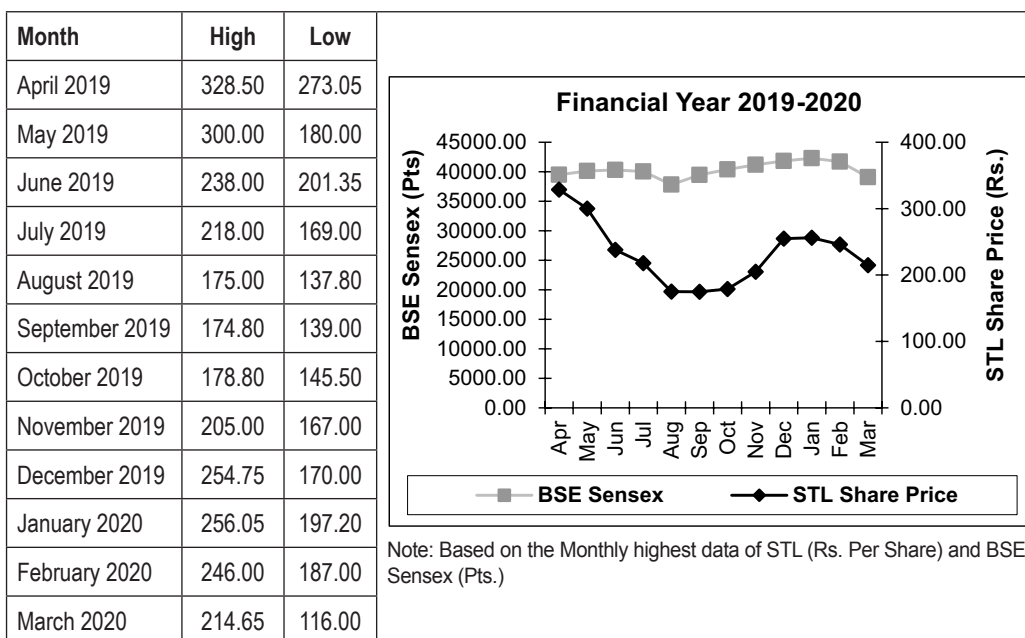
(vii) **Company’s ISIN No.** : **INE334A01023**

Stock Code

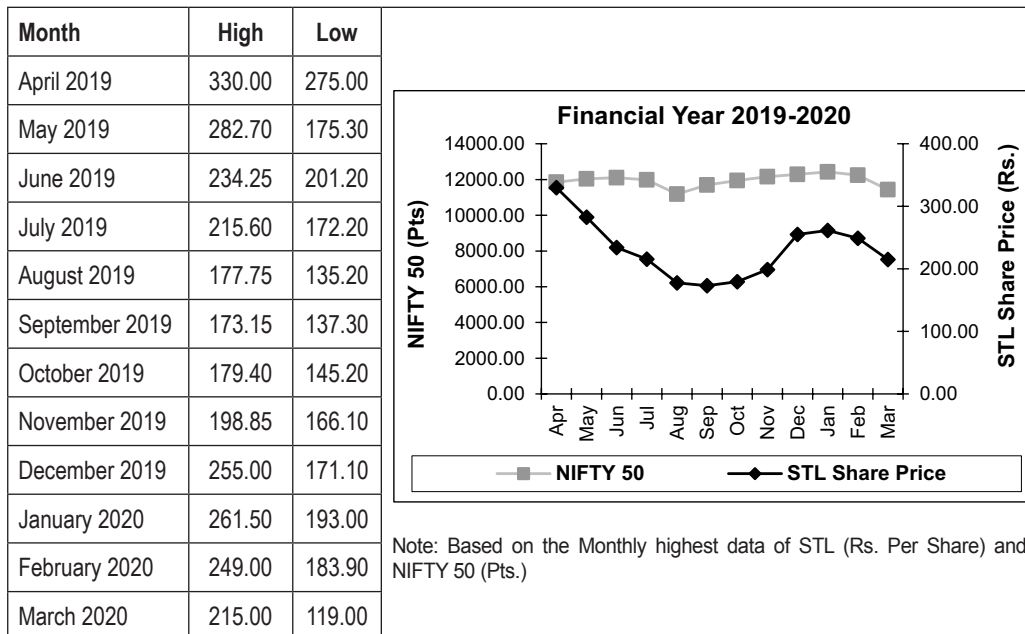
1. **BSE, Mumbai** : 530759
2. **NSE, Mumbai** : STERTOOLS

Listing fees as applicable have been paid to both the Stock Exchanges.

(viii) **Market Share price data on BSE during the financial year 2019-2020** **Stock Price Performance-STL Vs BSE Sensex Financial Year 2019-2020**



(ix) **Market Share price data on NSE during the financial year 2019-2020** **Stock Price Performance-STL Vs NIFTY 50 Financial Year 2019-2020**



- (x) **Registrar and Transfer Agent** : MAS Services Limited
T-34, 2nd Floor, Okhla Industrial Area,
Phase-II, New Delhi-110020
- (xi) **Share Transfer System** : The shares of the Company are compulsorily traded in dematerialised form. Shares received in physical mode are processed and approved by the Share Transfer Committee within a period of 15 days from the date of receipt provided the documents lodged are being valid and complete in all respects.

As per SEBI Press Release bearing no. 12/2019 dated March 27th, 2019, except in case of transmission and transposition of securities, request for effecting the transfer of securities held in physical form is disallowed with effect from April 01, 2019. However transfer deeds once lodged prior to April 01, 2019 and returned due to the deficiency in the document, may be re-lodged even after April 01, 2019 with the office of the Company's Registrar and Share Transfer Agents, MAS Services Limited, New Delhi or at the Registered Office of the Company.

xii) Distribution of shareholding as on 31st March, 2020

Nominal Value of each share – Rs. 2/-

Number of Share Holders	% To Total	Share Holding of Nominal Value of Rs.	No. of shares	Amount in Rs.	% To Total
6882	96.82	1 TO 5000	1745841	3491682	4.846
111	1.562	5001 TO 10000	427159	854318	1.186
52	0.732	10001 TO 20000	374779	749558	1.04
19	0.267	20001 TO 30000	237545	475090	0.659
7	0.098	30001 TO 40000	131679	263358	0.366
7	0.098	40001 TO 50000	165960	331920	0.461
10	0.141	50001 TO 100000	381293	762586	1.058
20	0.281	100001 AND ABOVE	32559955	65119910	90.384
7108	100.000	TOTAL	36024211	72048422	100.000

(xiii) Shareholding Pattern:

	As on 31 st March 2020		As on 31 st March 2019	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Promoters	23693030	65.77	23523675	65.30
Mutual Funds	2856235	7.93	2898550	8.05
NRIs and OCBs	1898065	5.27	1922582	5.34
Body Corporate	212618	0.59	288706	0.80
Indian Public	7364263	20.44	7390698	20.51
Total	36024211	100.00	36024211	100.00

Face value of Rs. 2/-.

- xiv) **Dematerialisation of Shares** : The Shares of the Company are in Compulsory Demat segment as on 31st March, 2020. The summarised position of shareholders in Physical and Demat segment as on 31st March, 2020 is as under:

Type of shareholding	No. of shareholders	Physical Shares	Demat Shares
Equity	7108	101597	35922614
Preference	NIL	NIL	NIL

- (xv) **Outstanding GDRs/ ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:** : The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2020, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.



- (xvi) **Shares in the suspense account** : The Company doesn't hold any shares in unclaimed suspense Account.
- (xvii) **Commodity Price Risk / Foreign Exchange Risk and Hedging activities:** : The Company is exposed to foreign exchange risk on account of import and export transactions entered. The Company is proactively mitigating these risks by entering into commensurate hedging transactions as per the Company's Enterprise Risk Management Policy.
- (xviii) **Plant Locations** : (i) 5A, DLF Industrial Estate, Faridabad 121 003, Haryana
(ii) 81, Sector-25, Ballabgarh, Faridabad, Haryana
(iii) 49 KM Stone, Delhi Mathura Road, Village-Prithla, Distt.-Palwal
(iv) Plot No. 109-110 Vemagal Industrial Area District Kolar, Bangalore, Karnataka
- (xix) **Address for correspondence** : Investors and Shareholders are requested to send all correspondence to the Registrar & Transfer Agent at the address given above.
- (xx) **Electronic Clearing Services (ECS)** : The Company is availing of the ECS facility to distribute dividend in main cities to those Members who have opted for it.

8. Statutory Auditors and their Fee: M/s Walker Chandio & Co., LL.P., the Chartered Accountants are the Statutory Auditors of the company. During the F.Y. 2019-20, the total fees paid by the Company to them is as below:

Statutory Audit	Rs. 21.00 Lacs
Reimbursement of Expenses	Rs. 00.62 Lacs

9. Credit Rating

The Company has neither issued any debt instruments nor undertaken any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad.

However, the ICRA Limited ("ICRA"), the credit rating agency has reaffirmed the Long-Term Credit rating AA- Outlook Negative as well as Short Term Credit Rating A1+ of the Company. This rating indicates the strong financial health and credibility of the Company

10. Other Disclosures

10.1 Disclosures on related party transactions

All related party transactions that were entered into during the FY 2019-20 were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Regulations. There were no materially significant related party transactions made by the Company with Promoters, Directors, KMPs or other designated persons which may

have a potential conflict with the interest of the Company at large. The Related Party Transaction Policy is available on the website of the Company <http://www.stlfasteners.com/new/news.asp>.

10.2 Statutory Compliance, Penalties and Strictures

The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authority on all matters related to capital markets during the last three years.

However during the period from 07th February, 2019 to 23rd May, 2019, the Board Composition of the Company was disturbed and was not in line with the requirements of Regulation 17(1) of SEBI(Listing Obligations and Disclosure Requirement) Regulations 2015 due to exceptional reasons.

Both the stock Exchanges, BSE and NSE levied the penalty amounting to Rs. 5,30,000/- respectively which was duly contested by the Company. And based on Company' representations, NSE had waived off the penalty by its Waiver Order dated 5th February, 2020 and matter with BSE is pending for the final review.

10.3 Details of Compliance with Mandatory requirements and adoption of non-mandatory requirements

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

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

10.4 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.

10.5 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.

10.6 Compliance with discretionary requirements

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

a. Audit qualifications

Ms. Rajni Mundra has signed the audit report for 2019-20 on behalf of firm and there is no Audit Qualification by the Statutory Auditors.

b. Presentation by Internal Auditors

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

10.7 Subsidiary Companies

The Company has two subsidiaries:

- M/s Haryana Ispat Private Limited
- M/s Sterling Gtake E-mobility Limited

The Company doesn't have any Material Subsidiary. The same has been disclosed on the Website of the Company (<https://stlfasteners.com/home/investors/>).

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

10.8 The Board has accepted all the recommendations of the Committees of the Board during the financial year 2019-2020.

11. Report on Corporate Governance

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

12. CEO/CFO Certification

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

13. Compliance

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

CEO AND CFO CERTIFICATION

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

1. We have reviewed the Financial Statements and all its Schedules and Notes on accounts, as well as the Cash Flow Statements for the Year ended 31-03-2020 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. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the auditors and the Audit Committee that:
 - i) there are no significant changes in internal control over financial reporting during the year.
 - ii) there are no significant changes in accounting policies during the year and that same have been disclosed in the notes to the financial statements; and
 - iii) there are no instances of significant 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 31-03-2020.

Date: 07.08.2020
Place: Faridabad

Anil Aggarwal
Chairman & Managing Director
DIN No. 00027214

Atul Aggarwal
Chief Financial Officer
PAN No. AAUPA6243R



COMPLIANCE CERTIFICATE

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To
The Members,
Sterling Tools Limited,
(CIN:L29222DL1979PLC009668)
Unit No. 515, DLF Tower A
Jasola District Centre,
New Delhi - 110025

I have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 pursuant to the Uniform Listing Agreement of the said company with the Stock Exchanges, for the year ended 31st March 2020.

The Compliance of conditions of corporate governance is the responsibility of the management. My Examination was limited to procedures and implementation thereof, adopted by the Company ensuring the Compliance of the conditions of the corporate Governance as stipulated in said regulations. It is neither an audit nor an expression of opinion on the financial statements of the company.

I have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to me for the review, and the information and explanations given to me by the Company.

Based on such a review, in our opinion, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 pursuant to the Uniform Listing Agreement of the said company with the Stock Exchanges as on date of the certificate. Further, the Board composition got disturbed on 7th February, 2019 as per Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which was regularized on 23rd May, 2019.

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

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

**Santosh Kumar Pradhan
(Proprietor)
CS-6973**

**Date: 6th August, 2020
Place: Ghaziabad**

**C.P. No. 7647
UDIN : F006973B000554795**

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to regulation 34(3) and Schedule V Para C clause (10)(i) of SEBI(Listing obligation and Disclosure Requirement) Regulations, 2015)

**The Members of
Sterling Tools Limited
CIN: L29222DL1979PLC009668
Unit No. 515, DLF Tower A
Jasola District Centre,
New Delhi - 110025**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sterling Tools Limited having CIN L29222DL1979PLC009668 and having registered office at Unit No. 515,DLF Tower A, Jasola District Centre, New Delhi - 110 025 (hereinafter referred to as the Company), produced before me by the Company for the purpose of issuing the Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of the Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015).

In my opinion and to the best of my information and according to the verifications (including Directors Identifications Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its Officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Triloki Nath Kapoor	00017692	31/08/1999
2.	Mr. Rahoul Kabir Bhandari	00019495	02/08/2019
3.	Mr. Anil Aggarwal	00027214	30/09/1994
4.	Mr. Atul Aggarwal	00125825	30/09/1994
5.	Mr. Jaideep Wadhwa	00410019	07/02/2019
6.	Mr. Shailendra Swarup	00167799	17/12/2019
7.	Mr. Chhotu Ram Sharma	00522678	28/06/2006
8.	Mrs. Malini Sud	01297943	15/09/2014
9.	Mr. Akhill Aggarwal	01681666	02/08/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Santosh Kumar Pradhan
(Proprietor)
CS-6973**

C.P. No. 7647

UDIN : F006973B000554817

**Place: Ghaziabad
Date: 6th August, 2020**

Business Responsibility Report for the Financial Year 2019-20

Section A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company:** L29222DL1979PLC009668
2. **Name of the Company:** Sterling Tools Limited
3. **Registered address:** Unit No-515, DLF Tower A, Jasola District Centre, New Delhi-110025
4. **Website:** www.stlfasteners.com
5. **E-mail id:** csec@stlfasteners.com
6. **Financial Year reported:** 2019-20
7. **Sector(s) that the Company is engaged in (industrial activity code-wise) As per National Industrial Classification – 2008:**

Section	Division	Description
C - Manufacturing	25	Manufacture of fabricated metal products, except machinery and equipment – Metal Fasteners.

8. **List three key products / services that the Company manufactures / provides (as in balance sheet)**
 - i. High Tensile Fasteners
9. **Total number of locations where business activity is undertaken by the Company**
 - i. Number of international locations (details of major 5): 0
 - ii. Number of national locations: 4
10. **Markets served by the Company – Local / State / National / International:** Local / State / National / International

Section B: Financial Details of the Company (as on 31-03-2020)

1. **Paid-up capital:** 720.48 Lakhs
2. **Total turnover:** 36424.15 Lakhs
3. **Total profit after taxes:** 2904.91 Lakhs
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**

The Company's total spending on CSR for FY 2019-2020 is Rs.130 Lakh i.e. 2% of the average profit after taxes in the previous three financial years.
5. **List of activities in which expenditure in 4 above has been incurred:-**
 - i. Education
 - ii. Primary Healthcare
 - iii. Running orphanage & old age homes

Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?

Yes. The Company has 2 Domestic Subsidiaries as on March 31, 2020.- Haryana Ispat Private Limited and Sterling GTAKE E-Mobility Limited.

2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

Business Responsibility initiatives of the Parent Company are generally followed by its manufacturing subsidiary i.e by Sterling GTAKE E-Mobility Limited to the extent possible.

3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%] No.

Section D: BR Information

1. Details of Directors responsible for BR

(a) Details of the Director / Director responsible for implementation of the BR policy / policies

DIN Number	Name	Designation
00027214	Mr. Anil Aggarwal	Chairman cum Managing Director

(b) Details of the BR Head

S. No.	Particulars	Details
1	DIN Number	00027214
2	Name	Mr. Anil Aggarwal
3	Designation	Chairman cum Managing Director
4	Telephone Number	0129-2270624
5	E-Mail ID	anil@stlfasteners.com

2. Principle-wise BR Policy / Policies (Reply – Y/N)

(a) Details of compliance (Reply in Y/N)

S. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify.*	Y	Y	Y	Y	Y	Y	-	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online?	**	**	**	**	**	**	-	**	**
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the company have in-house structure to implement the policy / policies	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	Y	N	N	Y	-	Y#	-

* The company policy with respect to Product Responsibility are in line with international standards and practices such as ISO 14001, IATF 16949 and OSHAS 18001 standards. The STL laboratory at DLF plant is certified to ISO 17025 for Chemical Testing, Mechanical Testing, and Instrument Calibration. STL Tech Centre is also certified for Mechanical and Special testing as per ISO 17025. The policy with respect to Environment are in line with ISO 14001 standards. The policy with respect to business ethics, wellbeing of employees and CSR meets the national regulatory requirements, such as Corporate Laws, Environmental Laws and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

** www.stlfasteners.com/new/news.asp

As a part of Secretarial Audit by the Secretarial Auditor

(b) If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason	-	-	-	-	-	-	*	-	-

*Considering the nature of Company's business, these principles have limited applicability. The Company complies with Regulations governing its operations and has taken initiatives to promote inclusive growth and environmental sustainability.

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The provisions of Business Responsibility report has become applicable on the Company for the first time because of 'amended Regulation 34 of SEBI, LODR regulations, 2015 which states that top 1000 listed entities is required to disclose Business Responsibility Report in Annual report with effect from 1st April, 2020. Accordingly, the Business Responsibility Policy has been adopted by the Board of Directors vide their meeting held on 26th June, 2020 and the Company will assess the BR Report / performance annually in future.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The Business Responsibility Report is available on the website under the following web link: [http:// www.stlfasteners.com/new/news.asp](http://www.stlfasteners.com/new/news.asp)

Section E: Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes. The Code of Business Conduct and Ethics policy covers only the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

From	Received during the year 2019-20	Resolved during the year 2019-20
Shareholders	0	0

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

As a responsible Citizen, the Company understands and is committed in creating, maintaining and ensuring a safe and clean environment. The Company is in process of expanding its position in the domestic as well as in export markets but the same time, balancing the commercial ambitions with environmental concern. The Company has adopted many green initiatives and practices to ensure to run the business more environment friendly.

Three products or services whose design has incorporated social or environmental concerns, risks and opportunities: -

- i. The Company manufactures only one Product i.e. Fasteners
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
 - i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
 - ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year? Fasteners :

Chrome free coatings (zinc flake coatings) are developed for fasteners which eliminate use of hazardous metals like chromium. Earlier the parts were zinc plated with either trivalent chrome or hexavalent chrome passivation.

Since the corrosion resistance of zinc flake coatings are much higher than zinc plated components, the life cycle has also much improved and replacements are fewer. Thus, sustainability is improved.

Smart Water Pump has been developed by which power consumption is reduced in Internal Combustion (IC) engine.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?
- i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has procedures in place for sustainable sourcing. Some of the initiatives are given hereunder:-

- a. Constantly encourages the use of biodegradable / reusable materials for packing and storing of materials.
 - b. Vehicles are permitted inside the factory, only if they comply with the pollution control norms.
 - c. Specifically focused on the storage, handling and disposal of hazardous chemicals.
 - d. Specialised agencies are employed to treat the chemical wastes.
 - e. Materials like oils, lubes, steel etc. are conserved and mainly focused to reduce loss and wastage and to maximize utilisation of materials.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. The steps taken by the Company to improve the capacity and capability of local and small vendors are given hereunder:-

- i. Indigenization / localisation plans are given top priorities.
 - ii. 100% indigenization achieved in raw materials and consumables buying.
 - iii. Suppliers / Vendor meets and surveys are conducted, to receive feedback and to improve their processes and output.
 - iv. Top priority of buying is given to the domestic sources for raw materials and consumables.
 - v. Extend technical and financial support to the local small vendors and sub-contractors.
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes. The Company has a mechanism to recycle products and waste. The recycling / re-usage of tools and consumables, maximizing the life of oils, lubes are part of manufacturing process on a routine basis.

Principle 3: Businesses should promote the well-being of all employees

1. Please indicate the Total number of employees 573
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis. 659.
3. Please indicate the number of permanent women employees. 7



4. Please indicate the number of permanent employees with disabilities 0
5. Do you have an employee association that is recognized by management. No
6. What percentage of your permanent employees is members of this recognized employee association? Not Applicable
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	-	-
2	Sexual harassment	-	-
3	Discriminatory employment	-	-

8. What percentage of your under-mentioned employees were given safety and skill upgradation training in the last year?

S. No.	Category	% of safety & skill upgradation training in the last year
1	Permanent Employees	100%
2	Permanent Women Employees	
3	Casual / Temporary / Contractual Employees	
4	Employees with Disabilities	

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders? Yes/No
Yes. The Company has mapped its internal and external stakeholders. It uses both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations. Individual departments within the organisation have roles and responsibilities identified and defined to engage with various stakeholders.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? Yes.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Please refer to Annual Report on CSR Activities.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company's Code of Conduct and 'STL's Policy on Sexual Harassment of Women at Workplace' cover the aspects of ensuring human rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Zero (0%)

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?

The company' policy include to encourage and motivate employees as well as other stakeholders to actively participate in protecting / restoring environment. Best practices are shared to all the stakeholders, not only to protect the environment but to restore it . The policy covers only the Company.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes. The structure for environment conservation is well evolved by the company. The company has adopted best practices in its operation at all plants in order reduction emission and protect environment. Two of Company' plants have a vast area under green belt with natural flora and fauna. The company has been focusing constantly on reducing its emissions from its operations which impact the environment. The Water conservation is a key theme addressed by the top management with focus on reduction / recycling.

3. Does the company identify and assess potential environmental risks? Y / N

Yes. All the units/ plants of the company identify and assess potential environmental risks as a part of the ISO 14000 Environmental Management Systems (EMS) standard. The top management of the company periodically review on the steps taken to mitigate the potential risks identified.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.

Yes, the company has a continuous focus on conservation of energy. The top management constantly review the same on a monthly basis. Energy conservation measures include energy savings, use of alternate sources of energy i.e. Solar energy etc.

Apart from maximising renewable energy usage, energy conservation projects like:

1. Use of Energy Efficient LED lightings in all factory bays
2. Optimising / eliminating / resizing cooling tower pumps
3. Installation of Variable Frequency Drives for various applications
4. Optimising loading of air compressors and thus reducing their running time

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB/ SPCB for the financial year being reported?

All the units/plants of the company are in compliance with the prescribed norms of Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) for Effluent discharge, Air Emissions, hazardous solid and liquid disposals.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with: Yes.
 - a. Automotive Component Manufacturers Association of India
 - b. The Confederation of Indian Industry
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security).

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Please refer to Annual Report on CSR Activities.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

CSR initiatives are undertaken both by the Company with its own resources as well as working in partnership with specialist organisations, NGOs. Please refer to Annual Report on CSR Activities.

3. Have you done any impact assessment of your initiative?

No

4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.

Please refer to Annual Report on CSR Activities.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Please refer to Annual Report on CSR Activities.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year. Nil
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

Yes. As specified under Legal Metrology Act, 2009, Rules made thereunder and other applicable laws.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No

4. Did your company carry out any consumer survey / consumer satisfaction trends? No.



Management Discussion and Analysis Report

INDIAN ECONOMY OVERVIEW

The Indian economy registered a growth of 4.2% in Financial Year ('FY') 2019-20, much lower than the 6.1% in FY 2018-19 (Source: IMF). The domestic demand was adversely affected because of stressed non-banking financial companies, decline in credit growth, wage stagnation, job losses and rising rural unemployment rates, as well as excess production capacity and lower private investments

The outbreak of COVID-19 in the beginning of 2020, is one of the defining moments of this century. Lockdowns in most of the affected countries saved lives but were a huge setback to global economic activity. India implemented one of the strictest nationwide lockdowns in the world early on, in order to keep the infection numbers under control. This has resulted in mass unemployment in the lower income segment and staff downsizing across sectors. The restriction on free movement of goods and people disrupted supply chains and nearly wiped out the demand for non-essential goods and services.

The Government of India announced 1.7 lakh crore relief package to help India's marginalized population tackle the challenges caused by the Covid-19 pandemic. The Reserve Bank of India ('RBI') provided a monetary stimulus by slashing the repo rate to 5.15%, a cut of 135 basis points in FY 2019-20, to boost demand and private consumption.

OUTLOOK FOR INDIAN ECONOMY

Amidst the Covid-19 crisis, Fitch Ratings lowered India's economic growth estimate for FY 2020-21 to 0.8%, citing a fall in consumer spending and fixed investment and disruption in economic activities. However, it expects a sharp rebound in India's growth to 6.7% in FY 2021-22. Besides, favorable international oil prices are likely to keep India's inflation rates within manageable bounds and lower its current account and fiscal deficit.

Even as per IMF projection, a sharp contraction of 4.5% for the Indian Economy in 2020, a "Historic Low", citing the unprecedented Corona Virus Pandemic that has nearly stalled all economic activities, but said the country is expected to bounce back in 2021 with a robust 6% growth rate.

(Source of Information: IMF)

INDUSTRY STRUCTURE & DEVELOPMENTS

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

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

Automobile Domestic Sales Trends

Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Passenger Vehicles	2,601,236	2,789,208	3,047,582	3,288,581	3,377,389	2,773,575
Commercial Vehicles	614,948	685,704	714,082	856,916	10,07,311	717,688
Three Wheelers	532,626	538,208	511,879	635,698	7,01,005	636,569
Two Wheelers	15,975,561	16,455,851	17,589,738	20,200,117	21,179,847	17,417,616
Quadricycle [#]		0	0	0	627	942
Grand Total	19,724,371	20,468,971	21,863,281	24,981,312	26,266,179	21,546,390

[#]Aug 18 -March 2019

Automobile Exports Trends

Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Passenger Vehicles	6,21,341	6,53,053	7,58,727	7,48,366	6,76,192	6,77,311
Commercial Vehicles	86,939	1,03,124	1,08,271	96,865	99,933	60,713
Three Wheelers	4,07,600	4,04,441	2,71,894	3,81,002	5,67,683	5,02,169
Two Wheelers	24,57,466	24,82,876	23,40,277	28,15,003	32,80,841	35,20,376
Quadricycle [*]		334	1,556	1,605	4,400	5,185
Grand Total	35,73,346	36,43,828	34,80,725	40,42,841	46,29,049	47,65,754

^{*}Oct-March 2016 data

Automobile Production Trends

Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Passenger Vehicles	3,221,419	3,465,045	3,801,670	4,020,267	4,028,471	3,434,013
Commercial Vehicles	698,298	786,692	810,253	895,448	1,112,405	752,022
Three Wheelers	949,019	934,104	783,721	1,022,181	1,268,833	1,133,858
Two Wheelers	18,489,311	18,830,227	19,933,739	23,154,838	24,499,777	21,036,294
Quadricycle [*]		531	1,584	1,713	5,388	6,095
Grand Total	23,358,047	24,016,599	25,330,967	29,094,447	30,914,874	26,362,282

^{*} Only Oct-March 2016 data

Source of Information: SIAM)

OPPORTUNITIES & THREATS

Opportunities:

As mentioned earlier, the performance of our Company is associated with the performance of the Automobile Industry in India.

- Growing Demand:** India became the fifth largest auto market in 2019 with sales reaching to 3.81 million units. It was the seventh largest manufacturer of commercial vehicles in 2019.

The two wheeler volumes are the highest in the world due to a growing middle class, a young population as well as the expansion of the rural market

India is also a prominent auto exporter and has strong export growth expectations for the near future. In addition, several initiatives by the Government of India and 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.

- 2. Sterling Positioned to Capitalize on the Growing Demand:** Over the last few years Sterling has made expanded its manufacturing footprint and has become a truly Pan-Indian Compaony. The Bangalore facility is one of the best planned and most modern fastener facilities in the Country. In addition, Sterling continues to invest in Human Capital, to build leadership competence and bench-strength.
- 3. Sterling Gtake E-mobility Ltd:** The Govt is committed to supporting electrification to reduce dependence on imported oil as well as to address India's chronic air pollution problems. Sterling's Electric Vehicle component venture Sterling Gtake E-Mobility Ltd. was incorporated in the month of January, 2020 and its manufacturing facility is scheduled for completion in October 2020. This venture, and others that may follow, will provide Sterling a foothold in the EV segment and make the Company "Future Ready"

Threats

- 1. Disruption & Uncertainty in Business due to COVID-19 Pandemic:** The spread of Covid-19 has been a truly "Black Swan" event and has adversely impacted economies all over the world. Fear amongst consumers, uncertainty in every sphere of life as well as reduced mobility and economic activity have led to sharply reduced earnings forecasts. While other segments of the Auto industry are seen to be slowly recovering, the commercial vehicle segment is in a deep downward spiral. The impact of delays in developing vaccines, as well as of lasting changes in consumer behavior and preferences in the post COVID world are not entirely understood or modeled.
- 2. New Manufacturing Technologies & Electrification:** The use of composites, adhesives and other joining methods as well as the widespread adoption of electric powertrains would reduce the size and number of fasteners in a vehicle thus reducing growth potential.

PRODUCT-WISE PERFORMANCE

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

OUTLOOK

The Financial Year 2019-20 was a challenging year for the Company on account of the significant drop in volumes in most segments of the industry. Despite the headwinds faced by the Automobile Industry and the volume reduction, our Company still managed to maintain operating margins.

Further FY 2020-21 has been rocked by COVID-19. The first quarter is likely to be a washout due to the lockdown. Even after lockdown is lifted, there could be lower footfall at retail outlet for few months Auto volume is expected to fall 35-45% in the first quarter of the financial year and first-quarter volume accounts for 23-26% of the total volume for the auto-makers.

As per CRISIL, almost all the segments of Indian Vehicle Market are set to see a decline of 10% to 15% during this F.Y. 2020-21. The lockdown has suffocated the discretionary purchases and it could drag the Automobile Industry back anywhere between 3 to 10 years depending upon the Segment.

The India growth story however remains intact and most analysts project a “V Shaped” recovery with IMF forecasting 6.7% GDP growth in FY 22. Sterling, with its 3 fastener plants, 46,000 MT of capacity, world class processes and most importantly top-drawer managerial talent is ideally placed to leverage these opportunities.

RISK & CONCERNS

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

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

Covid-19

The last quarter of the Financial Year 2020 ended with the COVID-19 pandemic, disrupting the whole economy in India and globally. FY '21 began with a lockdown, with almost zero economic activity in India, which took strict measures to contain the spread and intensity of the pandemic. With an extended lockdown in Q1-F21, the impact on GDP is expected to be significant with the risk of negative growth. The Company' revenue is down by 70 to 75% because of this lockdown. While it is difficult to estimate the definitive impact of COVID-19 on the business beyond Q1-F21, the economy is expected to see demand constraints, particularly for discretionary items such as automobiles because of stagnant or lower household incomes and uncertainty over employment,

This time of Economy Slowdown and uncertainty, the Government role will be critical to adopt such a policy measures to 'reboot' and 'rebound' the economy.

The Company has also initiated various countermeasures to minimise the short-term impact and mitigate the long-term impact on the Company, including working on cost structures to optimise costs and conserve cash, which is expected to accrue benefits in the future.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY:

Your Company has in place an adequate system of internal controls, with documented procedures covering all corporate functions and Manufacturing Facilities. Systems of internal controls are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

Adequate internal control measures are in the form of various policies and procedures issued by the Management covering all critical and important activities viz. Revenue Management,



Manufacturing Operations, Purchase, Finance, Human Resources, Safety, etc. These policies and procedures are updated from time to time and compliance is monitored by Internal Auditors.

The Company continues its efforts to align all its processes and controls with the best practices available in the Industry. The effectiveness of internal controls is reviewed through the internal audit process, which is undertaken for every operational unit and all major corporate functions.

The focus of these reviews is as follows:

- Identify weaknesses and areas of improvement;
- Compliance with defined policies and processes;
- Safeguarding of tangible and intangible assets;
- Management of business and operational risks;
- Compliance with applicable statutes; and

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the reports submitted to them.

The Statutory Auditors of your Company have opined in their report that your Company has adequate internal controls over financial reporting.

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.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Company's revenue from operations reduced (without excise duty/ Taxes) during the year from 51220.35 lacs to Rs 36424.15 resulting in decrease of 28.89%.

- Operating profit, excluding other income was Rs. 6137.56 Lacs for the year 2019-2020 decreased by 28.58% as compared Rs. 8593.97 Lacs for the year 2018-2019.
- Operating margin was 16.85% for the year 2019-2020 as against 16.78% for the year 2018-2019.
- Other income was Rs. 609.13 Lacs for the year 2019-2020 decreased by 4.27% as against Rs. 636.29 Lacs for the year 2018-2019.
- Finance Costs were Rs. 626.34 Lacs for the year 2019-2020 as against Rs. 366.38 Lacs for the year 2018-2019.
- Corporate tax liability including Deferred Tax for the year was Rs. 465.35 Lacs for the year 2019-2020 as against Rs. 2472.80 Lacs for the year 2018-2019.
- Comprehensive Income was Rs. 3318.48 Lacs for the year 2019-2020 decreased by 26.02% as against Rs. 4485.55 Lacs for the year 2018-2019.
- Paid up equity share capital as on March 31, 2020 stood at Rs. 720.48 Lacs.

- Earnings Per share (EPS) was Rs. 8.06 for the year 2019-2020 as against Rs. 12.45 for the year 2018-2019.
- Cash Earnings Per share (CEPS) was Rs.15.34 for the year 2019-2020 as against Rs.18.07 for the year 2018-2019.
- STL has contributed a foreign exchange to the tune of Rs. 2622.92 Lacs for the year 2019-2020 as against Rs. 3464.60 Lacs for the year 2018-2019.

Key Financial Ratios, Standalone

In accordance with the SEBI (Listing Obligations and Disclosure Requirements 2018) (Amendment Regulations, 2018), the company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key sector specific financial ratios. The company identified the following ratios as key financial ratios.

Particulars	FY2020	FY2019	YOY change	Remarks
Debtors Turnover Ratio (Times)	12.20	13.59	-1.39	*
Inventory Turnover Ratio (Times)	5.12	7.45	-2.33	*
Current Ratio (Times)	2.70	2.21	0.49	*
Operating Profit Margin (%)	16.85%	16.78 %	0.07%	*
Net Profit Margin (%)	9.11%	8.76%	0.35%	*
Return on Net Worth (%)	10.75%	15.78 %	-5.03%	*
Interest Coverage Ratio (Times)	7.15	21.33	-14.18	*
Debt Equity Ratio (times)	0.24	0.35	-0.11	*

*There has been no significant change in key financial ratios.

Cautionary Statement

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



Independent Auditor's Report

To the Members of Sterling Tools Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Sterling Tools Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Impact of COVID – 19 on the financial statements

4. We draw attention to Note 49 to the standalone financial statements which describes the uncertainties due to the outbreak of COVID - 19 pandemic and management's evaluation of its impact on the Company's operations and on the financial results of the Company as at the balance sheet date. The impact of these uncertainties on the Company's operations is significantly dependent on future developments. Our opinion is not modified in respect of this matter.

Key Audit Matter

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of investment in joint venture</p> <p>Refer note 1(C)(21) for the accounting policy and note 5 and note 36 for the related disclosure.</p> <p>The Company has investment in a joint venture, Sterling Fabory India Private Limited, amounting to Rs. 688.25 lakh as at 31 March 2020. The management makes an assessment of the recoverable value of the investment when impairment indicators exist by comparing the recoverable value and carrying value of such investment.</p> <p>As at 31 March 2020, impairment indicators existed for the investment made in the aforesaid joint venture considering the negative profits in the earlier years and accumulated losses as at 31 March 2020 in the joint venture.</p> <p>The management during the year ended 31 March 2020 has carried out an impairment test for such investment, whereby the carrying amount of the investment was compared with the recoverable amount. The recoverable value of the investment is determined by engaging a management expert which is based on discounted cash flows method and requires management estimates and judgements around assumptions used in the method, primarily around estimated growth in the operations of the joint venture, ability to generate cash profits in the future, estimated future financial performance, capital expenditure and the discount rates applied.</p> <p>Changes to assumptions could lead to material changes in estimated recoverable amounts, resulting in impairment in the value of the investments.</p> <p>During the year ended 31 March 2020, on the basis of the valuation as carried out by the management expert, the management has recognised impairment loss of Rs. 328.25 lakh, in accordance with the principles of Ind AS 36 – Impairment of Assets and net value of investment in the aforementioned joint venture amounts to Rs.360.00 lakh as at 31 March 2020.</p> <p>Accordingly, assessment of impairment losses to be recognised on the carrying value of investment made in the joint venture has been considered as be a key audit matter for current year audit.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management's processes and controls for determining the recoverable value of the investment including the identification of the impairment indicators and assessed the same in accordance with the accounting standards. • Obtained an understanding, evaluated and tested the controls around management's assessment of the impairment indicators and the testing performed. • Obtained from the management of the Company, the approved future business plans of the joint venture and held detailed discussions with the management to understand the assumptions used and estimates made by them for determining the cash flow projections. • Obtained the independent valuation report as at 31 March 2020 given by the management expert for the fair value of the joint venture and evaluated the objectivity, independence and competence of such expert. • Involved auditor's expert to assess the appropriateness of the valuation methodology used for calculation of the recoverable value in the valuation report obtained by the management. • Performed sensitivity analysis on management's calculated recoverable value by changing the significant assumptions used in the calculation. • Verified the impairment loss recognised in the current year ended 31 March 2020. • Assessed the appropriateness and adequacy of the related disclosures in the financial statements in accordance with the applicable accounting standards.

Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

8. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
18. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;

- f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 26 June 2020 as per Annexure II expressed unmodified opinion; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in note 40(B)(i), 40(B)(ii) and 40(B)(iv) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajni Mundra
Partner
Membership No.: 058644
UDIN: 20058644AAAABB1145

Place: New Delhi
Date: 26 June 2020



Annexure I to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2020

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales tax, service tax, goods and services tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Annexure I to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2020 (Cont'd)

Statement of disputed dues

Name of the statute	Nature of dues	Amount (₹ in lacs)	Amount paid under protest (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty and penalty	181.40 (excluding interest, if any)	Nil	January 2013 to June 2017	Director General of Goods and Services Tax Intelligence, New Delhi
Central Excise Act, 1944	Excise duty and penalty	106.04 (excluding interest, if any)	Nil	April 2014 to June 2017	Joint Commissioner of Central Tax, Faridabad, Haryana
Income-tax Act, 1961	Demand under the Income-tax Act, 1961	0.62	Nil	Assessment year 2013-14	Commissioner of Income-tax (Appeals)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company did not have any loans or borrowings payable to any financial institution or government during the year. Further, the Company did not have any outstanding debentures during the year.
- (ix) In our opinion, the Company has applied the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Place: New Delhi
Date: 26 June 2020

Rajni Mundra
Partner
Membership No.: 058644
UDIN: 20058644AAAABB1145



Annexure II to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2020

Annexure II

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Sterling Tools Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding

Annexure II to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2020 (Cont'd)

prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013**

**Rajni Mundra
Partner
Membership No.: 058644
UDIN: 20058644AAAABB1145**

**Place: New Delhi
Date: 26 June 2020**



Standalone balance sheet as at 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	25,167.97	18,152.64
(b) Capital work-in-progress	3	63.62	4,680.96
(c) Right-of-use assets		131.17	-
(d) Other intangible assets	4	37.36	18.41
(e) Financial assets			
(i) Investments	5	2,798.88	2,288.13
(ii) Loans	6	422.72	311.99
(e) Other non-current assets	7	1,186.12	1,208.61
Total non-current assets		29,807.84	26,660.74
Current assets			
(a) Inventories	8	5,943.90	8,248.76
(b) Financial assets			
(i) Investments	9	564.07	4,945.77
(ii) Trade receivables	10	2,806.56	4,137.67
(iii) Cash and cash equivalents	11	1,049.27	358.83
(iv) Bank balances other than (iii) above	12	27.73	29.46
(v) Loans	13	37.83	33.59
(vi) Other financial assets	14	2,575.31	378.03
(c) Other current assets	15	1,731.35	1,377.88
Total current assets		14,736.02	19,509.99
TOTAL ASSETS		44,543.86	46,170.73
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	720.48	720.48
(b) Other equity	17	30,149.95	27,700.05
Total equity		30,870.43	28,420.53
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	4,806.72	5,394.55
(ii) Lease liabilities		46.06	-
(iii) Other financial liabilities [other than those specified in item (b)]	19	26.39	30.58
(b) Provisions	20	153.19	137.04
(c) Deferred tax liabilities (net)	21	1,649.00	1,638.51
(d) Other non-current liabilities	22	1,534.01	1,738.12
Total non-current liabilities		8,215.37	8,938.80
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	575.72	3,229.74
(ii) Trade payables			
A) Total outstanding dues of micro enterprises and small enterprises; and		175.07	54.91
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	24	1,989.42	3,220.57
(iii) Lease liabilities		89.62	-
(iv) Other financial liabilities [other than those specified in item (c)]	25	2,233.15	1,489.84
(b) Other current liabilities	26	268.11	606.96
(c) Provisions	20	71.19	125.10
(d) Current tax liabilities (net)	27	55.78	84.28
Total current liabilities		5,458.06	8,811.40
Total liabilities		13,673.43	17,750.20
TOTAL EQUITY AND LIABILITIES		44,543.86	46,170.73

Note 1 to 49 form an integral part of these standalone financial statements.

As per our report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra

Partner

Membership No. 058644

Anil Aggarwal

Managing Director

DIN No. 00027214

For & on behalf of Board of Directors

Sterling Tools Limited

Atul Aggarwal

Director and Chief Financial Officer

DIN No. 00125825

Vaishali Singh

Company Secretary

Membership No. A15108

Place: New Delhi

Date: 26 June, 2020

Place: Faridabad

Date: 26 June, 2020

Standalone statement of profit and loss for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	28	36,424.15	51,220.35
Other income	29	609.13	636.29
Total income		37,033.28	51,856.64
Expenses			
Cost of materials consumed	30	12,334.97	22,565.56
Changes in inventories of finished goods and work-in-progress	31	1,403.40	(1,880.70)
Employee benefits expense	32	3,627.54	3,583.11
Finance costs	33	626.34	366.38
Depreciation and amortisation expenses	34	2,421.84	1,905.02
Other expenses	35	12,920.68	18,358.41
Total expenses		33,334.77	44,897.78
Profit before exceptional items and tax		3,698.51	6,958.86
Exceptional items	36	328.25	-
Profit before tax		3,370.26	6,958.86
Tax expense:			
Current tax	21		
- for the year		712.58	2,356.10
- earlier years		(118.63)	-
Deferred tax		(128.60)	116.70
Total tax expense		465.35	2,472.80
Profit for the year		2,904.91	4,486.06
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		13.66	(0.79)
(b) Changes in fair value of equity investment through other comprehensive income		539.00	-
(ii) Income-tax relating to items that will not be reclassified to profit or loss		(139.09)	0.28
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income-tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the year (net of tax)		413.57	(0.51)
Total comprehensive income for the year		3,318.48	4,485.55
Earnings per equity share			
Basic and diluted (Rs.) [nominal value of share Rs. 2 (31 March 2019: Rs. 2)]	37	8.06	12.45

Note 1 to 49 form an integral part of these standalone financial statements.

As per our report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra

Partner

Membership No. 058644

Anil Aggarwal

Managing Director

DIN No. 00027214

For & on behalf of Board of Directors

Sterling Tools Limited

Atul Aggarwal

Director and Chief Financial Officer

DIN No. 00125825

Vaishali Singh

Company Secretary

Membership No. A15108

Place: New Delhi

Date: 26 June, 2020

Place: Faridabad

Date: 26 June, 2020



Standalone statement of changes in equity for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

(A) Equity share capital

	Note	Number (lakh)	Amount
Balance as at 1 April 2018	16	360.24	720.48
Changes in equity share capital during the year		-	-
Balance as at 31 March 2019	16	360.24	720.48
Changes in equity share capital during the year		-	-
Balance as at 31 March 2020	16	360.24	720.48

(B) Other equity

Particulars	Note	Reserves and surplus					Total
		Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	
Balance as at 1 April 2018	17	6.65	4,735.69	2,786.46	16,554.28	-	24,083.08
Profit for the year		-	-	-	4,486.06	-	4,486.06
Other comprehensive income							
Remeasurement of defined benefit obligation (net of tax)		-	-	-	(0.51)	-	(0.51)
Interim dividend paid on equity shares (including dividend distribution tax paid of Rs. 148.10 lakh)		-	-	-	(868.58)	-	(868.58)
Balance as at 31 March 2019	17	6.65	4,735.69	2,786.46	20,171.25	-	27,700.05
Profit for the year		-	-	-	2,904.91	-	2,904.91
Other comprehensive income							
Remeasurement of defined benefit obligation (net of tax)		-	-	-	10.22	-	10.22
Changes in fair value of equity investment through other comprehensive income (net of tax)		-	-	-	-	403.35	403.35
Interim dividend paid on equity shares (including dividend distribution tax paid of Rs. 148.10 lakh)		-	-	-	(868.58)	-	(868.58)
Balance as at 31 March 2020	17	6.65	4,735.69	2,786.46	22,217.80	403.35	30,149.95

Note 1 to 49 form an integral part of these standalone financial statements.

As per our report of even date attached

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For & on behalf of Board of Directors

Sterling Tools Limited

Rajni Mundra

Partner

Membership No. 058644

Anil Aggarwal

Managing Director

DIN No. 00027214

Atul Aggarwal

Director and Chief Financial Officer

DIN No. 00125825

Place: New Delhi

Date: 26 June, 2020

Place: Faridabad

Date: 26 June, 2020

Vaishali Singh

Company Secretary

Membership No. A15108

Standalone statement of cash flows for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A Cash flow from operating activities		
Net profit before tax	3,370.26	6,958.86
Adjustments for:		
Depreciation and amortisation expenses	2,421.84	1,905.02
Unrealised foreign exchange gain	(6.17)	(18.07)
Interest on delayed payment of advance tax	4.87	0.54
(Profit)/loss on disposal of property, plant and equipment	(4.09)	16.05
Remeasurement of defined benefit plans	13.66	(0.51)
Finance costs	601.32	342.30
Interest on lease liabilities	12.99	-
Interest income	(22.34)	(10.13)
Amortisation of grant income	(207.60)	(158.66)
Gain on sale of mutual fund	(70.76)	(10.92)
Dividend income on mutual fund	(125.22)	(107.12)
Gain on fair value of mutual fund	(9.67)	(152.26)
Liabilities no longer required written back	(45.20)	(1.30)
Loss/(gain) on foreign exchange fluctuation	70.37	(101.43)
Bad debts recovered	-	(1.70)
Bad debts written off	1.37	-
Provision for diminution in the value of investments	328.25	-
Provision for expected credit loss	-	9.53
Operating profit before working capital changes	6,333.88	8,670.20
(Increase)/decrease in financial assets	(987.70)	136.38
(Increase)/decrease in other assets	(353.93)	28.84
(Decrease) in financial liabilities	(1,115.15)	(402.95)
Decrease/(increase) in inventories	2,304.86	(2,794.33)
(Decrease)/increase in other liabilities	(335.36)	877.39
(Decrease)/increase in provisions	(37.76)	8.13
Net cash generated from operations	5,808.84	6,523.66
Income-tax paid (net)	(627.32)	(2,285.49)
Net cash from operating activities (A)	5,181.52	4,238.17
B Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work- in progress and payment for capital advances)	(4,596.90)	(9,509.10)
Maturity of fixed deposit	-	0.50
Disposal of property, plant and equipment	43.35	37.97
Gain on sale of mutual fund	70.76	10.92
Redemption of/(investment in) mutual fund	4,516.59	666.79
Interest received	14.34	6.15
Investment in equity shares	(300.00)	(401.38)
Net cash used in investing activities (B)	(251.86)	(9,188.15)
C Cash flows from financing activities		
Proceeds from non-current borrowings	1,400.00	5,050.00
Repayment of non-current borrowings	(1,308.98)	(924.18)
Interim dividend paid including dividend distribution tax	(868.58)	(868.58)
Proceeds from current borrowings (net)	(2,654.02)	2,371.07
Repayment of lease liabilities	(86.61)	-
Interest paid	(721.03)	(420.34)
Net cash (used in)/from financing activities (C)	(4,239.22)	5,207.97
Net increase in cash and cash equivalents (A+B+C)	690.44	257.99
Cash and cash equivalents at the beginning of the year	358.83	100.84
Cash and cash equivalents at the end of the year	1,049.27	358.83
Components of cash and cash equivalents (refer note 11):		
Balances with scheduled banks in current accounts	93.91	354.42
Cash on hand	5.36	4.41
Balances with banks in deposit accounts with original maturity upto three months	950.00	-
	1,049.27	358.83



Standalone statement of cash flows for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:

Particulars	Lease liabilities	Non-current borrowings including current maturities of long term borrowings and interest accrued	Short term borrowings	Dividend
Opening balance as on 1 April 2018	-	2,576.32	858.66	-
Add: Non cash changes due to-				
- Interest expense		241.89	97.36	-
- Interest capitalised		103.30	-	-
- Fair value changes		3.05	-	-
- Interim dividend		-	-	868.58
Add: Cash inflows during the year				
- Proceeds from non-current borrowings		5,050.00	-	-
- Proceeds from current borrowings		-	2,371.08	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings		(924.18)	-	-
- Interest paid		(322.97)	(97.36)	-
- Interim dividend paid including dividend distribution tax		-	-	(868.58)
Closing balance as on 31 March 2019		6,727.41	3,229.74	-
Add: Non cash changes due to-				
- Recognition of lease liabilities	209.30	-	-	-
- Interest expense	12.99	509.28	88.16	-
- Interest capitalised	-	136.95	-	-
- Fair value changes	-	3.88	-	-
- Interim dividend	-	-	-	868.58
Add: Cash inflows during the year				
- Proceeds from non-current borrowings	-	1,400.00	-	-
- Proceeds from current borrowings	-	-	-	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings	-	(1,308.98)	-	-
- Repayment of current borrowings	-	-	(2,654.02)	-
- Repayment of lease liabilities	(86.61)	-	-	-
- Interest paid	-	(632.87)	(88.16)	-
- Interim dividend paid including dividend distribution tax	-	-	-	(868.58)
Closing balance as on 31 March 2020	135.68	6,835.67	575.72	-

The standalone cash flow statement has been prepared in accordance with the 'Indirect Method' as set out in the Ind AS 7 on "Cash flow statements".

Note 1 to 49 form an integral part of these standalone financial statements.

As per our report of even date attached

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra

Partner

Membership No. 058644

Anil Aggarwal

Managing Director

DIN No. 00027214

For & on behalf of Board of Directors

Sterling Tools Limited

Atul Aggarwal

Director and Chief Financial Officer

DIN No. 00125825

Vaishali Singh

Company Secretary
Membership No. A15108

Place: New Delhi

Date: 26 June, 2020

Place: Faridabad

Date: 26 June, 2020

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

1. Company information and significant accounting policies

A. Corporate information

Sterling Tools Limited (the 'Company') is a Company limited by shares, incorporated on 7 June 1979 under the erstwhile Companies Act, 1956, domiciled in India (CIN: L29222DL1979PLC009668). The registered office of the Company is office no. 515, DLF Tower-A, Jasola, New Delhi-110025. The equity shares of the Company are listed on the Bombay Stock Exchange and National Stock Exchange of 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 of India with a client base that spans automotive companies in India, Europe and USA.

B. Basis of preparation

(1) (a) Application of new and revised Indian Accounting Standards (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the standalone financial statements are authorised, have been considered in preparing these standalone financial statements.

(b) Standards issued but not yet effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1 April 2020.

(2) Statement of compliance

These financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, read with Section 133 of the Companies Act, 2013 ('the Act') and other provisions of the Act (to the extent notified and applicable).

These financial statements of Sterling Tools Limited as at and for the year ended 31 March 2020 (including comparatives) were approved and authorised for issue by Board of Directors on 26 June 2020.

(3) Overall considerations

These standalone financial statements have been prepared on going concern basis using the significant accounting policies and measurement bases summarised below.

These accounting policies have been used throughout all periods presented in the standalone financial statements, unless otherwise stated.

(4) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value.
Net defined benefit (assets)/ liability	Fair value of planned assets less present value of defined benefit obligations.

The methods used to measure fair values are discussed further in notes to financial statements.

(5) Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All financial information presented in Indian Rupees has been rounded to the nearest lakh (upto two decimals), except as stated otherwise.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

(6) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

(7) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a central valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the board of directors.

The central valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the central valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's board of directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 44- fair value measurements.

C. Significant accounting policies

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the standalone financial statements.

(1) Property, plant and equipment

1.1 Initial recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an items of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the items to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

1.2 Subsequent costs

Subsequent expenditure is recognised as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

1.3 Decommissioning costs

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

1.4 Derecognition

Property, plant and equipment is derecognised when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in the statement of profit and loss.

(2) Depreciation

Depreciation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment specified in schedule II to the Companies Act, 2013.

Leasehold improvements are amortised over the lease period.

Depreciation on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date in which the asset is available for use/disposed.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

(3) Other intangible assets

3.1 Recognition and measurement

Intangible assets that are acquired by the Company, have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

Subsequent expenditure is recognised as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

3.2 Derecognition

An intangible asset is derecognised when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognised in the statement of profit and loss.

3.3 Amortisation

Cost of software recognised as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, as estimated by the management.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted, if appropriate.

(4) Capital work-in-progress

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment. Capital work-in-progress also includes assets pending installation and not available for intended use.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

(5) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalised. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalisation of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition or construction of the qualifying asset.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are recognised as an expense in the year in which they are incurred.

(6) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of the other assets or CGUs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

The Company's corporate assets (eg. Central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate assets belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to CGU, and then to reduce the carrying amounts of any other assets of the CGUs (or group of CGUs on a pro-rata basis.

(7) Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Finished goods and stores, spares and consumables are valued at lower of cost and net realisable value and the comparison is made on an item-by-item basis.

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

Nature of inventories	Method of valuation
Raw materials	First in first out method
Stores and spares and consumables	Weighted average method
Finished goods and work-in-progress	Raw material cost on first in first out method and includes conversion and other costs incurred in bringing the inventories to their present value and locations

Stock in transit is valued at lower of cost and net realisable value. Scrap is valued at estimated net realisable value.

(8) Provisions and contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent assets are neither recognised nor disclosed in the financial statements.

(9) Government grants

Government grants and subsidies are accounted for in the books of account when the ultimate collection of the grant/subsidy is reasonably certain. Grants that compensate the Company for expenses incurred are recognised in the statement of profit and loss as other operating revenues on a systematic basis in the periods in which such expenses are recognised.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred grant income and are credited to the statement of profit and loss on a systematic basis over the expected lives of the related assets.

(10) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less from the date of acquisition, highly liquid

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(11) Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss in the year in which it arises.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks in respect of its imports and exports. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken to the statement of profit and loss.

(12) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. A performance obligation is a promise in a contract to transfer a distinct good (or a bundle of goods) to the customer and is the unit of account in Ind AS 115. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue, as or when, the performance obligation is satisfied. The Company recognizes revenue when it transfers control of a product to a customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excludes tax and duties collected on behalf of the government. The Company recognizes revenue from the following major sources:

Sale of products

Revenue from sale of products is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. It is measured at fair value consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company recognizes revenue when it transfers control over a product to a customer i.e. when goods are delivered at the delivery point, as per terms of the agreement, which could be either customer premises or carrier premises who will deliver goods to the customer. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the Balance Sheet under other current liabilities (see Note 26).

Satisfaction of performance obligations

The Company's revenue is derived from the single performance obligation to transfer primarily products under arrangements in which the transfer of control of the products and the fulfilment of the Company's performance obligation occur at the same time. Revenue from the sale of goods is recognized when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

Whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms. For the Company, generally the criteria to recognize revenue has been met when its products are delivered to its customers or to a carrier who will transport the goods to its customers, this is the point in time when



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

the Company has completed its performance obligations. Revenue is measured at the transaction price of the consideration received or receivable, the amount the Company expects to be entitled to.

Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-60 days.

Variable considerations associated with such sales

Periodically, the Company enters into volume or other rebate programs where once a certain volume or other conditions are met, it gives the customer as volume discount some portion of the amounts previously billed or paid. For such arrangements, the Company only recognizes revenue for the amounts it ultimately expects to realize from the customer. The Company estimates the variable consideration for these programs using the most likely amount method or the expected value method, whichever approach best predicts the amount of the consideration based on the terms of the contract and available information and updates its estimates each reporting period.

Dividend income

Dividend income is recognised at the time when right to receive the payment is established.

Income from export incentives

Income from export incentives viz. Duty Drawback and MEIS are recognized on accrual basis.

(13) Other income

Interest income is recognised, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

(14) Operating expenses

Operating expenses are recognised in statement of profit and loss upon utilisation of the service or as incurred.

(15) Employee benefits

15.1 Short term employee benefits

Short- term employee benefit obligations are measured on an undiscounted basis and are expensed as the relative service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

15.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in the statement of profit and loss in the period during which services are rendered by employees.

The Company pays fixed contribution to government administered provident fund scheme at predetermined rates. The contributions to the fund for the year are recognised as expense and are charged to the statement of profit and loss.

15.3 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's liability towards gratuity is in the nature of defined benefit plans.



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

The Company's net obligation in respect of defined benefit plan is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs. Any actuarial gains or losses are recognised in other comprehensive income in the period in which they arise.

15.4 Other long term employee benefits

Benefits under the Company's leave encashment constitute other long term employee benefit.

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. The benefit is discounted to determine its present value. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

(16) Lease

Accounting policy applicable from 1 April 2019

Transition

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included in the financial statements for year ended 31 March 2019.

Company as a lessee

The Company's lease asset classes primarily consist of property leases. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Accounting policy applicable till 31 March 2019

Accounting for operating leases- as a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are recognised as an expense over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Initial direct costs incurred specifically for an operating lease are deferred and charged to the statement of profit and loss over the lease term.

(17) Taxes on income

Income tax expense comprises current and deferred tax. Current tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

(18) Earning per share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

(19) Equity, reserves and dividend payment

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Retained earnings include current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

(20) Segment reporting

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve in connection with performance assessment measures put in place.

(21) Equity investment

Equity investments in joint venture and subsidiaries are measured at cost. The investments are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, policy for impairment of non-financial assets is followed.

(22) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(23) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

23.1 Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition or issue of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- (b) Trade receivables under Ind AS 18.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

23.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Financial liabilities at amortised cost

After initial measurement, such financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit and loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

23.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

D. Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements is as under:

(1) Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews at the end of each reporting date the useful life of property, plant and equipment, and are adjusted prospectively, if appropriate.

(2) Recoverable amount of property, plant and equipment

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows. Any changes in these assumptions



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

may have a material impact on the measurement of the recoverable amount and could result in impairment.

(3) Employee benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

(4) Provisions and contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

(5) Estimation of current tax and deferred tax

Management judgment is required for the calculation of provision for income-tax and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets and liabilities. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in these financial statements.

(6) Impairment of trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised based on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(7) Fair value measurement

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (refer note 44).

(8) Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets is based on assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

2. PROPERTY, PLANT AND EQUIPMENT

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Electrical installations and equipments	Computer system	Total
Gross block									
As at 1 April 2018	1,078.50	3,401.65	21,007.98	145.25	525.72	237.00	444.90	57.94	26,898.94
Additions	980.37	288.05	3,780.85	11.03	129.93	33.48	26.04	10.94	5,260.69
Disposals/assets written off	-	-	(213.91)	-	(94.89)	-	-	-	(308.80)
Balance as at 31 March 2019	2,058.87	3,689.70	24,574.92	156.28	560.76	270.48	470.94	68.88	31,850.83
Additions	-	2,698.25	5,698.59	93.27	26.52	197.36	565.52	104.93	9,384.44
Disposals/assets written off	-	-	(110.15)	-	(89.42)	(6.66)	(0.74)	-	(206.97)
Balance as at 31 March 2020	2,058.87	6,387.95	30,163.36	249.55	497.86	461.18	1,035.72	173.81	41,028.30
Accumulated depreciation									
As at 1 April 2018	-	1,123.03	10,080.83	81.69	222.00	161.66	349.15	40.58	12,058.94
Charge for the year	-	107.40	1,657.39	10.84	58.33	28.91	22.21	8.95	1,894.04
Adjustments for disposals	-	-	(184.28)	-	(70.50)	-	-	-	(254.79)
Balance as at 31 March 2019	-	1,230.43	11,553.94	92.53	209.83	190.57	371.36	49.53	13,698.19
Charge for the year	-	165.47	1,975.43	15.94	55.84	46.75	51.00	19.42	2,329.85
Adjustments for disposals	-	-	(99.61)	-	(62.51)	(5.56)	(0.03)	-	(167.71)
Balance as at 31 March 2020	-	1,395.90	13,429.76	108.47	203.16	231.76	422.33	68.95	15,860.33
Net block as at 31 March 2019	2,058.87	2,459.27	13,020.98	63.75	350.93	79.91	99.58	19.35	18,152.64
Net block as at 31 March 2020	2,058.87	4,992.05	16,733.60	141.08	294.70	229.42	613.39	104.86	25,167.97

Notes:

- Refer note a of Note 18 "Non current financial liabilities- Borrowings" and note 23 "Current financial liabilities- Borrowings" for details regarding property, plant and equipment which are pledged as security for obtaining non-current borrowings and current borrowings.
- Refer Note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

3. CAPITAL WORK-IN-PROGRESS

Particulars	Amount
Balance as at 1 April 2018	976.93
Additions	4,687.09
Capitalised during the year	(983.06)
Balance as at 31 March 2019	4,680.96
Additions	3,425.90
Capitalised during the year	(8,043.24)
Balance as at 31 March 2020	63.62

During the year, the Company has capitalised interest on borrowed capital amounting to Rs. 136.95 lakh (31 March 2019 – Rs.103.30 lakh) and pre-operative expenses (including salary, legal and professional and other expenses directly related to the project) amounting to Rs. 257.11 lakh (31 March 2019 – Rs.200.75 lakh).



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

4. OTHER INTANGIBLE ASSETS

Particulars	Computer software	Total
Gross block		
As at 1 April 2018	35.80	35.80
Additions	7.65	7.65
Disposals/assets written off	-	-
Balance as at 31 March 2019	43.45	43.45
Additions	32.81	32.81
Disposals/assets written off	-	-
Balance as at 31 March 2020	76.26	76.26
Accumulated amortisation		
As at 1 April 2018	14.06	14.06
Charge for the year	10.98	10.98
Adjustments for disposals	-	-
Balance as at 31 March 2019	25.04	25.04
Charge for the year	13.86	13.86
Adjustments for disposals	-	-
Balance as at 31 March 2020	38.90	38.90
Net block as at 31 March 2019	18.41	18.41
Net block as at 31 March 2020	37.36	37.36

5 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

	As at 31 March 2020	As at 31 March 2019
Unquoted investments		
Investment in equity instruments in subsidiaries (valued at cost)		
100,000 equity shares (31 March 2019: 100,000 equity shares) of Rs 10 each fully paid up in Haryana Ispat Private Limited, a subsidiary	1,198.50	1,198.50
3,000,000 equity shares (31 March 2019: Nil equity shares) of Rs. 10 each fully paid up in Sterling Gtake E-mobility Limited, a subsidiary	300.00	-
Investment in equity instrument in joint venture (valued at cost)		
3,405,000 equity shares (31 March 2019: 3,405,000 equity shares) of Rs 10 each fully paid up in Sterling Fabory India Private Limited, a joint venture (refer note: a)	688.25	688.25
Less: Provision for diminution in the value of investment	(328.25)	-
	360.00	688.25
Investment in equity instruments (valued at FVOCI)		
9,400 equity shares (31 March 2019: 9,400 equity shares) of Rs. 10 each fully paid up in Altgreen Propulsion Labs Private Limited	940.38	401.38
	2,798.88	2,288.13
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	3,127.13	2,288.13
Aggregate amount of provision for diminution in the value of investments	328.25	-



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Note:

- a. Proportion of ownership interest in joint venture are stated as follows:

Name of jointly controlled entity	Place of business	% of ownership interest		Accounting method
		As at 31 March 2020	As at 31 March 2019	
Sterling Fabory India Private Limited	India	50	50	Equity method in accordance with IndAs 28 (Investment in Associates and Joint Venturers)

Equity investments in subsidiary and joint venture are measured at cost as per the provisions of Ind AS 27 on 'Separate Financial Statements'.

6 NON-CURRENT FINANCIAL ASSETS - LOANS

	As at 31 March 2020	As at 31 March 2019
<i>(Unsecured, considered good)</i>		
Security deposits	422.72	311.99
	422.72	311.99

7 OTHER NON-CURRENT ASSETS

	As at 31 March 2020	As at 31 March 2019
<i>(Unsecured and considered good)</i>		
Capital advances	1,107.31	1,130.26
Advances other than capital advances:		
- Prepaid expenses	61.73	59.75
- Balances with statutory authorities	17.08	18.60
	1,186.12	1,208.61

8 INVENTORIES

(Valued at lower of cost and net realisable value)

	As at 31 March 2020	As at 31 March 2019
Raw material	1,970.21	2,845.97
Work in progress	1,020.32	1,043.90
Finished goods	2,287.60	3,667.42
Stores, spares and consumables [includes goods in transit of Rs. 19.28 lakh (31 March 2019: Nil)]	665.77	691.47
	5,943.90	8,248.76

Refer Note 23 for information on inventory pledged as security by the Company



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

9 CURRENT FINANCIAL ASSETS - INVESTMENTS

	As at 31 March 2020	As at 31 March 2019
Quoted investment		
Investment in mutual funds (at fair value through profit and loss)		
a) 1,180,558.56 units (31 March 2019: Nil units) in SBI Arbitrage Growth Fund	301.48	-
b) 1,020,458.68 units (31 March 2019: Nil units) in IDFC Arbitrage Fund	262.59	-
c) Nil units (31 March 2019: 3,981,081.90 units) in Edelweiss Arbitrage Fund Monthly Dividend Direct Plan	-	501.43
d) Nil units (31 March 2019: 3,830,534.46 units) in ICICI Prudential Equity Arbitrage Fund - Direct Plan-Dividend Reinvestment	-	555.10
e) Nil units (31 March 2019: 5,050,487.64 units) in Kotak Equity Arbitrage Fund - Direct Plan-Dividend Reinvestment	-	555.94
f) Nil units (31 March 2019: 3,279,315.91 units) in UTI Spread Fund-Direct Plan - Dividend Reinvestment	-	555.95
g) Nil units (31 March 2019: 1,000,000.00 units) in DSP Blackrock India Enhanced Equity Fund	-	1,121.30
h) Nil units (31 March 2019: 150,000.00 units) in Edelweiss Alpha Fund	-	1,656.05
	564.07	4,945.77
Aggregate amount of quoted investments and market value thereof	564.07	4,945.77

10 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

	As at 31 March 2020	As at 31 March 2019
Trade receivables		
Trade receivables - considered good - unsecured	2,806.56	4,137.67
Trade receivables - credit impaired	36.83	36.83
	2,843.39	4,174.50
Less: allowance for expected credit loss	(36.83)	(36.83)
	2,806.56	4,137.67

Movement in the allowance for expected credit loss

	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance at the beginning of the year	36.83	27.30
Add: Allowance provided during the year	-	9.53
Less: Amounts written off during the year	-	-
Balance at the end of the year	36.83	36.83

- All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.
- Amount due from Sterling Fabry India Private Limited- joint venture company- Rs. 43.79 lakh (31 March 2019- Rs. 92.47 lakh)
- Refer Note 23 for information on trade receivables pledged as security by the Company.



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

11 CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Balances with scheduled banks in current accounts	93.91	354.42
Cash on hand	5.36	4.41
Balances with banks in deposit accounts with original maturity upto three months	950.00	-
	1,049.27	358.83

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting year and previous year.

12 CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Unpaid dividend accounts (earmarked balances with banks)*	27.73	29.46
	27.73	29.46

* Not due for deposit in the investor education and protection fund.

13 CURRENT FINANCIAL ASSETS - LOANS

(Unsecured considered good)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Security deposit	-	1.60
Loans receivable	20.67	22.83
Interest accrued but not due	17.16	9.16
	37.83	33.59

14 CURRENT FINANCIAL ASSETS - OTHERS

	For the year ended 31 March 2020	For the year ended 31 March 2019
<i>(Unsecured and considered good)</i>		
Derivatives designated as hedges		
- Foreign exchange forward contracts	-	64.53
Other financial assets		
- Gratuity recoverable	25.71	13.26
- Export incentive receivable	193.35	152.86
- Receivable on sale of mutual fund	2,290.32	-
- Others	65.93	147.38
	2,575.31	378.03

15 OTHER CURRENT ASSETS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Advances other than capital advances:		
Prepaid expenses	46.20	51.39
Balance with government authorities	1,004.92	369.45
Advance to suppliers	680.23	957.04
	1,731.35	1,377.88

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

16 EQUITY SHARE CAPITAL

	As at 31 March 2020	As at 31 March 2019
Authorised:		
50,000,000 [31 March 2019: 50,000,000 equity shares of Rs 2/- each] equity shares of Rs 2/- each	1,000.00	1,000.00
Issued, subscribed and paid up:		
36,024,211 [31 March 2019: 36,024,211 equity shares of Rs 2/- each] equity shares of Rs 2/- each	720.48	720.48
	720.48	720.48

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Number (in lakh)	Amount	Number (in lakh)	Amount
Equity shares outstanding as at the beginning of the year	360.24	720.48	360.24	720.48
Add: Equity shares issued during the year	-	-	-	-
Equity shares outstanding as at the end of the year	360.24	720.48	360.24	720.48

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 2 per share (31 March 2019: Rs 2 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

During the year ended 31 March 2020, the amount of per share interim dividend recognised as distributions to equity shareholders is Rs. 2 per share (31 March 2019: Rs 2 per share) amounting to Rs. 720.48 lakh, excluding dividend distribution tax of Rs. 148.10 lakh (previous year Rs. 720.48 lakh, excluding dividend distribution tax of Rs. 148.10 lakh).

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. Shareholders holding more than 5% shares in the Company

	As at 31 March 2020		As at 31 March 2019	
	No. of shares (lakh)	% holding	No. of shares (lakh)	% holding
Mr. Manohar Lal Aggarwal, Promoter	38.55	10.70%	38.55	10.70%
Mr. Anil Aggarwal, Promoter	81.11	22.51%	80.27	22.28%
Mr. Atul Aggarwal, Promoter	96.65	26.83%	95.79	26.59%
Mr. Jagdish Kumar Aggarwal	18.70	5.19%	17.98	4.99%
L&T Mutual Fund Trustee Limited	23.62	6.56%	24.49	6.80%
Meidoh Company Limited	18.01	5.00%	18.01	5.00%

* As per records of the Company, including its register of members

d. No shares have been issued pursuant to contract without payment being received in cash, allotted as fully paid-up shares by way of bonus issues nor has any bought back of shares happened during the period of five years immediately preceding the reporting date.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

17 OTHER EQUITY

	As at 31 March 2020	As at 31 March 2019
Capital reserve	6.65	6.65
Security premium	4,735.69	4,735.69
General reserve	2,786.46	2,786.46
Retained earnings	22,217.80	20,171.25
Equity instruments through other comprehensive income	403.35	-
Total	30,149.95	27,700.05

i) Capital reserve

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning / end of the year	6.65	6.65
Capital reserves represents proceeds of forfeited shares.	-	-

ii) Security premium

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning / end of the year	4,735.69	4,735.69
Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.		

iii) General reserve

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning / end of the year	2,786.46	2,786.46

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with Companies (Transfer of profits to Reserve) Rules, 1975. Consequent to introduction of the Companies Act 2013, there is no such requirement to mandatorily transfer a specified percentage of the net profit to general reserve.

iv) Retained earnings

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	20,171.25	16,554.28
Add: Profit for the year	2,904.91	4,486.06
Add: Re-measurement gain/(loss) of defined benefit obligation	10.22	(0.51)
Less: Utilised during the year		
- Interim dividend on equity shares	720.48	720.48
- Dividend distribution tax on interim dividend	148.10	148.10
Balance at the end of the year	22,217.80	20,171.25

Retained earnings are created from the profit / loss of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

v) Equity instruments through other comprehensive income

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	-	-
Add: Addition during the year	403.35	-
Balance at the end of the year	403.35	-

The Company has elected to recognise changes in the fair value of certain investment in equity instruments in other comprehensive income. These changes are accumulated in this reserve within equity.

18 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2020	As at 31 March 2019
Indian rupee loan from banks (secured)		
- Term loans	6,789.96	6,698.94
Less: Current maturities of long-term borrowings (refer note 25)	(1,983.24)	(1,304.39)
	4,806.72	5,394.55

a) The term loans (including current maturities) are secured by equitable mortgage of certain land and building at Plot No. 4, 5A, 52, 53, 54 and 54A DLF Industrial Estate, Phase-I, Delhi-Mathura Road and factory land and building situated at Prithla Village and Kolar district, Bangalore, and hypothecation of plant and machinery and other property, plant and equipment and personal guarantee by some of the directors of the Company.

b) The repayment profile of the term loans from banks is as set out below:

31 March 2020

Rate of interest (%)	Amount	Instalments starting on	Repayment mode	Instalments ending on	Number of instalments outstanding
9.30%	142.36	February 2016	Monthly	February 2021	11
9.30%	432.97	June 2016	Monthly	July 2021	16
8.70%	135.88	February 2017	Monthly	February 2021	11
8.70%	140.94	November 2017	Monthly	February 2022	23
9.05%	1,021.69	August 2019	Monthly	July 2024	52
8.70%	713.50	January 2020	Monthly	March 2025	60
8.30%	4,200.00	December 2019	Monthly	November 2024	56

c) There has been no default in servicing of loan as at the end of the year.

19 NON CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31 March 2020	As at 31 March 2019
Security deposits	26.39	30.58
	26.39	30.58

20 PROVISIONS

	As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current
Provisions for employee benefit obligations (refer note 38)	153.19	71.19	137.04	125.10
	153.19	71.19	137.04	125.10



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

21 DEFERRED TAX LIABILITIES (NET)

	As at 31 March 2020	As at 31 March 2019
Deferred tax liability		
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,712.36	1,760.41
Fair value of forward exchange contracts	(17.71)	22.67
Effective interest rate adjustment	(0.98)	0.30
Fair value of investments in equity instruments	135.65	-
Gross deferred tax liability	1,829.32	1,783.38
Deferred tax assets		
Employee benefits	87.31	132.00
Provision for diminution in the value of investment	82.61	-
Allowance for expected credit loss	9.27	12.87
Impact of difference between right-of-use assets and lease liabilities	1.13	-
Gross deferred tax assets	180.32	144.87
Net deferred tax liability	1,649.00	1,638.51

Movement in deferred tax balances

Particulars	As at 31 March 2019	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2020
Deferred tax liabilities				
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,760.41	(48.05)	-	1,712.36
Effective interest rate adjustment	0.30	(1.28)	-	(0.98)
Fair value of forward exchange contracts	22.67	(40.38)	-	(17.71)
Fair value of investments in equity instruments	-		135.65	135.65
Sub- total (a)	1,783.38	(89.71)	135.65	1,829.32
Deferred tax assets				
Employee benefits	132.00	(41.25)	(3.44)	87.31
Provision for diminution in the value of investment	-	82.61	-	82.61
Allowance for expected credit loss	12.87	(3.60)	-	9.27
Impact of difference between right-of-use assets and lease liabilities	-	1.13	-	1.13
Sub- total (b)	144.87	(38.89)	(3.44)	180.32
Net deferred tax liabilities (a)-(b)	1,638.51	(128.60)	139.09	1,649.00



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Deferred Tax Liabilities				
Particulars	As at 1 April 2018	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2019
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,670.53	89.88	-	1,760.41
Effective interest rate adjustment	1.37	(1.07)	-	0.30
Fair value of forward exchange contracts	(12.77)	35.44	-	22.67
Sub- total (a)	1,659.13	124.25	-	1,783.38
Deferred tax assets				
Employee benefits	137.04	(5.32)	0.28	132.00
Allowance for expected credit loss	-	12.87	-	12.87
Sub- total (b)	137.04	7.55	0.28	144.87
Net deferred tax liabilities (a)-(b)	1,522.09	116.70	(0.28)	1,638.51

i) Income tax recognised in Statement of Profit and Loss

	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax expense		
Current year	712.58	2,356.10
Earlier years	(118.63)	-
	593.95	2,356.10
Deferred tax expense		
Origination and reversal of temporary differences	(128.60)	116.70
	(128.60)	116.70
Total income tax expense	465.35	2,472.80

ii) Income tax recognised in other comprehensive income

	31 March 2020			31 March 2019		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
Remeasurement of defined benefit plans	13.66	(3.44)	10.22	(0.79)	0.28	(0.51)
Changes in fair value of equity investment through other comprehensive income	539.00	(135.65)	403.35	-	-	-
	552.66	(139.09)	413.57	(0.79)	0.28	(0.51)



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

iii) Reconciliation of effective tax rate

	31 March 2020		31 March 2019	
	Rate	Amount	Rate	Amount
Profit before tax		3,370.26		6,958.86
Tax using the Group's domestic tax rate of 34.944% (31 March 2019 - 34.944%)	34.94%	1,177.71	34.94%	2,431.70
Tax effect of:				
- Corporate social responsibility expenditure		22.71		20.83
- Remeasurement of deferred tax liabilities [refer note (a) below]		(588.80)		14.78
- Tax adjustment for earlier years		(118.63)		-
- Others		(27.64)		5.49
At the effective income tax rate		465.35		2,472.80

(a) For the current year, the Company has elected not to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Holding Company continues to recognise the provision for income-tax basis the higher tax slab of 34.94%. Further, the management has elected to exercise the aforesaid option from assessment year 2021-22 onwards and hence has re-measured the deferred tax liabilities on the basis of reduced rates (25.17%).

(b) There is no temporary differences associated with investment in subsidiaries.

(c) Basis of computing Company's domestic tax rate:

	31 March 2020	31 March 2019
Base rate	30.00%	30.00%
Add: Surcharge @ 12%	3.60%	3.60%
	33.60%	33.60%
Add: Health and Education cess @ 4%	1.34%	1.34%
	34.94%	34.94%

22 OTHER NON-CURRENT LIABILITIES

	As at 31 March 2020	As at 31 March 2019
Deferred grant income	1,501.01	1,708.62
Others	33.00	29.50
	1,534.01	1,738.12

23 CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2020	As at 31 March 2019
Loans repayable on demand from banks (secured and carried at amortised cost)		
- Cash credit facilities	575.72	3,229.74
	575.72	3,229.74



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Note:

- a) The cash credit facilities are secured by hypothecation of all inventories including those in transit, receivables, book debts on pari passu basis, equitable mortgage of land and building situated at Plot No 4, 5A, 52, 53,54 and 54A DLF Industrial Estate, Phase-I, Delhi-Mathura Road and factory land and building situated at Prithla Village Faridabad and personal guarantee by some of the directors of the Company.
- b) The outstanding balance is repayable on demand and the rate of interest ranges between 7.95% to 8.80% (31 March 2019: 9.00% to 11.00%) per annum.

24 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

	As at 31 March 2020	As at 31 March 2019
Trade payables		
A) Total outstanding dues of micro enterprises and small enterprises; and	175.07	54.91
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,989.42	3,220.57
	2,164.49	3,275.48

- a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended 31 March 2020 is given below.

Particulars	As at 31 March 2020	As at 31 March 2019
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year		
- Principal amount	175.07	54.91
- Interest	-	0.22
ii) The amount of interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	0.22
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	0.22
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

- b) This information has been compiled in respect of parties to the extent they could be identified as Micro, small and medium enterprises on the basis of information available with the management as at 31 March 2020.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

25 CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings (refer note 18)	1,983.24	1,304.39
Creditors for capital goods	170.63	127.52
Interest accrued but not due on borrowings	45.71	28.47
Unclaimed dividend*	27.73	29.46
Derivative liability	5.84	-
	2,233.15	1,489.84

*the above amount does not include any sum due to be transferred to Investor Education and Protection Fund.

26 OTHER CURRENT LIABILITIES

	As at 31 March 2020	As at 31 March 2019
Advances received from customers	23.95	122.45
Statutory dues payable	244.16	484.51
	268.11	606.96

27 CURRENT TAX LIABILITIES (NET)

	As at 31 March 2020	As at 31 March 2019
Provision for tax (net of advance tax)	55.78	84.28
	55.78	84.28

28 REVENUE FROM OPERATIONS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products (refer note 46)		
- Finished goods	36,003.75	50,509.29
Other operating income		
- Steel scrap sale	308.40	546.87
- Export incentives	112.00	164.19
Total	36,424.15	51,220.35



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

29 OTHER INCOME

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income from:		
- fixed deposits with banks	3.39	0.07
- security deposit with electricity department	18.95	10.06
Other non operating income		
Liabilities no longer required written back	45.20	1.30
Amortisation of grant income	207.60	158.66
Gain on foreign exchange fluctuation (net)	104.73	55.95
Profit on disposal of property, plant and equipment (net)	4.09	-
Gain on fair value of forward contracts	-	101.43
Income from mutual funds		
- gain on sale of mutual fund	70.76	10.92
- dividend income	125.22	107.12
- gain on fair value of mutual fund	9.67	152.26
Bad debts recovered	-	1.70
Miscellaneous income	19.52	36.82
	609.13	636.29

30 COST OF MATERIALS CONSUMED

	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw material at the beginning of the year	2,845.97	2,280.83
Add: purchases during the year	11,459.21	23,130.70
Less: Raw material at the end of the year	1,970.21	2,845.97
Total cost of materials consumed	12,334.97	22,565.56

31 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRES

	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the beginning of the year		
- Finished goods	3,667.42	1,746.27
- Work-in-progress	1,043.90	1,084.35
	4,711.32	2,830.62
Inventories at the end of the year		
- Finished goods	2,287.60	3,667.42
- Work-in-progress	1,020.32	1,043.90
	3,307.92	4,711.32
Decrease/(increase) in inventories	1,403.40	(1,880.70)

32 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salary, wages and bonus	3,247.20	3,125.06
Contribution to provident and other funds	290.52	347.09
Staff welfare expenses	89.82	110.96
	3,627.54	3,583.11

Disclosures as per Ind AS 19 in respect of provision made towards various employee benefits are made in Note 38.



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

33 FINANCE COSTS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on financial liabilities measured at amortised cost	601.32	342.30
Interest on lease liabilities	12.99	-
Interest on delayed payment of taxes	4.87	0.54
Other finance cost	7.16	23.54
	626.34	366.38

34 DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on property, plant and equipment	2,329.85	1,894.04
Depreciation on right-of-use assets	78.13	-
Amortisation on other intangible assets	13.86	10.98
	2,421.84	1,905.02

35 OTHER EXPENSES

	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores and spares	2,823.92	4,307.85
Job work charges	1,391.88	2,400.33
Consumption of packing materials	491.45	711.82
Power and fuel	2,818.81	3,792.98
Rent (refer note 41)	36.94	97.37
Repairs and maintenance		
- Building	347.06	586.61
- Plant and machinery	965.07	1,588.13
Security charges	80.80	78.41
Insurance	96.06	75.84
Legal and professional charges	403.78	273.68
Rates and taxes	20.48	23.62
Sales promotion	164.63	126.53
Freight outward	1,006.35	1,759.95
Travelling and conveyance	203.56	250.30
Contract labour charges	1,116.48	1,285.60
Payment to auditors (refer details below)	21.62	22.23
Commission to director	50.00	228.00
Corporate social responsibility expenses (refer note 43)	130.00	115.60
Provision for expected credit loss	-	9.53
Bad debts written off	1.37	-
Loss on fair value of forward contracts	70.37	-
Miscellaneous expenses	680.05	624.03
	12,920.68	18,358.41



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Payments to statutory auditors as*

	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Auditor	21.00	21.00
(b) Other services	-	-
(c) For reimbursement of expenses	0.62	1.23
	21.62	22.23

*excluding applicable taxes

36 EXCEPTIONAL ITEMS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Provision for diminution in the value of investments	328.25	-
	328.25	-

The Company has investment of Rs. 688.25 lakh in its joint venture company, Sterling Fabory India Private Limited. Owing to the current operations of the joint venture company, the management has performed an impairment assessment and basis the same, has recorded provision of diminution in the value of investments.

37 EARNINGS PER SHARE

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit for the year attributable to equity shareholders (A)	2,904.91	4,486.06
Weighted average number of equity shares outstanding during the year (B) (lakh)	360.24	360.24
Nominal value per share (Rs.)	2.00	2.00
Basic and diluted earnings per equity share (face value of share- Rs 2 each) (A/B) (Rs.)	8.06	12.45

38 Employee benefits

i) Defined contribution plans

The Company makes fixed contribution towards provident fund and ESI 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 fund the benefits. Similarly, the contribution is made in ESI at a specified percentage of payroll cost.

The Company recognised Rs 211.14 lakh (31 March 2019: Rs 215.67 lakh) for provident fund contributions and Rs 14.82 lakh (31 March 2019: Rs 29.40 lakh) for ESI contribution in the Statement of Profit and Loss and included in "Employee benefits expenses" in note 32. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

ii) Defined benefit plans

Gratuity

Contribution to Gratuity funds- Life Insurance Corporation of India, Group Gratuity Scheme

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contribution to recognised funds in India.

The unfunded gratuity obligation of directors is determined based on actuarial valuation using the Projected Unit Credit Method.

- A. **Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:**

	Gratuity (unfunded)		Gratuity (funded)	
	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
Present value of obligation at the beginning of the year	54.69	53.72	564.16	505.87
Included in profit or loss:				
Current service cost	-	-	54.28	50.70
Past service cost	-	-	-	-
Interest cost	4.18	4.03	42.17	36.73
Total amount recognised in profit or loss	4.18	4.03	96.45	87.43
Included in other comprehensive income:				
Remeasurement loss/(gain) arising from:				
- demographic assumptions	-	-	-	-
- financial assumptions	0.31	(0.06)	(3.82)	(6.81)
- experience adjustment	(22.20)	(3.00)	(36.53)	9.99
Total amount recognised in other comprehensive income	(21.89)	(3.06)	(40.35)	3.18
Other	-	-	(0.92)	(0.80)
Less: Benefits paid	-	-	23.46	31.52
Present value of obligation at the end of year	36.98	54.69	595.88	564.16

Change in the fair value of plan assets	Gratuity (unfunded)		Gratuity (funded)	
	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
Fair value of plan asset at the beginning of the year	-	-	480.25	412.77
Included in profit or loss:				
Expected return on plan assets	-	-	34.05	32.90
Contributions paid	-	-	84.42	67.57
Benefits paid	-	-	23.46	31.52
Other	-	-	(0.92)	(0.80)
Included in other comprehensive income:				
Actuarial loss	-	-	48.58	0.67
Fair value of plan asset at the end of the year	-	-	525.76	480.25

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Major category of plan asset as a % of total plan assets

Category of assets (% allocation)	As at 31 March 2020		As at 31 March 2019	
	(%)	Amount	(%)	Amount
Insurance policies	100	525.76	100	480.25

Net defined benefit liability recognised in the balance sheet

	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Present value of funded obligation at the end of the year	36.98	54.69	595.88	564.16
Fair value of plan asset as at the end of the period	-	-	525.76	480.25
Net defined benefit liability	36.98	54.69	70.12	83.91

B) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Discount rate (per annum)	6.67%	7.64%	6.67%	7.64%
Salary growth rate (per annum)	6.00%	7.00%	6.00%	7.00%
Mortality rates inclusive of provision for disability	IALM (2012-14)	IALM (2006-08)	IALM (2012-14)	IALM (2006-08)
Retirement age (years)	58	58	58	58
Withdrawal rate (%)	2% to 10%	2% to 10%	2% to 10%	2% to 10%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

C) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Gratuity (Funded)			
	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	545.80	653.83	518.14	617.45
Salary escalation rate (1% movement)	655.65	542.69	619.52	515.09
	Gratuity (unfunded)			
	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	36.66	37.31	54.27	55.14
Salary escalation rate (1% movement)	36.98	36.98	54.69	54.69

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. This analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

D) Risk exposure

i) Changes in discount rate

A decrease in discount yield will increase plan liabilities.

ii) Mortality table

The gratuity plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in plan liabilities.

E) Expected maturity analysis of the defined benefit obligation in future years (undiscounted cash flows)-Funded

	31 March 2020	31 March 2019
Less than 1 year	39.23	68.11
Between 1-2 years	39.78	22.13
Between 2-5 years	118.81	107.96
Over 5 years	316.54	303.07
Total	514.36	501.27

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 13.35 years (31 March 2019: 13.89 years).

Expected contribution to post-employment benefit plans in the next year is Rs 35.06 lakh (31 March 2019: Rs 41.96 lakh).

F) Expected maturity analysis of the defined benefit obligation in future years (undiscounted cash flows)-Unfunded

	31 March 2020	31 March 2019
Less than 1 year	20.36	40.34
Between 1-2 years	19.64	0.36
Between 2-5 years	-	19.28
Over 5 years	-	-
Total	40.00	59.98

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 1.49 years (31 March 2019: 1.64 years).

Expected contribution to post-employment benefit plans in the next year is Rs 18.49 lakh (31 March 2019: Rs 27.35 lakh).

G) Amount for the current and previous four years are as follows - gratuity (funded):

	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Defined benefit obligation	595.88	564.16	505.87	419.23	357.22
Experience gain/(loss) adjustments on liabilities	36.53	(9.99)	(31.80)	4.63	7.67

H) Amount for the current and previous four years are as follows - gratuity (unfunded):

	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Defined benefit obligation	36.98	54.69	53.72	14.28	-
Experience gain/(loss) adjustments on liabilities	22.20	3.00	(38.46)	-	-

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

iii) Other long-term employee benefit plans

The Company provides for compensated absences to its employees. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a other long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation. A provision of Rs. 19.48 lakh (31 March 2019: Rs. 42.10 lakh) for the year have been made on the basis of actuarial valuation as at the year end and debited to the Statement of Profit and Loss.

39 Operating segments

The Company is primarily engaged in the business of manufacturing and marketing of hi-tensile fasteners. As per the Chief operating decision maker, this has been considered as a single operating segment per Ind AS 108, 'Operating Segment' and accordingly disclosures have been limited to a single operating segment.

Entity wide disclosures

A. Information about products and services

The Company is engaged in the manufacturing and marketing of high tensile cold forged fasteners. Company operates in one product line, therefore product wise revenue disclosure is not applicable.

B. Information about geographical area

The major sales of the Company are made to customers which are domiciled in India.

C. Information about major customers

Revenues of Rs 9,056.88 lakh and Rs 7,736.54 lakh (31 March 2019: Rs 11,325.97 lakh and Rs 8,099.86 lakh) are derived from two customers, who individually accounted for more than ten percent of the total revenue.

40 Contingent liabilities, contingent assets and commitments

A. Capital Commitment:

- (i) Estimated amount of contracts remaining to be executed on the capital account and not provided for in the account (net of capital advances) Rs. 1,043.31 lakh (Rs. 2,000.89 lakh as at 31 March 2019).
- (ii) The Company in 2014-15 had paid certain amounts to Senior Town Planner, Faridabad Circle, Faridabad, for the "change in land use" of 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 a future date. However, the quantum of such future liability is not quantified in the said letter.

B. Contingent liabilities and other commitments

	As at 31 March 2020	As at 31 March 2019
i) Disputed liability - Central Excise Act (refer note 'a' below)	287.44	227.68
ii) Interest on disputed liability- Central Excise Act (refer note 'b' below)	105.23	59.84
iii) EPCG- export obligation	20,963.85	18,491.98
iv) Demand under Income-tax Act, 1961		
- Assessment year: 2013-14	0.62	0.62
v) Liability of sales tax due to pending C Forms	0.08	20.40



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

- a) Service tax demand amounting to Rs 106.04 lakh for the period April 2014 to June 2017 under Central Excise Act arose due to denial of Cenvat Credit on outward transportation of final product to buyer's premises against which representation were filed before the Joint Commissioner of Central Tax, Faridabad, Haryana. This demand order is still in the dispute till final adjudication.

Excise duty demand amounting to Rs 181.40 lakh for the period January 2013 to June 2017 under Central Excise Act arose due to dispute regarding not adding the value of drawings/designs and specifications in the cost of moulds/dies against which reply has been filed on 26 December 2019 and 31 December 2019 before the Additional Director General (Adjn.), Director General of Goods and Services Tax Intelligence, New Delhi. These demand orders are still in the dispute till final adjudication.

- b) Interest amounting to Rs. 105.23 lakh on the demands raised by excise authorities has been calculated by the Company based on the fact mentioned in demand cum show-cause notices pending adjudication.

C. Contingent assets- Nil

41 Leases

Adoption of Ind AS 116 'Leases'

Ind AS 116 'Leases' replaces Ind AS 17 'Leases' along with three Interpretations (Appendix A 'Operating Leases-Incentives', Appendix B 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease' and Appendix C 'Determining whether an Arrangement contains a Lease').

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach and elected to measure the right-of-use assets at an amount equal to the lease liabilities adjusted for any prepaid or accrued lease payments that existed at the date of transition.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from Ind AS 17 and Appendix C and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17 and Appendix C.

The Company has elected not to include initial direct costs in the measurement of the right-of-use assets for operating leases in existence at the date of initial application of Ind AS 116, being 01 April 2019.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

On transition to Ind AS 116, the weighted average incremental borrowing rate applied to lease liabilities recognised under Ind AS 116 was 9.00%.

The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Lease liabilities are presented in the balance sheet as follows:

Particulars	As at 31 March 2020
Current	89.62
Non-current	46.06
Total	135.68



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

- A. The following is a reconciliation of the financial statement line items from Ind AS 17 to Ind AS 116 at 01 April 2019:

	Carrying amount at 31 March 2019	Adjustment upon transition to Ind AS 116	Ind AS 116 carrying amount at 01 April 2019
Property, plant and equipment	18,152.64	-	18,152.64
Right-of-use assets	-	176.07	176.07
Lease liabilities	-	(176.07)	(176.07)
Borrowings including current maturities of finance lease obligations	6,698.94	-	6,698.94
Total	24,851.58	-	24,851.58

- B. The following is a reconciliation of total operating lease commitments at 31 March 2019 (as disclosed in the financial statements to 31 March 2019) to the lease liabilities recognised at 01 April 2019:

Particulars	As at 31 March 2019
Total operating lease commitments disclosed at 31 March 2019	356.16
Other adjustments relating to commitment disclosures	(159.27)
Operating lease liabilities before discounting	196.89
Discounted using incremental borrowing rate	(20.82)
Operating lease liabilities	176.07
Finance lease obligations	-
Total lease liabilities recognised under Ind AS 116 at 01 April 2019	176.07

- C. The following are amounts recognised in statement of profit and loss:

Particulars	As at 31 March 2020
Depreciation expense of right-of-use assets	78.13
Interest expense on lease liabilities	12.99
Rent expense*	36.94
Total	128.06

*Rent expense for short term leases

- D. The recognised right-of-use assets relate to plant, offices and equipments as at 31 March 2020:

Particulars	Amount
Balance as at 1 April 2019 (on account of initial application of Ind AS 116)	176.07
Add: Addition on account of new leases entered during the year	33.23
Less: Amortisation expenses charged on right-of-use assets	78.13
Balance as at 31 March 2020	131.17

The Company has leases for its plant, offices and equipments. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options/ No of leases with termination options
Plant, offices and equipments	5	1 - 5 years	5

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities are disclosed in note 44.

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Company does not have any liability to make variable lease payments for the right to use the underlying asset recognised in the financial statements.

The expense relating to payments not included in the measurement of the lease liability for short-term leases is Rs. 36.94 lakh. At 31 March 2020, the Company is not committed to any liability towards short-term leases.

Total cash outflow for leases for the year ended 31 March 2020 was Rs. 123.56 lakh (including Rs. 36.94 lakh paid towards the aforementioned short-term leases).

Disclosures under Ind AS 17 for the year ended 31 March 2019:

Operating leases - assets taken on lease

Minimum lease payments in relation to non- cancellable operating leases are payable as follows:

Particulars	For the year ended 31 March 2019
Not later than one year	114.74
Later than one year and not later than five years	241.42
Total	356.16

42 Related party disclosures

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during the reported period are as follows:

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

I Name of the related parties and description of relationship:

Relationship	Name of related party
Subsidiary company	Haryana Ispat Private Limited Sterling Gtake E-Mobility Limited (with effect from 12 March 2020)
Enterprise over which KMP exercise control and/or significant influence	Sterling Technologies Private Limited
	Sterling Automobiles Private Limited
	Sterling Mobikes Private Limited
	Jaycee Automobiles Private Limited
	Sterling Fincap Private Limited
	Sterling E-mobility Private Limited (with effect from 24 May 2018)
	Jaycee Premium Cars Private Limited
Key Management Personnel	Noble Cars Private Limited
	Mr. Manohar Lal Aggarwal - Chairman (till 23 May 2019)
	Mr. Anil Aggarwal – Chairman cum Managing Director (with effect from 23 May 2019)
	Mr. Atul Aggarwal – Whole Time Director
	Mr. Akhill Aggarwal – Director (with effect from 2 August 2019)
	Mr. Jaydeep Wadhwa - Director (with effect from 7 February 2019)
	Mr. Triloki Nath Kapoor- Independent director
	Ms. Malini Sud- Independent director
	Mr. Chotu Ram Sharma- Independent director
	Mr. Shailendra Swarup- Independent director (with effect from 17 December 2019)
Mr. Rahoul Kabir Bhandari - Independent director (with effect from 2 August 2019)	
Relative of Key Managerial Personnel	Mr. Anish Aggarwal (Son of Mr. Anil Aggarwal)
Joint Venture Company	Sterling Fabory India Private Limited

II. Disclosure of related parties transactions (including material transactions):

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
i) Transaction with subsidiary company		
Investment made		
Sterling Gtake E-Mobility Limited	300.00	-
	300.00	-
ii) Transaction with enterprises over which Key Management Personnel has significant influence		
a) Expenses paid- repairs and maintenance		
Sterling Automobiles Private Limited	1.57	3.31
Jaycee Automobiles Private Limited	5.37	9.77
	6.94	13.08
b) Expenses paid- sales promotion		
Sterling Mobikes Private Limited	-	0.35
	-	0.35



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
c) Expenses paid- Insurance/warranty		
Jaycee Automobiles Private Limited	1.51	-
Sterling Automobiles Private Limited	1.69	-
	3.20	-
d) Rent paid		
Sterling Technologies Private Limited	78.00	53.00
	78.00	53.00
e) Purchase of asset		
Sterling Automobiles Private Limited	10.25	49.83
Jaycee Automobiles Private Limited	-	71.07
	10.25	120.90
f) Sale of asset		
Sterling Automobiles Private Limited	-	8.35
	-	8.35
iii) Transaction with joint venture company		
Sale of goods	129.80	245.46
Purchase of material	51.91	95.01
	181.71	340.47
iv) Transaction with Key Management Personnel and their relatives		
Remuneration paid		
Mr. Manohar Lal Aggarwal	25.54	152.19
Mr. Anil Aggarwal	180.62	138.59
Mr. Atul Aggarwal	152.85	142.89
Mr. Anish Aggarwal	25.87	17.45
	384.88	451.12
Commission paid		
Mr. Manohar Lal Aggarwal	-	76.00
Mr. Anil Aggarwal	25.00	76.00
Mr. Atul Aggarwal	25.00	76.00
	50.00	228.00
Compensation to Key management personnel *		
- Short term employee benefits	401.22	635.13
- Defined contribution plans	33.66	43.99
	434.88	679.12

* Does not include provisions/ contributions towards gratuity and compensated absences for all directors, as such provisions/ contributions are for the Company as a whole.

	For the year ended 31 March 2020	For the year ended 31 March 2019
Director sitting fees		
Mr. Triloki Nath Kapoor	4.50	3.75
Mr. Malini Sud	2.50	2.75
Mr. Chotu Ram Sharma	4.50	4.00
Mr. Shailendra Swarup	0.25	-
Mr. Rahoul Kabir Bhandari	0.75	-
	12.50	10.50
Legal and professional charges		
Mr. Jaydeep Wadhwa	60.00	-
	60.00	-
Reimbursement of expenses		
Mr. Jaydeep Wadhwa	10.78	-
	10.78	-

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

v) Closing balances

	As at 31 March 2020	As at 31 March 2019
Remuneration payable		
Mr. Manohar Lal Aggarwal	-	5.02
Mr. Anil Aggarwal	-	4.66
Mr. Atul Aggarwal	-	4.01
Mr. Anish Aggarwal	-	1.43
Total	-	15.12
Commission payable		
Mr. Manohar Lal Aggarwal	-	48.73
Mr. Anil Aggarwal	16.03	48.73
Mr. Atul Aggarwal	16.03	48.73
Total	32.06	146.19
Gratuity payable		
Mr. Manohar Lal Aggarwal	20.00	-
Total	20.00	-
Legal and professional charges payables		
Mr. Jaydeep Wadhwa	5.17	-
Total	5.17	-
Outstanding payables		
Sterling Automobiles Private Limited	-	0.62
Jaycee Automobiles Private Limited	-	1.31
Sterling Fabory India Private Limited	0.23	2.87
Total	0.23	4.80
Outstanding receivables		
Sterling Automobiles Private Limited	8.35	-
Sterling Fabory India Private Limited	43.79	92.47
Total	52.14	92.47
Investments		
Haryana Ispat Private Limited	1,198.50	1,198.50
Sterling Gtake E-Mobility Limited	300.00	-
Sterling Fabory India Private Limited	360.00	688.25
Total	1,858.50	1,886.75

Personal guarantee by Director against the borrowings

Mr. Atul Aggarwal, Director, has given personal guarantee as security against the term loans and working capital facilities from banks obtained by the Company (refer note 18 and 23).

III Terms and conditions

All transactions were made on normal commercial terms and conditions.

All outstanding balances are unsecured and are repayable in cash.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

43 Corporate social responsibility expenses

The Company's CSR programs/projects focusses on sectors and issues as mentioned in in Schedule VII read with Section 135 of the Act. The CSR committee has been formed by the Company as per the Act.

Gross amount required to be spent by the Company (i.e. 2% of average net profits u/s 198 of Companies Act, 2013 of last three years): Rs. 129.77 lakh (31 March 2019 - Rs. 115.09 lakh)

Amount spent during the year ended 31 March 2020:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total	Outstanding amount to be spent for FY 2019-20
(i)	Construction/ acquisition of any asset	-	-	-	-
(ii)	On purposes other than (i) above	130.00	Others	130.00	-

Amount spent during the year ending 31 March 2019:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total	Outstanding amount to be spent for FY 2018-19
(i)	Construction/ acquisition of any asset	-		-	-
(ii)	On purposes other than (i) above	3.60	Payment to educational and other welfare societies	115.60	-
		112.00	Others		

44 Fair value measurements

I Financial instruments

(a) Financial instruments by category

Except derivative financial instruments and investment in mutual funds which are measured at fair value through profit or loss, all other financial assets and liabilities viz. trade receivables, security deposits, cash and cash equivalents, other bank balances, interest receivable, other receivables, trade payables, employee related liabilities and borrowings, are measured at amortised cost. Investment in equity instruments are measured at fair value through other comprehensive income.

(b) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels of in the fair value hierarchy:

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

As at 31 March 2020

Particulars	Carrying amount					Fair value			
	FVOCI	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Non-current investments	940.38	-	-	-	940.38	-	-	940.38	940.38
Current investments	-	564.07	-	-	564.07	564.07	-	-	564.07
Financial assets not measured at fair value									
Non-Current Investments	-	-	1,858.50	-	1,858.50	-	-	-	-
Loans	-	-	460.56	-	460.56	-	-	-	-
Other financial assets	-	-	2,575.31	-	2,575.31	-	-	-	-
Trade receivables	-	-	2,806.56	-	2,806.56	-	-	-	-
Cash and cash equivalents	-	-	1,049.27	-	1,049.27	-	-	-	-
Other bank balance	-	-	27.73	-	27.73	-	-	-	-
	940.38	564.07	8,777.93	-	10,282.38	-	-	-	-
Financial liabilities measured at fair value									
Other forward exchange contracts	-	5.84	-	-	5.84	-	5.84	-	5.84
Financial liabilities not measured at fair value									
Borrowings	-	-	-	7,365.69	7,365.69	-	-	-	-
Lease liabilities	-	-	-	135.68	135.68	-	-	-	-
Trade payables	-	-	-	2,164.49	2,164.49	-	-	-	-
Other financial liabilities	-	-	-	270.45	270.45	-	-	-	-
	-	5.84	-	9,936.30	9,942.14	-	-	-	-

As at 31 March 2019

Particulars	Carrying amount					Fair value			
	FVOCI	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Non-current investments	401.38	-	-	-	401.38	-	-	401.38	401.38
Current investments	-	4,945.77	-	-	4,945.77	4,945.77	-	-	4,945.77
Other forward exchange contracts	-	64.53	-	-	64.53	-	64.53	-	64.53
Financial assets not measured at fair value									
Non-current investments	-	-	1,886.75	-	1,886.75	-	-	-	-
Loans	-	-	345.58	-	345.58	-	-	-	-
Other financial assets	-	-	313.50	-	313.50	-	-	-	-
Trade receivables	-	-	4,137.67	-	4,137.67	-	-	-	-
Cash and cash equivalents	-	-	358.83	-	358.83	-	-	-	-
Other bank balance	-	-	29.46	-	29.46	-	-	-	-
	401.38	5,010.30	7,071.79	-	12,483.47	-	-	-	-



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Particulars	Carrying amount					Fair value			
	FVOCI	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value									
Borrowings	-	-	-	9,928.68	9,928.68				
Trade payables	-	-	-	3,275.48	3,275.48				
Other financial liabilities	-	-	-	216.03	216.03				
	-	-	-	13,420.19	13,420.19				

The Company has an established control framework with respect to the measurement of fair values. The finance and accounts team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the board of directors. The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's board of directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers in either direction for the year ended 31 March 2020 and 31 March 2019.

Measurement of fair values

Valuation techniques and significant unobservable inputs

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value
Forward exchange contracts	The fair value of forward exchange contracts is determined using forward exchange rates as at the balance sheet date.	Not applicable	Not applicable
Investment in unquoted equity instruments measured at fair value through other comprehensive income	The fair value of investment in equity instruments is determined on the basis of independent valuation using the Discounted Cash Flow (DCF) method as at the balance sheet date.	Long-term growth rate and discount rates	The estimated fair value would increase (decrease) if: - the long-term growth rate would be higher (lower); - the discount rate were lower (higher).

Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of short-term trade and other receivables, trade payables, cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

For other financial liabilities/ assets that are measured at fair value, the carrying amounts are equal to the fair values.

II. Financial risk management

The Company's principal financial liabilities comprise borrowings, derivatives, lease liabilities, trade payables and other payables. The Company's principal financial assets include trade and other receivables, and cash and bank balances that it derive directly from its operations.



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, derivative financial instruments, loans and advances, cash and cash equivalents and deposits with banks.

Trade receivables

The Company primarily sells high tensile cold forged fasteners to bulk customers comprising mainly automotive manufacturers operate in India and outside India. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in note 39(C).

Cash and cash equivalents and deposits with banks

Cash and cash equivalents of the Company are held with banks which have high external rating. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Loans to employees and securities deposits

The Company provides loans to its employees and furnish security deposit to various parties for electricity, communication, etc.. The Company considers that its loans have low credit risk or negligible risk of default as the parties are well established entities and have strong capacity to meet the obligations.

Investments

The Company have invested in unquoted equity instruments of its subsidiaries, its joint venture and other company. The management actively monitors the operation of subsidiaries and joint venture which affect investments. The Company does not expect the counterparty to fail to meet its obligations.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	31 March 2020	31 March 2019
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Non-current loans	422.72	311.99
Non current investments	2,798.88	2,288.13
Current investments	564.07	4,945.77
Cash and cash equivalents	1,049.27	358.83
Other bank balances	27.73	29.46
Current loans	37.83	33.59
Other current financial assets	2,575.31	378.03
	7,475.81	8,345.80
Financial assets for which loss allowance is measured using life time Expected Credit Losses (ECL)		
Trade receivables	2,806.56	4,137.67
	2,806.56	4,137.67



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Provision for expected credit losses

(a) Financial assets for which loss allowance is measured using 12 month expected credit losses

The Company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Hence, no impairment loss has been recognised during the reporting period in respect of these assets.

(b) Financial assets for which loss allowance is measured using life time expected credit losses

The Company has customers with strong capacity to meet the obligations and therefore the risk of default is negligible in respect of outstanding from customers. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full. Hence, no impairment loss has been recognised during the reporting period in respect of trade receivables.

Ageing analysis of trade receivables

The ageing analysis of the trade receivables is as below:

Ageing	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	Total
Gross carrying amount as 31 March 2020	2,578.12	200.37	3.05	14.15	10.87	2,806.56
Gross carrying amount as 31 March 2019	3,723.11	378.64	21.27	11.31	3.34	4,137.67

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its capital requirements. Accordingly, no liquidity risk is perceived.

As at 31 March 2020, the Company has a working capital of Rs 9,277.96 lakh (31 March 2019 - 10,698.59 lakh) including cash and cash equivalents of Rs 1,049.27 lakh (31 March 2019 - 358.83 lakh).

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2020	As at 31 March 2019
Non- derivative financial liabilities		
Floating-rate borrowings		
- Expiring within one year	8,424.28	5,770.26
- Expiring beyond one year	-	-

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

(ii) Maturities of financial liabilities

The following are the contractual maturities of non-derivative financial liabilities, based on contractual cash flows:

31 March 2020

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
Non-derivative financial liabilities						
Non current borrowings (including current maturities of non-current borrowings)	780.77	758.95	737.10	658.22	6,145.80	9,080.84
Lease liabilities	23.41	23.41	23.51	23.56	54.35	148.24
Other non-current financial liabilities						
- Security deposits	-	-	-	-	26.39	26.39
Current borrowings						
- Working capital loans	575.72	-	-	-	-	575.72
Trade payables	2,164.49	-	-	-	-	2,164.49
Creditors for capital goods	170.63	-	-	-	-	170.63
Interest accrued but not due	45.71	-	-	-	-	45.71
Unclaimed dividend	27.73	-	-	-	-	27.73
Derivative financial liabilities						
Other forward exchange contracts	4.21	1.63	-	-	-	5.84
Total	3,792.66	783.99	760.61	681.78	6,226.54	12,245.59

31 March 2019

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
Non-derivative financial liabilities						
Non current borrowings	400.02	433.74	463.86	562.86	6,394.18	8,254.65
Other non current financial liabilities						
- Security deposits	-	-	-	-	30.58	30.58
Current borrowings						
- Working capital loans	3,229.74	-	-	-	-	3,229.74
Trade payables	3,275.48	-	-	-	-	3,275.48
Creditors for capital expenditure	127.52	-	-	-	-	127.52
Interest accrued but not due	28.47	-	-	-	-	28.47
Unclaimed dividend	29.46	-	-	-	-	29.46
Derivative financial liabilities						
Other forward exchange contracts	-	-	-	-	-	-
Total	7,090.69	433.74	463.86	562.86	6,424.75	14,975.90

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

The Board of directors is responsible for setting up of policies and procedures to manage market risks of the company. The Company is carrying out imports of certain raw materials and capital goods and exports finished goods which are denominated in the currency other than the functional currency of the Company which exposes it to foreign currency risk. In order to minimise the risk, the Company executes forwards contract w.r.t purchases and sale made in currency other than functional currency, the foreign exchange exposure of the Company is ascertained on the basis of the progress billings and purchase orders issued.

D. Currency risk

The Company is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates.

The currency profile of financial assets and financial liabilities are as below:

Particulars	As at 31 March 2020			
	EURO	JPY	USD	GBP
Financial assets				
Trade receivables (INR in lakh)	401.90	-	32.37	-
Derivatives assets (INR in lakh)	-	-	-	-
Financial liabilities				
Trade payables (INR in lakh)	-	-	63.00	1.60
Derivatives liabilities (INR in lakh)	5.84	-	-	-
Net exposure to foreign currency risk - assets / (liabilities)	396.06	-	(30.63)	(1.60)

Particulars	As at 31 March 2019			
	EURO	JPY	USD	GBP
Financial assets				
Trade receivables (INR in lakh)	841.96	-	58.23	7.85
Derivatives assets (INR in lakh)	71.95	-	(7.42)	-
Financial liabilities				
Trade payables (INR in lakh)	-	0.81	53.88	1.60
Derivatives liabilities (INR in lakh)	-	0.81	53.88	1.60
Net exposure to foreign currency risk - assets / (liabilities)	913.91	(0.81)	(3.07)	6.25

Sensitivity analysis

A strengthening of the Indian Rupee, as indicated below, against foreign currency at 31 March would have increased (decreased) profit or loss (before tax) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for previous year, except that the reasonably possible foreign exchange rate variances were different, as indicated below.

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
31 March 2020	19.80	(19.80)
INR/EUR	(1.53)	1.53
INR/USD	(0.08)	0.08
INR/GBP	-	-
INR/JPY	-	-



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
31 March 2019		
INR/EUR	45.70	(45.70)
INR/USD	(0.15)	0.15
INR/GBP	0.31	(0.31)
INR/JPY	(0.04)	0.04

E. Interest rate risk

The Company is exposed to interest rate risk arising mainly from non-current and current borrowings with floating interest rates. The Company is exposed to interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	31 March 2020	31 March 2019
Financial assets:		
Fixed rate instruments		
- Fixed deposits	950.00	-
Total	950.00	-
Variable-rate instruments		
- Rupee term loans	6,789.96	6,698.94
- Working capital facility	575.72	3,229.74
Total	7,365.69	9,928.68

Fair value sensitivity analysis for fixed-rate instruments

The Company's fixed rate instruments are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the previous year.

Particulars	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
31 March 2020		
Rupee term loans	(71.68)	71.68
Working capital facility	(11.33)	11.33
Cash flow sensitivity (net)	(83.01)	83.01

Particulars	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
31 March 2019		
Rupee term loans	(25.65)	25.65
Working capital facility	(12.58)	12.58
Cash flow sensitivity (net)	(38.23)	38.23



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

45 Capital management

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- maintain an appropriate capital structure of debt and equity.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and sourcing by leveraging opportunities in domestic and international financial markets so as to maintain investors, creditors and markets' confidence and to sustain future development of the business.

The Company monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry. The Company is not subject to externally imposed capital requirements.

The Company monitors capital using gearing ratio which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and cash equivalents. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

Particulars	31 March 2020	31 March 2019
Total borrowings	7,411.39	9,957.15
Less: Cash and cash equivalents	1,049.27	358.83
Net debt	6,362.12	9,598.32
Total equity	30,870.43	28,420.53
Net debt to equity ratio	0.21	0.34

46 Disclosures pursuant to Ind AS 115, Revenue from Contracts with Customers, are as follows:

Significant changes in contract assets and liabilities

Changes in balance of contract liabilities during the year:

Description	31 March 2020	31 March 2019
Opening balance of contract liabilities	153.03	184.73
Amount of revenue recognised against opening contract liabilities	(122.45)	(158.93)
Addition in balance of contract liabilities for current year	19.76	127.23
Closing balance of contract liabilities	50.34	153.03

There has been no significant changes in contract assets/liabilities during the year.

Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous period. Same has been disclosed as below:

Description	Year ended 31 March 2020	Year ended 31 March 2019
Amounts included in contract liabilities at the beginning of the year	122.45	158.93
Performance obligations satisfied in previous years	-	-
	122.45	158.93

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by segment and type.

Description	Year ended 31 March 2020	Year ended 31 March 2019
Revenue by segment		
Geography wise		
Domestic	33,380.83	46,836.51
Export	2,622.92	3,672.78
	36,003.75	50,509.29
Customers wise		
Related party	129.80	245.46
Non-related party	35,873.95	50,263.83
	36,003.75	50,509.29

Description	Year ended 31 March 2020	Year ended 31 March 2019
Revenue by time		
Revenue recognised at point in time	36,003.75	50,509.29
	36,003.75	50,509.29

Assets and liabilities related to contracts with customers

Description	31 March 2020		31 March 2018	
	Non-current	Current	Non-current	Current
Contract assets related to sale of goods	-	-	-	-
Contract liabilities related to sale of goods				
Advance from customers	-	23.95	-	122.45
Security deposit	26.39	-	30.58	-

Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

Description	Year ended 31 March 2020	Year ended 31 March 2019
Contract price	36,792.35	51,259.29
Less: Discounts and freight	788.60	750.00
Revenue from operations as per Statement of Profit and Loss	36,003.75	50,509.29



Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Satisfaction of performance obligations

The Company's revenue is derived from the single performance obligation to transfer primarily hi-tensile fasteners under arrangements in which the transfer of control of the products and the fulfillment of the Company's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

Whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms. In case of the Company's operations, generally the criteria to recognize revenue has been met when its products are delivered to its customers or to a carrier who will transport the goods to its customers, this is the point in time when the Company has completed its performance obligations. Revenue is measured at the transaction price of the consideration received or receivable, the amount the Company expects to be entitled to.

Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-60 days.

Variable considerations associated with such sales

Periodically, the Company enters into volume or other rebate programs where once a certain volume or other conditions are met, it refunds the customer some portion of the amounts previously billed or paid. For such arrangements, the Company only recognizes revenue for the amounts it ultimately expects to realise from the customer. The Company estimates the variable consideration for these programs using the most likely amount method or the expected value method, whichever approach best predicts the amount of the consideration based on the terms of the contract and available information and updates its estimates each reporting period.

- 47 Details of disclosure pursuant to Regulation 34 of the SEBI (Listing, Obligations & Disclosure Requirements) Regulations, 2015 and disclosure under section 186(4) of the Act:

Description	31 March 2020		31 March 2019	
	Haryana Ispat Private Limited (Wholly owned subsidiary)	Sterling Gtack E-mobility Limited (subsidiary)	Haryana Ispat Private Limited (Wholly owned subsidiary)	Sterling Gtack E-mobility Limited (subsidiary)
Investments				
Investments at the beginning of the year	1,198.50	-	1,198.50	-
Investments at the end of the year	1,198.50	300.00	1,198.50	-

There are no guarantees and loans and advances which are given to Haryana Ispat Private Limited (wholly owned subsidiary of the Company) and Sterling Gtack E-mobility Limited (subsidiary of the Company).

- 48 Inventory of finished goods have been written down to its net realisable value and the resultant impact of write down amounts to Rs.90.21 lakh (31 March 2019 - Nil).
- 49 Spread of COVID - 19 has affected the economic activity across the Globe, including India. Government of India has taken significant measures to curb the spread of the infection including imposing mandatory lockdowns and restrictions in activities. Consequently, Company's manufacturing plants and offices were closed for a considerable period of time. As a result of the suspension of operations, likely revenue for the month of

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

March 2020 has been impacted and basis management's assessment, future revenue may reduce due to this. Management believes that it has taken into account all the possible impacts of known events arising from the COVID – 19 pandemic on the financial statements including its assessment of the Company's liquidity and going concern, recoverable value of its property, plant and equipment, trade receivables, inventories and investments. However, given the uncertainties in the economic environment, management's impact assessment is subject to significant estimation uncertainties, and accordingly, the actual results in future may be different from those estimated as at the date of approval of these standalone financial statements. The Company will continue to monitor any material changes to the future economic conditions and consequential impact on its business/operations.

As per our report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra

Partner

Membership No. 058644

Anil Aggarwal

Managing Director

DIN No. 00027214

For & on behalf of Board of Directors

Sterling Tools Limited

Atul Aggarwal

Director and Chief Financial Officer

DIN No. 00125825

Place: New Delhi

Date: 26 June, 2020

Place: Faridabad

Date: 26 June, 2020

Vaishali Singh

Company Secretary

Membership No. A15108

Independent Auditor's Report

To the Members of Sterling Tools Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Sterling Tools Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its joint venture, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group and its joint venture, as at 31 March 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Impact of COVID – 19 on the financial statements

4. We draw attention to Note 49 to the consolidated financial statements which describes the uncertainties due to the outbreak of COVID - 19 pandemic and management's evaluation of its impact on the Holding Company's operations and on the financial results of the Holding Company as at the balance sheet date. The impact of these uncertainties on the Holding Company's operations is significantly dependent on future developments. Our opinion is not modified in respect of this matter.

Key Audit Matter

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matter described below to be the key audit matter to be communicated in our report.



Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of investment in joint venture</p> <p>Refer note 1(C)(21) for the accounting policy and note 5 for the related disclosure.</p> <p>The Holding Company has investment in a joint venture, Sterling Fabory India Private Limited, amounting to Rs. 227.64 lakh as at 31 March 2020. The management makes an assessment of the recoverable value of the investment when impairment indicators exist by comparing the recoverable value and carrying value of such investment.</p> <p>As at 31 March 2020, impairment indicators existed for the investment made in the aforesaid joint venture considering the negative profits in the earlier years and accumulated losses as at 31 March 2020 in the joint venture.</p> <p>The management during the year ended 31 March 2020 has carried out an impairment test for such investment, whereby the carrying amount of the investment was compared with the recoverable amount. The recoverable value of the investment is determined by engaging a management expert which is based on discounted cash flows method and requires management estimates and judgements around assumptions used in the method, primarily around estimated growth in the operations of the joint venture, ability to generate cash profits in the future, estimated future financial performance, capital expenditure and the discount rates applied.</p> <p>Changes to assumptions could lead to material changes in estimated recoverable amounts, resulting in impairment in the value of the investments.</p> <p>Accordingly, assessment of impairment losses to be recognised on the carrying value of investment made in the joint venture has been considered as be a key audit matter for current year audit.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management's processes and controls for determining the recoverable value of the investment including the identification of the impairment indicators and assessed the same in accordance with the accounting standards. • Obtained an understanding, evaluated and tested the controls around management's assessment of the impairment indicators and the testing performed. • Obtained from the management of the Company, the approved future business plans of the joint venture and held detailed discussions with the management to understand the assumptions used and estimates made by them for determining the cash flow projections. • Obtained the independent valuation report as at 31 March 2020 given by the management expert for the fair value of the joint venture and evaluated the objectivity, independence and competence of such expert. • Involved auditor's expert to assess the appropriateness of the valuation methodology used for calculation of the recoverable value in the valuation report obtained by the management. • Performed sensitivity analysis on management's calculated recoverable value by changing the significant assumptions used in the calculation. • Assessed the appropriateness and adequacy of the related disclosures in the financial statements in accordance with the applicable accounting standards.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its joint venture.

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its joint venture, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

16. We did not audit the financial statements of two subsidiaries, whose financial statements reflects total assets of ₹ 534.10 lakh and net assets of ₹ 504.43 lakh as at 31 March 2020, total revenues of ₹ 18.80 lakh and net cash inflows amounting to ₹ 403.75 lakh for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 59.95 lakh for the year ended 31 March 2020, as considered in the consolidated



financial statements, in respect of the joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries and joint venture, we report that the Holding Company paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that two subsidiary companies have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of the subsidiary companies. Further, we also report that the provisions of section 197 read with Schedule V to the Act are not applicable to the joint venture company, since the company is not a public company as defined under section 2(71) of the Act.
18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and joint venture, we report, to the extent applicable, that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint venture company, none of the directors of the Group companies and joint venture company, are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies and joint venture company, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II'; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture:

- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint venture as detailed in Note 39(B)(i), 39(B)(ii) and 39(B)(iv) to the consolidated financial statements;
- ii. the Group and its joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and joint venture company during the year ended 31 March 2020; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Rajni Mundra
Partner
Membership No. 058644
UDIN: 20058644AAAABC1784

Place: New Delhi
Date: 26 June 2020

Annexure I to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2020

Annexure I

List of entities included in the consolidated financial statements

- a. Haryana Ispat Private Limited, subsidiary;
- b. Sterling Gtake E-mobility Limited, subsidiary; and
- c. Sterling Fabory India Private Limited, joint venture.



Annexure II to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2020

Annexure II

Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Sterling Tools Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its joint venture as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. The audit of internal financial controls with reference to financial statements of the aforementioned joint venture company, which is a company covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain

Annexure II to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2020 (Cont'd)

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Holding Company and its subsidiary companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to two subsidiary companies, whose financial statements reflect total assets of ₹ 534.10 lakh and net assets of ₹ 504.43 lakh as at 31 March 2020, total revenues of ₹ 18.80 lakh and net cash inflows amounting to ₹ 403.75 lakh for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Rajni Mundra

Partner

Membership No. 058644

UDIN: 20058644AAAABC1784

Place: New Delhi

Date: 26 June 2020



Consolidated balance sheet as at 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	26,159.94	19,142.24
(b) Capital work-in-progress	3	63.62	4,680.96
(c) Right-of-use assets		131.17	-
(d) Other intangible assets	4	37.87	18.41
(e) Financial assets			
(i) Investments	5	1,168.02	688.97
(ii) Loans	6	423.62	312.89
(f) Other non-current assets	7	1,189.62	1,208.61
Total non-current assets		29,173.86	26,052.08
Current assets			
(a) Inventories	8	5,943.90	8,248.76
(b) Financial assets			
(i) Investments	5	564.07	4,945.77
(ii) Trade receivables	10	2,806.56	4,137.67
(iii) Cash and cash equivalents	11	1,568.34	386.14
(iv) Bank balances other than (iii) above	12	27.73	117.46
(v) Loans	13	38.72	157.25
(vi) Other financial assets	14	2,575.31	378.03
(c) Other current assets	15	1,735.98	1,377.88
Total current assets		15,260.61	19,748.96
TOTAL ASSETS		44,434.47	45,801.04
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	720.48	720.48
(b) Other equity	17	29,925.44	27,329.19
Total equity attributable to owners of the Holding Company		30,645.92	28,049.67
Non-controlling interest		4.18	-
Total equity		30,645.92	28,049.67
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	4,806.72	5,394.55
(ii) Lease liabilities		46.06	-
(iii) Other financial liabilities [other than those specified in item (b)]	19	26.39	30.58
(b) Provisions	20	153.19	137.05
(c) Deferred tax liabilities (net)	21	1,730.26	1,638.17
(d) Other non-current liabilities	22	1,534.01	1,738.12
Total non-current liabilities		8,296.63	8,938.47
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	575.72	3,229.74
(ii) Trade payables			
A) Total outstanding dues of micro enterprises and small enterprises; and		175.07	54.91
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	24	2,012.91	3,220.93
(iii) Lease liabilities		89.62	-
(iv) Other financial liabilities [other than those specified in item (c)]	25	2,235.17	1,489.84
(b) Other current liabilities	26	270.21	606.96
(c) Provisions	20	71.19	125.10
(d) Current tax liabilities (net)	27	57.85	85.42
Total current liabilities		5,487.74	8,812.90
Total liabilities		13,784.37	17,751.37
TOTAL EQUITY AND LIABILITIES		44,434.47	45,801.04

Note 1 to 49 form an integral part of these consolidated financial statements.

As per our report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra

Partner

Membership No. 058644

Place: New Delhi

Date: 26 June, 2020

Anil Aggarwal

Managing Director

DIN No. 00027214

Place: Faridabad

Date: 26 June, 2020

For & on behalf of Board of Directors

Sterling Tools Limited

Atul Aggarwal

Director and Chief Financial Officer

DIN No. 00125825

Vaishali Singh

Company Secretary

Membership No. A15108

Consolidated statement of profit and loss for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	28	36,424.15	51,220.35
Other income	29	624.34	654.45
Total income		37,048.49	51,874.80
Expenses			
Cost of materials consumed	30	12,334.97	22,565.56
Changes in inventories of finished goods and work-in-progress	31	1,403.40	(1,880.70)
Employee benefits expense	32	3,641.52	3,583.11
Finance costs	33	626.44	366.48
Depreciation and amortisation expenses	34	2,421.87	1,905.02
Other expenses	35	12,959.73	18,359.84
Total expenses		33,387.93	44,899.31
Profit before tax and share of (loss)/profit from joint venture		3,660.56	6,975.49
Share of (loss)/profit from joint venture		(59.95)	13.59
Profit before tax		3,600.61	6,989.08
Tax expense:			
Current tax	21		
- for the year		715.80	2,360.98
- earlier years		(118.63)	-
Deferred tax		(47.00)	116.36
Total tax expense		550.17	2,477.34
Profit for the year		3,050.44	4,511.74
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		13.66	(0.79)
(b) Changes in fair value of equity investment through other comprehensive income		539.00	-
(ii) Income-tax relating to items that will not be reclassified to profit or loss		(139.09)	0.28
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income-tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive Income/(loss) for the year (net of tax)		413.57	(0.51)
Total comprehensive income for the year		3,464.01	4,511.23
Profit for the year attributable to			
a) Owners of the Holding Company		3,051.26	4,511.74
b) Non-controlling interest		(0.82)	-
		3,050.44	4,511.74
Other comprehensive income attributable to			
a) Owners of the Holding Company		413.57	(0.51)
b) Non-controlling interest		-	-
		413.57	(0.51)
Total comprehensive income attributable to			
a) Owners of the Holding Company		3,464.83	4,511.23
b) Non-controlling interest		(0.82)	-
		3,464.01	4,511.23
Earnings per equity share			
Basic and diluted (Rs.)	36	8.47	12.52
[nominal value of share Rs. 2 (31 March 2019: Rs. 2)]			

Note 1 to 49 form an integral part of these consolidated financial statements.

As per our report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra

Partner

Membership No. 058644

Place: New Delhi

Date: 26 June, 2020

For & on behalf of Board of Directors

Sterling Tools Limited

Anil Aggarwal

Managing Director

DIN No. 00027214

Atul Aggarwal

Director and Chief Financial Officer

DIN No. 00125825

Vaishali Singh

Company Secretary

Membership No. A15108



Consolidated statement of changes in equity for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

(A) Equity share capital

	Note	Number (lakh)	Amount
Balance as at 1 April 2018	16	360.24	720.48
Changes in equity share capital during the year		-	-
Balance as at 31 March 2019	16	360.24	720.48
Changes in equity share capital during the year		-	-
Balance as at 31 March 2020	16	360.24	720.48

(B) Other equity

	Note	Reserves and surplus					Total
		Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	
Balance as at 1 April 2018	17	6.65	4,735.69	2,786.46	16,157.74	-	23,686.54
Profit for the year		-	-	-	4,511.74	-	4,511.74
Other comprehensive income							
Remeasurement of defined benefit obligation (net of tax)		-	-	-	(0.51)	-	(0.51)
Interim dividend paid on equity shares (including dividend distribution tax paid of Rs. 148.10 lakh)		-	-	-	(868.58)	-	(868.58)
Balance as at 31 March 2019	17	6.65	4,735.69	2,786.46	19,800.39	-	27,329.19
Profit for the year		-	-	-	3,051.26	-	3,051.26
Other comprehensive income							
Remeasurement of defined benefit obligation (net of tax)		-	-	-	10.22	-	10.22
Changes in fair value of equity investment through other comprehensive income (net of tax)		-	-	-	-	403.35	403.35
Interim dividend paid on equity shares (including dividend distribution tax paid of Rs.148.10 lakh)		-	-	-	(868.58)	-	(868.58)
Balance as at 31 March 2020	17	6.65	4,735.69	2,786.46	21,993.29	403.35	29,925.44

Note 1 to 49 form an integral part of these consolidated financial statements.

As per our report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For & on behalf of Board of Directors

Sterling Tools Limited

Rajni Mundra

Partner

Membership No. 058644

Anil Aggarwal

Managing Director

DIN No. 00027214

Atul Aggarwal

Director and Chief Financial Officer

DIN No. 00125825

Place: New Delhi

Date: 26 June, 2020

Place: Faridabad

Date: 26 June, 2020

Vaishali Singh

Company Secretary

Membership No. A15108

Consolidated statement of cash flows for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A Cash flow from operating activities		
Net profit before tax	3,600.61	6,989.08
Adjustments for:		
Depreciation and amortisation expenses	2,421.87	1,905.02
Unrealised foreign exchange gain	(6.17)	(18.07)
Interest on delayed payment of advance tax	4.97	0.64
(Profit)/loss on disposal of property, plant and equipment	(4.09)	16.05
Remeasurement of defined benefit plans	13.66	(0.52)
Finance costs	601.32	342.33
Interest on lease liabilities	12.99	-
Interest income	(35.08)	(28.28)
Amortisation of grant income	(207.60)	(158.66)
Gain on sale of mutual fund	(67.17)	(10.92)
Dividend income on mutual fund	(131.28)	(107.12)
Gain on fair value of mutual fund	(9.67)	(152.26)
Liabilities no longer required, written back	(45.20)	(1.30)
Loss/(gain) on foreign exchange fluctuation	70.37	(101.43)
Bad debts recovered	-	(1.70)
Bad debts written off	1.37	-
Provision for expected credit loss	-	9.53
Operating profit before working capital changes	6,220.90	8,682.39
(Increase)/decrease in financial assets	(870.18)	161.88
(Increase)/decrease in other assets	(358.57)	28.84
(Decrease) in financial liabilities	(1,092.03)	(402.87)
Decrease/(increase) in inventories	2,304.86	(2,794.32)
(Decrease)/increase in other liabilities	(333.25)	877.38
(Decrease)/increase in provisions	(37.77)	8.15
Net cash generated from operations	5,833.96	6,561.45
Income-tax paid (net)	(629.61)	(2,292.57)
Net cash from operating activities (A)	5,204.35	4,268.88
B Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work- in progress and payment for capital advances)	(4,601.25)	(9,509.16)
Maturity of fixed deposit	88.00	0.50
Disposal of property, plant and equipment	43.35	37.99
Gain on sale of mutual fund	67.17	10.92
Redemption of/(investment in) mutual fund	4,522.64	666.79
Share of profit for the investment in joint venture	59.95	(13.59)
Investment by minority shareholders	5.00	-
Interest received	32.31	19.97
Investment in equity shares	-	(401.38)
Net cash from/(used in) investing activities (B)	217.17	(9,187.96)

Consolidated statement of cash flows for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
C Cash flows from financing activities		
Proceeds from non-current borrowings	1,400.00	5,050.00
Repayment of non-current borrowings	(1,308.98)	(924.18)
Interim dividend paid including dividend distribution tax	(868.58)	(868.58)
Proceeds from current borrowings	(2,654.02)	2,371.08
Repayment of current borrowings	-	(4.58)
Repayment of lease liabilities	(86.61)	-
Interest paid	(721.13)	(420.37)
Net cash (used in)/from financing activities (C)	(4,239.32)	5,203.37
Net increase in cash and cash equivalents (A+B+C)	1,182.20	284.29
Cash and cash equivalents at the beginning of the year	386.14	101.85
Cash and cash equivalents at the end of the year	1,568.34	386.14
Components of cash and cash equivalents (refer note 11):	412.98	381.67
Balances with scheduled banks in current accounts	5.46	4.47
Cash on hand	1,149.90	-
Balances with banks in deposit accounts with original maturity upto three months	1,568.34	386.14

The consolidated cash flow statement has been prepared in accordance with the 'Indirect Method' as set out in the Ind AS 7 on "Cash flow statements".

Note 1 to 49 form an integral part of these consolidated financial statements.

As per our report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For & on behalf of Board of Directors

Sterling Tools Limited

Rajni Mundra

Partner

Membership No. 058644

Anil Aggarwal

Managing Director

DIN No. 00027214

Atul Aggarwal

Director and Chief Financial Officer

DIN No. 00125825

Place: New Delhi

Date: 26 June, 2020

Place: Faridabad

Date: 26 June, 2020

Vaishali Singh

Company Secretary

Membership No. A15108

Consolidated statement of cash flows for the year ended 31 March 2020

(All amounts in lakh of Indian Rupees, unless otherwise stated)

Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:

Particulars	Lease liabilities	Non-current borrowings including current maturities of long term borrowings and interest accrued	Short term borrowings	Dividend
Opening balance as on 1 April 2018	-	2,576.32	863.24	-
Add: Non cash changes due to-				
- Interest expense	-	241.92	97.36	-
- Interest capitalised	-	103.30	-	-
- Fair value changes	-	3.05	-	-
- Interim dividend	-	-	-	868.58
Add: Cash inflows during the year				
- Proceeds from non-current borrowings	-	5,050.00	-	-
- Proceeds from current borrowings	-	-	2,371.08	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings	-	(924.18)	-	-
- Repayment of current borrowings	-	-	(4.58)	-
- Interest paid	-	(323.00)	(97.36)	-
- Interim dividend paid including dividend distribution tax	-	-	-	(868.58)
Opening balance as on 31 March 2019	-	6,727.41	3,229.74	-
Add: Non cash changes due to-				
- Recognition of lease liabilities	209.30	-	-	-
- Interest expense	12.99	509.28	88.16	-
- Interest capitalised	-	136.95	-	-
- Fair value changes	-	3.88	-	-
- Interim dividend	-	-	-	868.58
Add: Cash inflows during the year				
- Proceeds from non-current borrowings	-	1,400.00	-	-
- Proceeds from current borrowings	-	-	(2,654.02)	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings	-	(1,308.98)	-	-
- Repayment of current borrowings	-	-	-	-
- Repayment of lease liabilities	(86.61)	-	-	-
- Interest paid	-	(632.87)	(88.16)	-
- Interim dividend paid including dividend distribution tax	-	-	-	(868.58)
Closing balance as on 31 March 2020	135.68	6,835.67	575.72	-

Note 1 to 49 form an integral part of these consolidated financial statements.

As per our report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For & on behalf of Board of Directors

Sterling Tools Limited

Rajni Mundra

Partner

Membership No. 058644

Anil Aggarwal

Managing Director

DIN No. 00027214

Atul Aggarwal

Director and Chief Financial Officer

DIN No. 00125825

Vaishali Singh

Company Secretary

Membership No. A15108

Place: New Delhi

Date: 26 June, 2020

Place: Faridabad

Date: 26 June, 2020



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

1. Group information and significant accounting policies

A. Corporate information

Sterling Tools Limited (the 'Holding Company') is a Company limited by shares, incorporated on 7 June 1979 under the erstwhile Companies Act, 1956, domiciled in India (CIN: L29222DL1979PLC009668). The registered office of the Holding Company is office no. 515, DLF Tower-A, Jasola, New Delhi-110025. The equity shares of the Holding Company are listed on the Bombay Stock Exchange and National Stock Exchange of India.

The Holding 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 of India with a client base that spans automotive companies in India, Europe and USA.

B. Basis of preparation

(1) (a) Application of new and revised Indian Accounting Standards (Ind AS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the consolidated financial statements are authorised, have been considered in preparing these consolidated financial statements.

(b) Standards issued but not yet effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1 April 2020.

(2) Statement of compliance

The consolidated financial statements include the financial statements of the Holding Company, its undermentioned subsidiaries (hereinafter referred to as 'the Group') and joint venture:

- a) Haryana Ispat Private Limited, India, 100% subsidiary with effect from 25 Nov 2016;
- b) Sterling Gtack E-Mobility Limited, India, 98.36% subsidiary with effect from 12 Mar 2020; and
- c) Sterling Fabory (India) Private Limited, India, 50% joint venture with effect from 9 Mar 2010.

These consolidated financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, read with Section 133 of the Companies Act, 2013 ('the Act') and other provisions of the Act (to the extent notified and applicable).

These consolidated financial statements of Sterling Tools Limited as at and for the year ended 31 March 2020 were approved and authorised for issue by Board of Directors on 26 June 2020.

(3) Overall considerations

These consolidated financial statements have been prepared on going concern basis using the significant accounting policies and measurement bases summarised below.

These accounting policies have been used throughout all periods presented in the consolidated financial statements, unless otherwise stated.

(4) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the consolidated financial statements of the parent and its subsidiaries, line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transactions provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and the equity of subsidiaries is shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(ii) Joint ventures

Interest in joint venture is accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investment are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equal or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and joint venture are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(5) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value.
Net defined benefit (assets)/ liability	Fair value of planned assets less present value of defined benefit obligations.

The methods used to measure fair values are discussed further in notes to consolidated financial statements.

(6) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (Rs.), which is also the Group's functional currency. All financial information presented in Indian Rupees has been rounded to the nearest lakh (upto two decimals), except as stated otherwise.

(7) Current and non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

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- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

(8) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a central valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the board of directors.

The central valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the central valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the respective company's board of directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels

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of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 43- fair value measurements.

C. Significant accounting policies

A summary of the significant accounting policies applied in the preparation of the consolidated financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

(1) Property, plant and equipment

1.1 Initial recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an items of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the items to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

1.2 Subsequent costs

Subsequent expenditure is recognised as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

1.3 Decommissioning costs

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

1.4 Derecognition

Property, plant and equipment is derecognised when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in the statement of profit and loss.



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(2) Depreciation

Depreciation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment specified in schedule II to the Companies Act, 2013.

Leasehold improvements are amortised over the lease period.

Depreciation on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date in which the asset is available for use/disposed.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

(3) Other intangible assets

3.1 Recognition and measurement

Intangible assets that are acquired by the Group, have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

Subsequent expenditure is recognised as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

3.2 Derecognition

An intangible asset is derecognised when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognised in the statement of profit and loss.

3.3 Amortisation

Cost of software recognised as intangible asset, is amortised on straight line method over a period of legal right to use or 3 years, as estimated by the management.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted, if appropriate.

(4) Capital work-in-progress

Expenditure incurred during the period of construction, including all direct and indirect expenses, incidental and related to construction, is carried forward and on completion, the costs are allocated to the respective property, plant and equipment. Capital work-in-progress also includes assets pending installation and not available for intended use.

(5) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

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When the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalised. When Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalisation of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition or construction of the qualifying asset.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are recognised as an expense in the year in which they are incurred.

(6) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of the other assets or CGUs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

The Group's corporate assets (eg. Central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate assets belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to CGU, and then to reduce the carrying amounts of any other assets of the CGUs (or group of CGUs on a pro-rata basis).

(7) Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Finished goods and stores, spares and consumables are valued at lower of cost and net realisable value and the comparison is made on an item-by-item basis.

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

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Nature of inventories	Method of valuation
Raw materials	First in first out method
Stores and spares and consumables	Weighted average method
Finished goods and work-in-progress	Raw material cost on first in first out method and includes conversion and other costs incurred in bringing the inventories to their present value and locations

Stock in transit is valued at lower of cost and net realisable value. Scrap is valued at estimated net realisable value.

(8) Provisions and contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

(9) Government grants

Government grants and subsidies are accounted for in the books of account when the ultimate collection of the grant/subsidy is reasonably certain. Grants that compensate the Group for expenses incurred are recognised in the statement of profit and loss as other operating revenues on a systematic basis in the periods in which such expenses are recognised.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred grant income and are credited to the statement of profit and loss on a systematic basis over the expected lives of the related assets.

(10) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less from the date of acquisition, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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(11) Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss in the year in which it arises.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks in respect of its imports and exports. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken to the statement of profit and loss.

(12) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. A performance obligation is a promise in a contract to transfer a distinct good (or a bundle of goods) to the customer and is the unit of account in Ind AS 115. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue, as or when, the performance obligation is satisfied. The Group recognizes revenue when it transfers control of a product to a customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excludes tax and duties collected on behalf of the government. The Group recognizes revenue from the following major sources:

Sale of products

Revenue from sale of products is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. It is measured at fair value consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Group recognizes revenue when it transfers control over a product to a customer i.e. when goods are delivered at the delivery point, as per terms of the agreement, which could be either customer premises or carrier premises who will deliver goods to the customer. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the Balance Sheet under other current liabilities (see Note 26).

Satisfaction of performance obligations

The Group's revenue is derived from the single performance obligation to transfer primarily products under arrangements in which the transfer of control of the products and the fulfilment of the Group's performance obligation occur at the same time. Revenue from the sale of goods is recognized when the Group has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Group will collect the consideration to which it is entitled to in exchange for the goods.

Whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms. For the Group, generally the criteria to recognize revenue has been met when its products are delivered to its customers or to a carrier who will transport the goods to its customers, this is the point in time when the Group has completed its performance obligations. Revenue is measured at the transaction price of the consideration received or receivable, the amount the Group expects to be entitled to.



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Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-60 days.

Variable considerations associated with such sales

Periodically, the Group enters into volume or other rebate programs where once a certain volume or other conditions are met, it gives the customer as volume discount some portion of the amounts previously billed or paid. For such arrangements, the Group only recognizes revenue for the amounts it ultimately expects to realize from the customer. The Group estimates the variable consideration for these programs using the most likely amount method or the expected value method, whichever approach best predicts the amount of the consideration based on the terms of the contract and available information and updates its estimates each reporting period.

Dividend income

Dividend income is recognised at the time when right to receive the payment is established.

Income from export incentives

Income from export incentives viz. Duty Drawback and MEIS are recognized on accrual basis.

(13) Other income

Interest income is recognised, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

(14) Operating expenses

Operating expenses are recognised in statement of profit and loss upon utilisation of the service or as incurred.

(15) Employee benefits

15.1 Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the relative service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

15.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in the statement of profit and loss in the period during which services are rendered by employees.

The Group pays fixed contribution to government administered provident fund scheme at predetermined rates. The contributions to the fund for the year are recognised as expense and are charged to the statement of profit and loss.

15.3 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's liability towards gratuity is in the nature of defined benefit plans.

The Group's net obligation in respect of defined benefit plan is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current

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and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs. Any actuarial gains or losses are recognised in other comprehensive income in the period in which they arise.

15.4 Other long-term employee benefits

Benefits under the Group's leave encashment constitute other long-term employee benefit.

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. The benefit is discounted to determine its present value. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Group's obligations. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

(16) Lease

Accounting policy applicable from 1 April 2019

Transition

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included in the consolidated financial statements for year ended 31 March 2019.

Group as a lessee

The Group's lease asset classes primarily consist of property leases. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.



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Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Accounting policy applicable till 31 March 2019

Accounting for operating leases- as a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating lease. Payments made under operating leases are recognised as an expense over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Initial direct costs incurred specifically for an operating lease are deferred and charged to the statement of profit and loss over the lease term.

(17) Taxes on income

Income tax expense comprises current and deferred tax. Current tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(18) Earning per share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the financial year.

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Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Holding Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

(19) Equity, reserves and dividend payment

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Retained earnings include current and prior period retained profits. All transactions with owners of the Holding Company are recorded separately within equity.

(20) Segment reporting

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Holding Company's management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Holding Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve in connection with performance assessment measures put in place.

(21) Equity investment

Equity investments in joint venture and subsidiaries are measured at cost. The investments are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, policy for impairment of non-financial assets is followed.

(22) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

(23) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

23.1 Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition or issue of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting



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contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- (b) Trade receivables under Ind AS 18.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

23.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost

After initial measurement, such financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost

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is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit and loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

23.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

D. Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the consolidated financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is as under:

(1) Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Group reviews at the end of each reporting date the useful life of property, plant and equipment, and are adjusted prospectively, if appropriate.

(2) Recoverable amount of property, plant and equipment

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

(3) Employee benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

of salary increases and the inflation rate. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

(4) Provisions and contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

(5) Estimation of current tax and deferred tax

Management judgment is required for the calculation of provision for income-tax and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets and liabilities. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in these consolidated financial statements.

(6) Impairment of trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is recognised based on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

(7) Fair value measurement

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (refer note 43).

(8) Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets is based on assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

2. PROPERTY, PLANT AND EQUIPMENT

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Electrical installations and equipments	Computer system	Total
Gross block									
As at 1 April 2018	2,068.05	3,401.65	21,007.98	145.25	525.72	237.00	444.90	57.94	27,888.49
Additions	980.43	288.05	3,780.85	11.03	129.93	33.48	26.04	10.94	5,260.75
Disposals/assets written off	-	-	(213.91)	-	(94.90)	-	-	-	(308.81)
Balance as at 31 March 2019	3,048.48	3,689.70	24,574.92	156.28	560.75	270.48	470.94	68.88	32,840.43
Additions	-	2,698.25	5,698.73	93.37	26.52	198.30	565.52	106.12	9,386.81
Disposals/assets written off	-	-	(110.15)	-	(89.42)	(6.66)	(0.74)	-	(206.97)
Balance as at 31 March 2020	3,048.48	6,387.95	30,163.50	249.65	497.85	462.12	1,035.72	175.00	42,020.27
Accumulated depreciation									
As at 1 April 2018	-	1,123.03	10,080.83	81.69	222.00	161.66	349.15	40.58	12,058.94
Charge for the year	-	107.40	1,657.39	10.84	58.33	28.91	22.21	8.95	1,894.03
Adjustments for disposals	-	-	(184.28)	-	(70.50)	-	-	-	(254.78)
Balance as at 31 March 2019	-	1,230.43	11,553.94	92.53	209.83	190.57	371.36	49.53	13,698.19
Charge for the year	-	165.47	1,975.43	15.94	55.84	46.75	51.00	19.42	2,329.85
Adjustments for disposals	-	-	(99.61)	-	(62.51)	(5.56)	(0.03)	-	(167.71)
Balance as at 31 March 2020	-	1,395.90	13,429.76	108.47	203.16	231.76	422.33	68.95	15,860.33
Net block as at 31 March 2019	3,048.48	2,459.27	13,020.98	63.75	350.92	79.91	99.58	19.35	19,142.24
Net block as at 31 March 2020	3,048.48	4,992.05	16,733.74	141.18	294.69	230.36	613.39	106.05	26,159.94

Notes:

- Refer note a of Note 18 "Non current financial liabilities- Borrowings" and note 23 "Current financial liabilities- Borrowings" for details regarding property, plant and equipment which are pledged as security for obtaining non-current borrowings and current borrowings.
- Refer Note 39 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

3. CAPITAL WORK-IN-PROGRESS

Particulars	Amount
Balance as at 1 April 2018	976.93
Additions	4,687.09
Capitalised during the year	(983.06)
Balance as at 31 March 2019	4,680.96
Additions	3,425.90
Capitalised during the year	(8,043.24)
Balance as at 31 March 2020	63.62

During the year, the Group has capitalised interest on borrowed capital amounting to Rs. 136.95 lakh (31 March 2019 – Rs.103.30 lakh) and pre-operative expenses (including salary, legal and professional and other expenses directly related to the project) amounting to Rs. 257.11 lakh (31 March 2019 – Rs.200.75 lakh).

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

4. OTHER INTANGIBLE ASSETS

Particulars	Computer software	Total
Gross block		
As at 1 April 2018	35.80	35.80
Additions	7.66	7.66
Disposals/assets written off	-	-
Balance as at 31 March 2019	43.46	43.46
Additions	33.33	33.33
Disposals/assets written off	-	-
Balance as at 31 March 2020	76.79	76.79
Accumulated amortisation		
As at 1 April 2018	14.06	14.06
Charge for the year	10.99	10.99
Adjustments for disposals	-	-
Balance as at 31 March 2019	25.05	25.05
Charge for the year	13.87	13.87
Adjustments for disposals	-	-
Balance as at 31 March 2020	38.92	38.92
Net block as at 31 March 2019	18.41	18.41
Net block as at 31 March 2020	37.87	37.87

5 NON-CURRENT INVESTMENTS

	As at 31 March 2020	As at 31 March 2019
Unquoted investments		
Investment in equity instrument in joint venture (valued at cost)		
3,405,000 equity shares (31 March 2019: 3,405,000 equity shares) of Rs 10 each fully paid up in Sterling Fabory India Private Limited, a joint venture (refer note: a)	227.64	287.59
Investment in equity instruments (valued at FVOCI)		
9,400 equity shares (31 March 2019: 9,400 equity shares) of Rs. 10 each fully paid up in Altigreen Propulsion Labs Private Limited	940.38	401.38
	1,168.02	688.97
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	1,168.02	688.97
Aggregate amount of impairment in value of investments	-	-

Note:

- a. Proportion of ownership interest in joint venture are stated as follows:

Name of jointly controlled entity	Place of business	% of ownership interest		Accounting method
		As at 31 March 2020	As at 31 March 2019	
Sterling Fabory India Private Limited	India	50	50	Equity method in accordance with Ind AS 28 'Investment in Associates and Joint Ventures'



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

6 NON-CURRENT FINANCIAL ASSETS - LOANS

	As at 31 March 2020	As at 31 March 2019
<i>(Unsecured, considered good)</i>		
Security deposits	423.62	312.89
	423.62	312.89

7 OTHER NON-CURRENT ASSETS

	As at 31 March 2020	As at 31 March 2019
<i>(Unsecured, considered good)</i>		
Capital advances	1,110.81	1,130.26
Advances other than capital advances:		
- Prepaid expenses	61.73	59.75
- Balances with statutory authorities	17.08	18.60
	1,189.62	1,208.61

8 INVENTORIES

(Valued at lower of cost and net realisable value)

	As at 31 March 2020	As at 31 March 2019
Raw material	1,970.21	2,845.97
Work in progress	1,020.32	1,043.90
Finished goods	2,287.60	3,667.42
Stores, spares and consumables [includes goods in transit of Rs. 19.28 lakh (31 March 2019: Nil)]	665.77	691.47
	5,943.90	8,248.76

Refer Note 23 for information on inventory pledged as security by the Group.

9 CURRENT FINANCIAL ASSETS - INVESTMENTS

	As at 31 March 2020	As at 31 March 2019
Quoted investment		
Investment in mutual funds (fair value through profit and loss)		
a) 1,180,558.56 units (31 March 2019: Nil units) in SBI Arbitrage Growth Fund	301.48	-
b) 1,020,458.68 units (31 March 2019: Nil units) in IDFC Arbitrage Fund	262.59	-
c) Nil units (31 March 2019: 3,981,081.90 units) in Edelweiss Arbitrage Fund Monthly Dividend Direct Plan	-	501.43
d) Nil units (31 March 2019: 3,830,534.46 units) in ICICI Prudential Equity Arbitrage Fund - Direct Plan-Dividend Reinvestment	-	555.10
e) Nil units (31 March 2019: 5,050,487.64 units) in Kotak Equity Arbitrage Fund - Direct Plan-Dividend Reinvestment	-	555.94
f) Nil units (31 March 2019: 3,279,315.91 units) in UTI Spread Fund-Direct Plan - Dividend Reinvestment	-	555.95
g) Nil units (31 March 2019: 1,000,000.00 units) in DSP Blackrock India Enhanced Equity Fund	-	1,121.30
h) Nil units (31 March 2019: 150,000.00 units) in Edelweiss Alpha Fund	-	1,656.05
	564.07	4,945.77
Aggregate amount of quoted investments and market value thereof	564.07	4,945.77

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

10 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

	As at 31 March 2020	As at 31 March 2019
Trade receivables		
Trade receivables - considered good - unsecured	2,806.56	4,137.67
Trade receivables - credit impaired	36.83	36.83
	2,843.39	4,174.50
Less: allowance for expected credit loss	(36.83)	(36.83)
	2,806.56	4,137.67

Movement in the allowance for expected credit loss

	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance at the beginning of the year	36.83	27.30
Add: Allowance provided during the year	-	9.53
Less: Amounts written off during the year	-	-
Balance at the end of the year	36.83	36.83

- a. All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.
- b. Refer Note 23 for information on trade receivables pledged as security by the Group.

11 CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

	As at 31 March 2020	As at 31 March 2019
Balances with scheduled banks in current accounts	412.98	381.67
Cash on hand	5.46	4.47
Balances with banks in deposit accounts with original maturity upto three months	1,149.90	-
	1,568.34	386.14

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting year and prior year.

12 CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31 March 2020	As at 31 March 2019
Balances with banks in deposit accounts with original maturity of more than three months and remaining maturity of less than twelve months	-	88.00
Unpaid dividend accounts (earmarked balances with banks)*	27.73	29.46
	27.73	117.46

* Not due for deposit in the investor education and protection fund.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

13 CURRENT FINANCIAL ASSETS - LOANS

(Unsecured & considered good)

	As at 31 March 2020	As at 31 March 2019
Security deposit	0.50	1.60
Loans receivable	20.67	22.83
Loans to related party	-	118.04
Interest accrued but not due	17.55	14.78
	38.72	157.25

14 CURRENT FINANCIAL ASSETS - OTHERS

(Unsecured & considered good)

	As at 31 March 2020	As at 31 March 2019
Derivatives designated as hedges		
- Foreign exchange forward contracts	-	64.53
Other financial assets		
- Gratuity recoverable	25.71	13.26
- Export incentive receivable	193.35	152.86
- Receivable on sale of mutual fund	2,290.32	-
- Others	65.93	147.38
	2,575.31	378.03

15 OTHER CURRENT ASSETS

	As at 31 March 2020	As at 31 March 2019
Advances other than capital advances:		
Prepaid expenses	46.78	51.39
Balance with government authorities	1,008.10	369.45
Advance to suppliers	681.10	957.04
	1,735.98	1,377.88

16 EQUITY SHARE CAPITAL

	As at 31 March 2020	As at 31 March 2019
Authorised:		
50,000,000 [31 March 2019: 50,000,000 equity shares of Rs 2/- each] equity shares of Rs 2/- each	1,000.00	1,000.00
Issued, subscribed and paid up:		
36,024,211 [31 March 2019: 36,024,211 equity shares of Rs 2/- each] equity shares of Rs 2/- each	720.48	720.48
	720.48	720.48

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Number (in lakh)	Amount	Number (in lakh)	Amount
Equity shares outstanding as at the beginning of the year	360.24	720.48	360.24	720.48
Add: Equity shares issued during the year	-	-	-	-
Equity shares outstanding as at the end of the year	360.24	720.48	360.24	720.48

b. Terms/rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of Rs 2 per share (31 March 2019: Rs 2 per share). Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian rupees.

During the year ended 31 March 2020, the amount of per share interim dividend recognised as distributions to equity shareholders is Rs. 2 per share (31 March 2019: Rs 2 per share) amounting to Rs. 720.48 lakh, excluding dividend distribution tax of Rs. 148.10 lakh (previous year Rs. 720.48 lakh, excluding dividend distribution tax of Rs. 148.10 lakh).

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

c. Shareholders holding more than 5% shares in the Company

	As at 31 March 2020		As at 31 March 2019	
	No. of shares (lakh)	% holding	No. of shares (lakh)	% holding
Mr. Manohar Lal Aggarwal, Promoter	38.55	10.70%	38.55	10.70%
Mr. Anil Aggarwal, Promoter	81.11	22.51%	80.27	22.28%
Mr. Atul Aggarwal, Promoter	96.65	26.83%	95.79	26.59%
Mr. Jagdish Kumar Aggarwal	18.70	5.19%	17.98	4.99%
L&T Mutual Fund Trustee Limited	23.62	6.56%	24.49	6.80%
Meidoh Company Limited	18.01	5.00%	18.01	5.00%

* As per records of the Holding Company, including its register of members

d. No shares have been issued pursuant to contract without payment being received in cash, allotted as fully paid-up shares by way of bonus issues nor has any bought back of shares happened during the period of five years immediately preceding the reporting date.

17 OTHER EQUITY

	As at 31 March 2020	As at 31 March 2019
Capital reserve	6.65	6.65
Security premium	4,735.69	4,735.69
General reserve	2,786.46	2,786.46
Retained earnings	21,993.29	19,800.39
Equity instruments through other comprehensive income	403.35	-
Total	29,925.44	27,329.19



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

i) Capital reserve

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning / end of the year	6.65	6.65
Balance at the end of the year	6.65	6.65

Capital reserves represents proceeds of forfeited shares.

ii) Security premium

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning / end of the year	4,735.69	4,735.69

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

iii) General reserve

	As at 31 March 2020	As at 31 March 2019
Balance as at the beginning / end of the year	2,786.46	2,786.46

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with Companies (Transfer of profits to Reserve) Rules, 1975. Consequent to introduction of the Companies Act 2013, there is no such requirement to mandatorily transfer a specified percentage of the net profit to general reserve.

iv) Retained earnings

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	19,800.39	16,157.74
Add: Profit for the year	3,051.26	4,511.74
Add: Re-measurement gain/(loss) of defined benefit obligation	10.22	(0.51)
Less: Utilised during the year		
- Interim dividend on equity shares	720.48	720.48
- Dividend distribution tax on interim dividend	148.10	148.10
Balance at the end of the year	21,993.29	19,800.39

Retained earnings are created from the profit / loss of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

v) Equity instruments through other comprehensive income

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	-	-
Add: Addition during the year	403.35	-
Balance at the end of the year	403.35	-

The Holding Company has elected to recognise changes in the fair value of certain investment in equity instruments in other comprehensive income. These changes are accumulated in this reserve within equity.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

18 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2020	As at 31 March 2019
Indian rupee loan from banks (secured)		
- Term loans	6,789.96	6,698.94
Less: Current maturities of long-term borrowings (refer note 25)	(1,983.24)	(1,304.39)
	4,806.72	5,394.55

- a) The term loans (including current maturities) are secured by equitable mortgage of certain land and building at Plot No. 4, 5A, 52, 53, 54 and 54A DLF Industrial Estate, Phase-I, Delhi - Mathura Road and factory land and building situated at Prithla Village and Kolar district, Bangalore, and hypothecation of plant and machinery and other property, plant and equipment and personal guarantee by some of the directors of the Holding Company.
- b) The repayment profile of the term loans from banks is as set out below:

Rate of interest (%)	Amount	Instalments starting on	Repayment mode	Instalments ending on	Number of instalments outstanding
9.30%	142.36	February 2016	Monthly	February 2021	11
9.30%	432.97	June 2016	Monthly	July 2021	16
8.70%	135.88	February 2017	Monthly	February 2021	11
8.70%	140.94	November 2017	Monthly	February 2022	23
9.05%	1,021.69	August 2019	Monthly	July 2024	52
8.70%	713.50	January 2020	Monthly	March 2025	60
8.30%	4,200.00	December 2019	Monthly	November 2024	56

- c) There has been no default in servicing of loan as at the end of the year.

19 NON CURRENT FINANCIAL LIABILITIES - OTHERS

Non-current financial liabilities - others	As at 31 March 2020	As at 31 March 2019
Security deposits	26.39	30.58
	26.39	30.58

20 PROVISIONS

	As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current
Provisions for employee benefit obligations (refer note 37)	153.19	71.19	137.05	125.10
	153.19	71.19	137.05	125.10

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

21 DEFERRED TAX LIABILITIES (NET)

	As at 31 March 2020	As at 31 March 2019
Deferred tax liability		
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,712.07	1,760.07
Fair value of forward exchange contracts	(17.71)	22.67
Effective interest rate adjustment	(0.98)	0.30
Fair value of investments in equity instruments	135.65	-
Gross deferred tax liability	1,829.03	1,783.04
Deferred tax assets		
Employee benefits	87.31	132.00
Allowance for expected credit loss	9.27	12.87
Impact of difference between right-of-use assets and lease liabilities	1.13	-
Others	1.06	-
Gross deferred tax assets	98.77	144.87
Net deferred tax liability	1,730.26	1,638.17

Movement in deferred tax balances

Particulars	As at 31 March 2019	Recognised in profit and loss	Recognised in OCI	As at 31 March 2020
Deferred tax liabilities				
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,760.07	(48.00)	-	1,712.07
Effective interest rate adjustment	0.30	(1.28)	-	(0.98)
Fair value of forward exchange contracts	22.67	(40.38)	-	(17.71)
Fair value of investments in equity instruments	-		135.65	135.65
Sub- total (a)	1,783.04	(89.66)	135.65	1,829.03
Deferred tax assets				
Employee benefits	132.00	(41.25)	(3.44)	87.31
Allowance for expected credit loss	12.87	(3.60)	-	9.27
Impact of difference between right-of-use assets and lease liabilities	-	1.13	-	1.13
Others	-	1.06	-	1.06
Sub- total (b)	144.87	(42.66)	(3.44)	98.77
Net deferred tax liabilities (a)-(b)	1,638.17	(47.00)	139.09	1,730.26

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	As at 1 April 2018	Recognised in profit and loss	Recognised in OCI	As at 31 March 2019
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/ amortisation as per Companies Act	1,670.53	89.54	-	1,760.07
Effective interest rate adjustment	1.37	(1.07)	-	0.30
Fair value of forward exchange contracts	(12.77)	35.44	-	22.67
Sub- total (a)	1,659.13	123.91	-	1,783.04
Deferred tax assets				
Allowance for expected credit loss	-	12.87	-	12.87
Employee benefits	137.04	(5.32)	0.28	132.00
Sub- total (b)	137.04	7.55	0.28	144.87
Net deferred tax liabilities (a)-(b)	1,522.09	116.36	(0.28)	1,638.51

i) Income tax recognised in Statement of Profit and Loss

	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax expense		
Current year	715.80	2,360.98
Earlier years	(118.63)	-
	597.17	2,360.98
Deferred tax expense		
Origination and reversal of temporary differences	(47.00)	116.36
	(47.00)	116.36
Total income tax expense	550.17	2,477.34

ii) Income tax recognised in other comprehensive income

	31 March 2020			31 March 2019		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
Remeasurement of defined benefit plans	13.66	(3.44)	10.22	(0.79)	0.28	(0.51)
Changes in fair value of equity investment through other comprehensive income	539.00	(135.65)	403.35	-	-	-
	552.66	(139.09)	413.57	(0.79)	0.28	(0.51)

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

iii) Reconciliation of effective tax rate

	31 March 2020		31 March 2019	
	Rate	Amount	Rate	Amount
Profit before tax		3,600.61		6,989.08
Tax using the Group's domestic tax rate of 34.944 % (31 March 2019 - 34.944%)	34.94%	1,258.20	34.94%	2,442.26
Tax effect of:				
- Corporate social responsibility expenditure		22.71		20.83
- Remeasurement of deferred tax liabilities [refer note (a) below]		(588.80)		14.78
- Tax adjustment for earlier years		(118.63)		
- Others		(23.31)		(0.53)
At the effective income tax rate		550.17		2,477.34

(a) For the current year, the Holding Company has elected not to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Holding Company continues to recognise the provision for income-tax basis the higher tax slab of 34.94%. Further, the management has elected to exercise the aforesaid option from assessment year 2021-22 onwards and hence has re-measured the deferred tax liabilities on the basis of reduced rates (25.17%).

(b) There is no temporary differences associated with investment in subsidiaries.

(c) Basis of computing Group's domestic tax rate:

	31 March 2020	31 March 2019
Base rate	30.00%	30.00%
Add: Surcharge @ 12%	3.60%	3.60%
	33.60%	33.60%
Add: Health and Education cess @ 4%	1.34%	1.34%
	34.94%	34.94%

22 OTHER NON-CURRENT LIABILITIES

	As at 31 March 2020	As at 31 March 2019
Deferred grant income	1,501.01	1,708.62
Others	33.00	29.50
	1,534.01	1,738.12

23 CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2020	As at 31 March 2019
Loans repayable on demand from banks (secured and carried at amortised cost)		
- Cash credit facilities	575.72	3,229.74
	575.72	3,229.74



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Note:

- a) The cash credit facilities are secured by hypothecation of all inventories including those in transit, receivables, book debts on pari passu basis, equitable mortgage of land and building situated at Plot No 4, 5A, 52, 53,54 and 54A DLF Industrial Estate, Phase-I, Delhi- Mathura Road and factory land and building situated at Prithla Village and personal guarantee by some of the directors of the Holding Company.
- b) The outstanding balance is repayable on demand and the rate of interest ranges between 7.95% to 8.80% (31 March 2019: 9.00% to 11.00%) per annum.

24 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

	As at 31 March 2020	As at 31 March 2019
Trade payables		
A) Total outstanding dues of micro enterprises and small enterprises; and	175.07	54.91
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,012.91	3,220.93
	2,187.98	3,275.84

- a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended 31 March 2020 is given below.

Particulars	As at 31 March 2020	As at 31 March 2019
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year		
- Principal amount	175.07	54.91
- Interest	-	0.22
ii) The amount of interest paid by the Group in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	0.22
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	0.22
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

- b) This information has been compiled in respect of parties to the extent they could be identified as Micro, small and medium enterprises on the basis of information available with the management as at 31 March 2020.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

25 CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings (refer note 18)	1,983.24	1,304.39
Creditors for capital goods	172.65	127.52
Interest accrued but not due on borrowings	45.71	28.47
Unclaimed dividend*	27.73	29.46
Derivative liability	5.84	-
	2,235.17	1,489.84

*the above amount does not include any sum due to be transferred to Investor Education and Protection Fund.

26 OTHER CURRENT LIABILITIES

	As at 31 March 2020	As at 31 March 2019
Advances received from customers	23.95	122.45
Statutory dues payable	246.26	484.51
	270.21	606.96

27 CURRENT TAX LIABILITIES (NET)

	As at 31 March 2020	As at 31 March 2019
Provision for tax (net of advance tax)	57.85	85.42
	57.85	85.42

28 REVENUE FROM OPERATIONS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products (refer note 46)		
- Finished goods	36,003.75	50,509.29
Other operating income		
- Steel scrap sale	308.40	546.87
- Export incentives	112.00	164.19
Total	36,424.15	51,220.35



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

29 OTHER INCOME

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income from:		
- fixed deposits with banks	8.73	6.62
- security deposit with electricity department	18.95	10.06
- loans to related party	7.40	11.61
Other non operating income		
Liabilities no longer required written back	45.20	1.30
Amortisation of grant income	207.60	158.66
Gain on foreign exchange fluctuation (net)	104.73	55.95
Profit on disposal of property, plant and equipment (net)	4.09	-
Gain on fair value of forward contracts	-	101.43
Income from mutual funds		
- gain on sale of mutual fund	67.17	10.92
- dividend income	131.28	107.12
- gain on fair value of mutual fund	9.67	152.26
Bad debts recovered	-	1.70
Miscellaneous income	19.52	36.82
	624.34	654.45

30 COST OF MATERIALS CONSUMED

	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw material at the beginning of the year	2,845.97	2,280.83
Add: purchases during the year	11,459.21	23,130.70
Less: Raw material at the end of the year	1,970.21	2,845.97
Total cost of materials consumed	12,334.97	22,565.56

31 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the beginning of the year		
- Finished goods	3,667.42	1,746.27
- Work-in-progress	1,043.90	1,084.35
	4,711.32	2,830.62
Inventories at the end of the year		
- Finished goods	2,287.60	3,667.42
- Work-in-progress	1,020.32	1,043.90
	3,307.92	4,711.32
Decrease/(increase) in inventories	1,403.40	(1,880.70)

32 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salary, wages and bonus	3,260.33	3,125.06
Contribution to provident and other funds	290.91	347.09
Staff welfare expenses	90.28	110.96
	3,641.52	3,583.11

Disclosures as per Ind AS 19 in respect of provision made towards various employee benefits are made in Note 37.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

33 FINANCE COSTS

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on financial liabilities measured at amortised cost	601.32	342.33
Interest on lease liabilities	12.99	-
Interest on delayed payment of taxes	4.97	0.64
Other finance cost	7.16	23.51
	626.44	366.48

34 DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on property, plant and equipment	2,329.87	1,894.04
Depreciation on right-of-use assets	78.13	-
Amortisation on other intangible assets	13.87	10.98
	2,421.87	1,905.02

35 OTHER EXPENSES

	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores and spares	2,823.92	4,307.85
Job work charges	1,391.88	2,400.33
Consumption of packing materials	491.45	711.82
Power and fuel	2,818.89	3,792.98
Rent (refer note 40)	46.82	97.74
Repairs and maintenance		
- Building	347.06	586.61
- Plant and machinery	965.07	1,588.13
Security charges	80.80	78.41
Insurance	96.12	75.84
Legal and professional charges	406.19	273.88
Rates and taxes	21.06	24.23
Sales promotion	164.63	126.53
Freight outward	1,006.35	1,759.95
Travelling and conveyance	211.61	250.30
Contract labour charges	1,116.48	1,285.60
Payment to auditors (refer details below)	22.61	22.47
Commission to director	50.00	228.00
Corporate social responsibility expenses (refer note 42)	130.00	115.60
Provision for expected credit loss	-	9.53
Bad debts written off	1.37	-
Loss on fair value of forward contracts	70.37	-
Miscellaneous expenses	697.05	624.04
	12,959.73	18,359.84



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Payments to statutory auditors as*

	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Auditor	21.99	21.20
(b) Other services	-	-
(c) For reimbursement of expenses	0.62	1.27
	22.61	22.47

*excluding applicable taxes

36 EARNING PER SHARE

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit for the year attributable to equity shareholders (A)	3,051.26	4,511.74
Weighted average number of equity shares outstanding during the year (B) (lakh)	360.24	360.24
Nominal value per share (Rs.)	2.00	2.00
Basic and diluted earnings per equity share (face value of share- Rs 2 each) (A/B) (Rs.)	8.47	12.52

37 Employee benefits

i) Defined contribution plans

"The Group makes fixed contribution towards provident fund and ESI for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the Group is required to contribute a specified percentage of payroll cost to fund the benefits. Similarly, the contribution is made in ESI at a specified percentage of payroll cost.

The Group recognised Rs 211.51 lakh (31 March 2019: Rs 215.67 lakh) for provident fund contributions and Rs 14.83 lakh (31 March 2019: Rs 29.40 lakh) for ESI contribution in the Statement of Profit and Loss and included in "Employee benefits expenses" in note 32. The contribution payable to these plans by the Group is at rates specified in the rules of the schemes.

ii) Defined benefit plans

Gratuity

Contribution to Gratuity funds- Life Insurance Corporation of India, Group Gratuity Scheme

"The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contribution to recognised funds in India.

The unfunded gratuity obligation of directors is determined based on actuarial valuation using the Projected Unit Credit Method."

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

- A) Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Gratuity (unfunded)		Gratuity (funded)	
	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
Present value of obligation at the beginning of the year	54.69	53.72	564.16	505.87
Included in profit or loss:				
Current service cost	-	-	54.28	50.70
Past service cost	-	-	-	-
Interest cost	4.18	4.03	42.17	36.73
Total amount recognised in profit or loss	4.18	4.03	96.45	87.43
Included in other comprehensive income:				
Remeasurement loss/(gain) arising from:				
- demographic assumptions	-	-	-	-
- financial assumptions	0.31	(0.06)	(3.82)	(6.81)
- experience adjustment	(22.20)	(3.00)	(36.53)	9.99
Total amount recognised in other comprehensive income	(21.89)	(3.06)	(40.35)	3.18
Other	-	-	(0.92)	(0.80)
Less: Benefits paid	-	-	23.46	31.52
Present value of obligation at the end of year	36.98	54.69	595.88	564.16

Change in the fair value of plan assets	Gratuity (unfunded)		Gratuity (funded)	
	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
Fair value of plan asset at the beginning of the year	-	-	480.25	412.77
Included in profit or loss:				
Expected return on plan assets	-	-	34.05	32.90
Contributions paid	-	-	84.42	67.57
Benefits paid	-	-	23.46	31.52
Other	-	-	(0.92)	(0.80)
Included in other comprehensive income:				
Actuarial gain	-	-	48.58	0.67
Fair value of plan asset at the end of the year	-	-	525.76	480.25

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Major category of plan asset as a % of total plan assets

Category of assets (% allocation)	As at 31 March 2020		As at 31 March 2019	
	(%)	Amount	(%)	Amount
Insurance policies	100	525.76	100	480.25

Net defined benefit liability recognised in the balance sheet

	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Present value of funded obligation at the end of the year	36.98	54.69	595.88	564.16
Fair value of plan asset as at the end of the period	-	-	525.76	480.25
Net defined benefit liability	36.98	54.69	70.12	83.91

B) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Discount rate (per annum)	6.67%	7.64%	6.67%	7.64%
Salary growth rate (per annum)	6.00%	7.00%	6.00%	7.00%
Mortality rates inclusive of provision for disability	IALM (2012-14)	IALM (2006-08)	IALM (2012-14)	IALM (2006-08)
Retirement age (years)	58	58	58	58
Withdrawal rate (%)	2% to 10%	2% to 10%	2% to 10%	2% to 10%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

C) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Gratuity (Funded)			
	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	545.80	653.83	518.14	617.45
Salary escalation rate (1% movement)	655.65	542.69	619.52	515.09

	Gratuity (unfunded)			
	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	36.66	37.31	54.27	55.14
Salary escalation rate (1% movement)	36.98	36.98	54.69	54.69

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. This analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

D) Risk exposure

i) Changes in discount rate

A decrease in discount yield will increase plan liabilities.

ii) Mortality table

The gratuity plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in plan liabilities.

E) Expected maturity analysis of the defined benefit obligation in future years (undiscounted cash flows)-Funded

	31 March 2020	31 March 2019
Less than 1 year	39.23	68.11
Between 1-2 years	39.78	22.13
Between 2-5 years	118.81	107.96
Over 5 years	316.54	303.07
Total	514.36	501.27

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 13.35 years (31 March 2019: 13.89 years).

Expected contribution to post-employment benefit plans in the next year is Rs 35.06 lakh (31 March 2019: Rs 41.96 lakh).

F) Expected maturity analysis of the defined benefit obligation in future years (undiscounted cash flows)-Unfunded

	31 March 2020	31 March 2019
Less than 1 year	20.36	40.35
Between 1-2 years	19.64	0.36
Between 2-5 years		19.27
Over 5 years	-	-
Total	40.00	59.98

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 1.49 years (31 March 2019: 1.64 years).

Expected contribution to post-employment benefit plans in the next year is Rs 18.49 lakh (31 March 2019: Rs 27.35 lakh).

G) Amount for the current and previous four years are as follows - gratuity (funded):

	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Defined benefit obligation	595.88	564.16	505.87	419.23	357.22
Experience gain/(loss) adjustments on liabilities	36.53	(9.99)	(31.80)	4.63	7.67

H) Amount for the current and previous four years are as follows - gratuity (unfunded):

	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Defined benefit obligation	36.98	54.69	53.72	14.28	-
Experience gain/(loss) adjustments on liabilities	22.20	3.00	(38.46)	-	-

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

iii) Other long-term employee benefit plans

The Group provides for compensated absences to its employees. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation. A provision of Rs. 19.48 lakh (31 March 2019: Rs.42.10 lakh) for the year have been made on the basis of actuarial valuation as at the year end and debited to the Statement of Profit and Loss.

38 Operating segments

The Group is primarily engaged in the business of manufacturing and marketing of hi-tensile fasteners. As per the Chief operating decision maker, this has been considered as a single operating segment per Ind AS 108, 'Operating Segment' and accordingly disclosures have been limited to a single operating segment.

Entity wide disclosures

A. Information about products and services

The Group is engaged in the manufacturing and marketing of high tensile cold forged fasteners. The Group operates in one product line, therefore product wise revenue disclosure is not applicable.

B. Information about geographical area

The major sales of the Group are made to customers which are domiciled in India.

C. Information about major customers

Revenues of Rs 9,056.88 lakh and Rs 7,736.54 lakh (31 March 2019: Rs 11,325.97 lakh and Rs 8,099.86 lakh) are derived from two customers, who individually accounted for more than ten percent of the total revenue.

39 Contingent liabilities, contingent assets and commitments

A. Capital Commitment:

- (i) Estimated amount of contracts remaining to be executed on the capital account and not provided for in the account (net of capital advances) Rs. 1.043.31 lakh (Rs. 2,000.89 lakh as at 31 March 2019).
- (ii) The Holding Company in 2014-15 had paid certain amounts to Senior Town Planner, Faridabad Circle, Faridabad, for the "change in land use" of 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 a future date. However, the quantum of such future liability is not quantified in the said letter.

B. Contingent liabilities and other commitments

	As at 31 March 2020	As at 31 March 2019
i) Disputed liability - Central Excise Act (refer note 'a' below)	287.44	227.68
ii) Interest on disputed liability- Central Excise Act (refer note 'b' below)	105.23	59.84
iii) EPCG- export obligation	20,963.85	18,491.98
iv) Demand under Income-tax Act, 1961		
- Assessment year: 2013-14	0.62	0.62
v) Liability of sales tax due to pending C Forms	0.08	20.40

- a) Service tax demand amounting to Rs 106.04 lakh for the period April 2014 to June 2017 under Central Excise Act arose due to denial of Cenvat Credit on outward transportation of final product to buyer's premises against which representation were filed before the Joint Commissioner of Central Tax, Faridabad, Haryana. This demand order is still in the dispute till final adjudication.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Excise duty demand amounting to Rs 181.40 lakh for the period January 2013 to June 2017 under Central Excise Act arose due to dispute regarding not adding the value of drawings/designs and specifications in the cost of moulds/dies against which reply has been filed on 26 December 2019 and 31 December 2019 before the Additional Director General (Adjn.), Director General of Goods and Services Tax Intelligence, New Delhi. These demand orders are still in the dispute till final adjudication.

- b) Interest amounting to Rs. 105.23 lakh on the demands raised by excise authorities has been calculated by the group based on the fact mentioned in demand cum show-cause notices pending adjudication.

Interest amounting to Rs. 59.84 lakh on the demands raised by excise authorities has been calculated by the group based on the fact mentioned in demand cum show-cause notices pending adjudication.

C. Contingent assets- Nil

40 Lessee

Adoption of Ind AS 116 'Leases'

Ind AS 116 'Leases' replaces Ind AS 17 'Leases' along with three Interpretations (Appendix A 'Operating Leases-Incentives', Appendix B 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease' and Appendix C 'Determining whether an Arrangement contains a Lease').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach and elected to measure the right-of-use assets at an amount equal to the lease liabilities adjusted for any prepaid or accrued lease payments that existed at the date of transition.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from Ind AS 17 and Appendix C and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17 and Appendix C.

The Group has elected not to include initial direct costs in the measurement of the right-of-use assets for operating leases in existence at the date of initial application of Ind AS 116, being 01 April 2019.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

On transition to Ind AS 116, the weighted average incremental borrowing rate applied to lease liabilities recognised under Ind AS 116 was 9.00%.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Lease liabilities are presented in balance sheet as follows:

Particulars	For the year ended 31 March 2020
Current	89.62
Non current	46.06
Total	135.68

- A. The following is a reconciliation of the financial statement line items from Ind AS 17 to Ind AS 116 at 01 April 2019:

Particulars	Carrying amount at 31 March 2019	Adjustment upon transition to Ind AS 116	Ind AS 116 carrying amount at 01 April 2019
Property, plant and equipment	19,142.24	-	19,142.24
Right-of-use assets	-	176.07	176.07
Lease liabilities	-	(176.07)	(176.07)
Borrowings including current maturities of finance lease obligations	6,698.94	-	6,698.94
Total	25,841.18	-	25,841.18



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

- B. The following is a reconciliation of total operating lease commitments at 31 March 2019 (as disclosed in the financial statements to 31 March 2019) to the lease liabilities recognised at 01 April 2019:

Total operating lease commitments disclosed at 31 March 2019	356.16
Other adjustments relating to commitment disclosures	(159.27)
Operating lease liabilities before discounting	196.89
Discounted using incremental borrowing rate	(20.82)
Operating lease liabilities	176.07
Finance lease obligations	-
Total lease liabilities recognised under Ind AS 116 at 01 April 2019	176.07

- C. The following are amounts recognised in statement of profit and loss:

Particulars	For the year ended 31 March 2020
Depreciation expense of right-of-use assets	78.13
Interest expense on lease liabilities	12.99
Rent expense*	46.82
Total	137.94

*Rent expense for short term leases

- D. The recognised right-of-use assets relate to plant, offices and equipments as at 31 March 2020:

Particulars	Amount
Balance as at 1 April 2019 (on account of initial application of Ind AS 116)	176.07
Add: Addition on account of new leases entered during the year	33.23
Less: Amortisation expenses charged on right-of-use assets	78.13
Balance as at 31 March 2020	131.17

The Group has leases for its plant, offices and equipments. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options/ No of leases with termination options
Plant, offices and equipments	5	1 - 5 years	5

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities are disclosed in note 43.

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Group does not have any liability to make variable lease payments for the right to use the underlying asset recognised in the financial statements.

The expense relating to payments not included in the measurement of the lease liability for short-term leases is Rs. 46.82 lakh. At 31 March 2020, the Group is not committed to any liability towards short-term leases.

Total cash outflow for leases for the year ended 31 March 2020 was Rs. 133.44 lakh (including Rs. 46.82 lakh paid towards the aforementioned short-term leases).

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Disclosures under Ind AS 17 for the year ended 31 March 2019:

Operating leases - assets taken on lease

Minimum lease payments in relation to non- cancellable operating leases are payable as follows:

Particulars	For the year ended 31 March 2019
Not later than one year	114.74
Later than one year and not later than five years	241.42
Total	356.16

41 Related party disclosures

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during the reported period are as follows:

I. Name of the related parties and description of relationship:

Relationship	Name of related party
Enterprise over which KMP exercise control and/or significant influence	Sterling Technologies Private Limited
	Sterling Automobiles Private Limited
	Sterling Mobikes Private Limited
	Jaycee Automobiles Private Limited
	Sterling Fincap Private Limited
	Sterling E-mobility Private Limited (with effect from 24 May 2018)
	Jaycee Premium Cars Private Limited
	Noble Cars Private Limited
	Fabory Netherlands
	Fabory USA Grand Rapids
Fabory Shanghai	
Key Management Personnel	Mr. Manohar Lal Aggarwal - Chairman (till 23 May 2019)
	Mr. Anil Aggarwal – Chairman cum Managing Director (with effect from 23 May 2019)
	Mr. Atul Aggarwal – Whole Time Director
	Mr. Akhill Aggarwal – Director (with effect from 2 August 2019)
	Mr. Jaydeep Wadhwa - Director (with effect from 7 February 2019)
	Mr. Triloki Nath Kapoor- Independent director
	Ms. Malini Sud- Independent director
	Mr. Chotu Ram Sharma- Independent director
	Mr. Shailendra Swarup- Independent director (with effect from 17 December 2019)
	Mr. Rahoul Kabir Bhandari - Independent director (with effect from 2 August 2019)
Relative of key managerial personnel	Mr. Anish Aggarwal (Son of Mr. Anil Aggarwal)
Entity over which the Holding Company exercises significant influence - Joint venture company	Sterling Fabory India Private Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

II Disclosure of related parties transactions (including material transactions):

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
i) Enterprises over which Key Management Personnel has significant influence		
a) Interest income		
Sterling Fincap Private Limited	7.40	11.61
	7.40	11.61
b) Expenses paid- repairs and maintenance		
Sterling Automobiles Private Limited	1.57	3.31
Jaycee Automobiles Private Limited	5.37	9.77
	6.94	13.08
c) Expenses paid- sales promotion		
Sterling Mobikes Private Limited	-	0.35
	-	0.35
d) Expenses paid- Insurance/warranty		
Jaycee Automobiles Private Limited	1.51	-
Sterling Automobiles Private Limited	1.69	-
	3.20	-
e) Rent paid		
Sterling Technologies Private Limited	84.77	53.00
	84.77	53.00
f) Purchase of asset		
Sterling Automobiles Private Limited	10.25	49.83
Jaycee Automobiles Private Limited	-	71.07
	10.25	120.90
g) Sale of asset		
Sterling Automobiles Private Limited	-	8.35
	-	8.35
h) Repayment of loan given		
Sterling Fincap Private Limited	124.70	25.00
	124.70	25.00
ii) Transaction with Key Management Personnel & their relatives		
Remuneration paid		
Mr. Manohar Lal Aggarwal	25.54	152.19
Mr. Anil Aggarwal	180.62	138.59
Mr. Atul Aggarwal	152.85	142.89
Mr. Anish Aggarwal	25.87	17.45
	384.88	451.12
Commission paid		
Mr. Manohar Lal Aggarwal	-	76.00
Mr. Anil Aggarwal	25.00	76.00
Mr. Atul Aggarwal	25.00	76.00
	50.00	228.00
Compensation to Key management personnel *		
- Short term employee benefits	401.22	635.13
- Defined contribution plans	33.66	43.99
	434.88	679.12

*Does not include provisions/ contributions towards gratuity and compensated absences for all directors, as such provisions/ contributions are for the group as a whole.



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Director sitting fees		
Mr. Triloki Nath Kapoor	4.50	3.75
Mr. Malini Sud	2.50	2.75
Mr. Chotu Ram Sharma	4.50	4.00
Mr. Shailendra Swarup	0.25	-
Mr. Rahoul Kabir Bhandari	0.75	-
	12.50	10.50
Legal and professional charges		
Mr. Jaydeep Wadhwa	60.00	-
	60.00	-
Reimbursement of expenses		
Mr. Jaydeep Wadhwa	10.78	-
	10.78	-
iii) Closing balances		
	As at	For the year ended
	31 March 2020	31 March 2019
Remuneration payable		
Mr. Manohar Lal Aggarwal	-	5.02
Mr. Anil Aggarwal	-	4.66
Mr. Atul Aggarwal	-	4.01
Mr. Anish Aggarwal	-	1.43
Total	-	15.12
Commission payable		
Mr. Manohar Lal Aggarwal	-	48.73
Mr. Anil Aggarwal	16.03	48.73
Mr. Atul Aggarwal	16.03	48.73
Total	32.06	146.19
Gratuity payable		
Mr. Manohar Lal Aggarwal	20.00	-
	20.00	-
Legal and professional charges payables		
Mr. Jaydeep Wadhwa	5.17	-
	5.17	-
Outstanding payables		
Sterling Automobiles Private Limited	-	0.62
Jaycee Automobiles Private Limited	-	1.31
Sterling Technologies Private Limited	7.32	-
Total	7.32	1.93
Outstanding receivables		
Sterling Fincap Private Limited	-	118.04
Sterling Automobiles Private Limited	8.35	-
Total	8.35	118.04
Investments		
Sterling Fabory India Private Limited	227.64	287.59
	227.64	287.59

Personal guarantee by Director against the borrowings

Mr. Atul Aggarwal, Director, has given personal guarantee as security against the term loans and working capital facilities from banks obtained by the Holding Company (refer note 18 and 23).

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

II Terms and conditions

All transactions were made on normal commercial terms and conditions.

All outstanding balances are unsecured and are repayable in cash.

42 Corporate social responsibility expenses

The Holding Company's CSR programs/projects focusses on sectors and issues as mentioned in in Schedule VII read with Section 135 of the Act. The CSR committee has been formed by the Holding Company as per the Act.

Gross amount required to be spent by the Holding Company (i.e. 2% of average net profits u/s 198 of Companies Act, 2013 of last three years): Rs. 129.77 lakh (31 March 2019 - Rs. 115.09 lakh)

Amount spent during the year ended 31 March 2020:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total	Outstanding amount to be spent for FY 2019-20
(i)	Construction/acquisition of any asset	-	Others	-	-
(ii)	On purposes other than (i) above	130.00	Others	130.00	-

(b) Amount spent during the year ending 31 March 2019:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total	Outstanding amount to be spent for FY 2018-19
(i)	Construction/ acquisition of any asset	-		-	-
(ii)	On purposes other than (i) above	3.60	Payment to educational and other welfare societies	115.60	-
		112.00	Employment generation	-	

43 Fair value measurements

I Financial instruments

(a) Financial instruments by category

Except derivative financial instruments and investment in mutual funds which are measured at fair value through profit or loss, all other financial assets and liabilities viz. trade receivables, security deposits, cash and cash equivalents, other bank balances, interest receivable, other receivables, trade payables, employee related liabilities and borrowings, are measured at amortised cost. Investment in equity instruments are measured at fair value through other comprehensive income.

(b) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its consolidated financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels of in the fair value hierarchy:

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

As at 31 March 2020

Particulars	Carrying amount					Fair value			
	FVOCI	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Non-current investments	940.38	-	-	-	940.38	-	-	940.38	940.38
Current investments	-	564.07	-	-	564.07	564.07	-	-	564.07
Financial assets not measured at fair value									
Non-current investments	-	-	227.64	-	227.64	-	-	-	-
Loans	-	-	462.34	-	462.34	-	-	-	-
Other financial assets	-	-	2,575.31	-	2,575.31	-	-	-	-
Trade receivables	-	-	2,806.56	-	2,806.56	-	-	-	-
Cash and cash equivalents	-	-	1,568.34	-	1,568.34	-	-	-	-
Other bank balance	-	-	27.73	-	27.73	-	-	-	-
	940.38	564.07	7,667.92	-	9,172.37	-	-	-	-
Financial liabilities measured at fair value									
Other forward exchange contracts	-	5.84	-	-	5.84	-	5.84	-	5.84
Financial liabilities not measured at fair value									
Borrowings	-	-	-	7,365.69	7,365.69	-	-	-	-
Lease liabilities	-	-	-	135.68	135.68	-	-	-	-
Trade payables	-	-	-	2,187.98	2,187.98	-	-	-	-
Other financial liabilities	-	-	-	272.47	272.47	-	-	-	-
	-	5.84	-	9,961.82	9,967.66	-	-	-	-

As at 31 March 2019

Particulars	Carrying amount					Fair value			
	FVOCI	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Non-current investments	401.38	-	-	-	401.38	-	-	401.38	401.38
Current investments	-	4,945.77	-	-	4,945.77	4,945.77	-	-	4,945.77
Other forward exchange contracts	-	64.53	-	-	64.53	-	64.53	-	64.53
Financial assets not measured at fair value									
Non-current investments	-	-	287.59	-	287.59	-	-	-	-
Loans	-	-	463.61	-	463.61	-	-	-	-
Other financial assets	-	-	238.35	-	238.35	-	-	-	-
Trade receivables	-	-	4,219.34	-	4,219.34	-	-	-	-
Cash and cash equivalents	-	-	386.14	-	386.14	-	-	-	-
Other bank balance	-	-	117.46	-	117.46	-	-	-	-
	401.38	5,010.30	5,712.49	-	11,124.17	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	-	-	-	9,928.68	9,928.68	-	-	-	-
Trade payables	-	-	-	3,275.84	3,275.84	-	-	-	-
Other financial liabilities	-	-	-	216.03	216.03	-	-	-	-
	-	-	-	13,420.54	13,420.54	-	-	-	-

The Group has an established control framework with respect to the measurement of fair values. The finance and accounts team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the board of directors. The team regularly reviews significant unobservable inputs and



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Holding Company's board of directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers in either direction for the years ended 31 March 2020 and 31 March 2019.

Measurement of fair values

Valuation techniques and significant unobservable inputs

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value
Forward exchange contracts	The fair value of forward exchange contracts is determined using forward exchange rates as at the balance sheet date.	Not applicable	Not applicable
Investment in unquoted equity instruments measured at fair value through other comprehensive income	The fair value of investment in equity instruments is determined on the basis of independent valuation using the Discounted Cash Flow (DCF) method as at the balance sheet date.	Long-term growth rate and discount rates	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> - the long-term growth rate would be higher (lower); - the discount rate were lower (higher).

Fair value of financial assets and liabilities measured at amortized cost

The carrying amounts of short term trade and other receivables, trade payables, cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

For other financial liabilities/ assets that are measured at fair value, the carrying amounts are equal to the fair values.

II. Financial risk management

The group's principal financial liabilities comprise borrowings, derivatives, trade payables and other payables. The group's principal financial assets include trade & other receivables, and cash and short-term deposits that derive directly from its operations.

The group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Group. Credit risk arises principally from trade receivables, derivative financial instruments, loans and advances, cash and cash equivalents and deposits with banks.

Trade receivables

The Group primarily sells high tensile cold forged fasteners to bulk customers comprising mainly automotive manufacturers operate in India and outside India. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in Note 38(C).

Cash and cash equivalents and deposits with banks

Cash and cash equivalents of the Group are held with banks which have high external rating. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Loans to employees and securities deposits

The Group provides loans to its employees and furnish security deposit to various parties for electricity, communication, etc.. The Group considers that its loans have low credit risk or negligible risk of default as the parties are well established entities and have strong capacity to meet the obligations.

Investments

The Holding Company has invested in unquoted equity instruments in a joint venture company and other company. The management monitors the operation of the joint venture which affects investments. The Holding Company does not expect the counterparty to fail to meet its obligations.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	31 March 2020	31 March 2019
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Non-current loans	423.62	312.89
Non-current Investments	1,168.02	688.97
Current investments	564.07	4,945.77
Cash and cash equivalents	1,568.34	386.14
Other bank balances	27.73	117.46
Current loans	38.72	157.25
Other current financial assets	2,575.31	378.03
	6,365.81	6,986.51
Financial assets for which loss allowance is measured using life time Expected Credit Losses (ECL)		
Trade receivables	2,806.56	4,137.67
	2,806.56	4,137.67

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Provision for expected credit losses

(a) Financial assets for which loss allowance is measured using 12 month expected credit losses

The Group has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Hence, no impairment loss has been recognised during the reporting periods in respect of these assets.

(b) Financial assets for which loss allowance is measured using life time expected credit losses

The Group has customers with strong capacity to meet the obligations and therefore the risk of default is negligible in respect of outstanding from customers. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full. Hence, no impairment loss has been recognised during the reporting periods in respect of trade receivables.

Ageing analysis of trade receivables

The ageing analysis of the trade receivables is as below:

Ageing	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	Total
Gross carrying amount as 31 March 2020	2,578.12	200.37	3.05	14.15	10.87	2,806.56
Gross carrying amount as 31 March 2019	3,723.11	378.64	21.27	11.31	3.34	4,137.67

B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group believes that the working capital is sufficient to meet its capital requirements. Accordingly, no liquidity risk is perceived.

As at 31 March 2020, the Group has a working capital of Rs 9,772.87 lakh (31 March 2019 - 10,936.06 lakh) including cash and cash equivalents of Rs 1,568.34 lakh (31 March 2019 - 386.14 lakh).

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2020	As at 31 March 2019
Non- derivative financial liabilities		
Floating-rate borrowings		
- Expiring within one year	8,424.28	5,770.26
- Expiring beyond one year	-	-

(ii) Maturities of financial liabilities

The following are the contractual maturities of non-derivative financial liabilities, based on contractual cash flows:

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

31 March 2020

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
Non-derivative financial liabilities						
Non current borrowings	780.77	758.95	737.10	658.22	6,145.80	9,080.84
Lease liabilities	23.41	23.41	23.51	23.56	54.35	148.25
Other non-current financial liabilities						
- Security deposits	-	-	-	-	26.39	26.39
Current borrowings						
- Working capital loans	575.72	-	-	-	-	575.72
Trade payables	2,187.98	-	-	-	-	2,187.98
Creditors for capital goods	172.65	-	-	-	-	172.65
Interest accrued but not due	45.71	-	-	-	-	45.71
Unclaimed dividend	27.73	-	-	-	-	27.73
Derivative financial liabilities						
Other forward exchange contracts	4.21	1.63	-	-	-	5.84
Total	3,818.19	783.99	760.61	681.78	6,226.54	12,271.11

31 March 2019

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
Non-derivative financial liabilities						
Non current borrowings	400.01	433.74	463.86	562.86	6,394.18	8,254.65
Other non current financial liabilities						
- Security deposits	-	-	-	-	30.58	30.58
Current borrowings						
- Working capital loans	3,229.74	-	-	-	-	3,229.74
Trade payables	3,275.84	-	-	-	-	3,275.84
Creditors for capital goods	127.52	-	-	-	-	127.52
Interest accrued but not due	28.47	-	-	-	-	28.47
Unclaimed dividend	29.46	-	-	-	-	29.46
Derivative financial liabilities						
Other forward exchange contracts	-	-	-	-	-	-
Total	7,091.04	433.74	463.86	562.86	6,424.76	14,976.26

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board of directors is responsible for setting up of policies and procedures to manage market risks of the Group. The Group is carrying out imports of certain raw materials and capital goods and exports finished goods which are denominated in the currency other than the functional currency of the Group which exposes it to foreign currency risk. In order to minimise the risk, the Group executes forwards contract w.r.t purchases and sale made in currency other than functional currency, the foreign exchange exposure of the Group is ascertained on the basis of the progress billings and purchase orders issued.



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

D. Currency risk

The Group is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates.

The currency profile of financial assets and financial liabilities are as below:

Particulars	As at 31 March 2020			
	EURO	JPY	USD	GBP
Financial assets				
Trade receivables (INR in lakh)	401.90	-	32.37	-
Financial liabilities				
Trade payables (INR in lakh)	-	-	63.00	1.60
Derivatives liabilities (INR in lakh)	5.84	-	-	-
Net exposure to foreign currency risk - assets / (liabilities)	396.06	-	(30.63)	(1.60)

Particulars	As at 31 March 2019			
	EURO	JPY	USD	GBP
Financial assets				
Trade receivables (INR in lakh)	841.96	-	58.23	7.85
Derivatives assets (INR in lakh)	71.95	-	(7.42)	-
Financial liabilities				
Trade payables (INR in lakh)	-	0.81	53.88	1.60
Derivatives liabilities (INR in lakh)	-	-	-	-
Net exposure to foreign currency risk - assets / (liabilities)	913.91	(0.81)	(3.07)	6.25

Sensitivity analysis

A strengthening of the Indian Rupee, as indicated below, against foreign currency at 31 March would have increased (decreased) profit or loss (before tax) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for previous year, except that the reasonably possible foreign exchange rate variances were different, as indicated below.

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
31 March 2020		
INR/EUR	19.80	(19.80)
INR/USD	(1.53)	1.53
INR/GBP	(0.08)	0.08
INR/JPY	-	-

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
31 March 2019		
INR/EUR	45.70	(45.70)
INR/USD	(0.15)	0.15
INR/GBP	0.31	(0.31)
INR/JPY	(0.04)	0.04

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

E. Interest rate risk

The group is exposed to interest rate risk arising mainly from non current and current borrowings with floating interest rates. The group is exposed to interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments is as follows:

Particulars	31 March 2020	31 March 2019
Financial assets:		
Fixed rate instruments		
- Fixed deposits	1,149.90	88.00
Total	1,149.90	88.00
Variable-rate instruments		
- Rupee term loans	6,789.96	6,698.94
- Working capital facility	575.72	3,229.74
Total	7,365.69	9,928.68

Fair value sensitivity analysis for fixed-rate instruments

The group's fixed rate instruments are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the previous year.

Particulars	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
31 March 2020		
Rupee term loans	(71.68)	71.68
Working capital facility	(11.33)	11.33
Cash flow sensitivity (net)	(83.01)	83.01
31 March 2019		
Rupee term loans	(25.65)	25.65
Working capital facility	(12.58)	12.58
Cash flow sensitivity (net)	(38.23)	38.23

44 Capital management

The group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- maintain an appropriate capital structure of debt and equity.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and sourcing by leveraging opportunities in domestic and international financial markets so as to maintain investors, creditors and markets' confidence and to sustain future development of the business.

The group monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry. The group is not subject to externally imposed capital requirements.

The group monitors capital using gearing ratio which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and cash equivalents. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

Particulars	31 March 2020	31 March 2019
Total borrowings	7,411.39	9,957.15
Less: Cash and cash equivalents	1,568.34	386.14
Net debt	5,843.05	9,571.01
Total equity	30,645.92	28,049.67
Net debt to equity ratio	0.19	0.34

45 Interests in other entities

(a) Subsidiaries

Name of entity	Principal place of business	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	
Haryana Ispat Private Limited	India	100.00%	100.00%	-	-	Leasing of immovable property
Sterling Gtaka E-Mobility Limited	India	98.36%	-	1.64%	-	Manufacturing and trading of motor control unit (MCU) used in automobile industry

(b) Joint venture

The group has a 50% interest in a joint venture i.e. Sterling Fabry (India) Private Limited which was incorporated in March 2010 with M/s Fabry Masters in Fasteners Group B.V., Netherlands. The Company is engaged in the business of sale of fasteners. The principal place of business of the joint venture is in India.

Name of entity	% of ownership interest	Quoted fair value*		Carrying amount		Accounting method
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	
Sterling Fabry (India) Private Limited	50%	-	-	227.64	287.59	Equity method in accordance with Ind AS 28 'Investment in Associates and Joint Ventures'

* Since the entity is not listed, quoted value is not available.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

(i) Summarised financial information for joint venture

Summarised balance sheet

Particulars	As at 31 March 2020	As at 31 March 2019
Current assets		
- Cash and cash equivalents	109.38	132.18
- Other assets	499.17	812.58
Total current assets	608.55	944.76
Total non-current assets	130.04	57.72
Current liabilities		
- Trade payables	203.88	385.28
- Other financial liabilities	30.56	-
- Other liabilities	16.19	30.09
Total current liabilities	250.63	415.37
Total non-current liabilities	36.27	11.93
Net assets	451.69	575.18

Summarised statement of profit and loss

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	1,130.57	1,405.70
Profit before tax	(131.40)	30.46
Tax expenses	(9.55)	4.35
Profit after tax	(121.85)	26.11
Other comprehensive income	1.94	1.07
Total comprehensive income	(119.91)	27.18
Dividend received	-	-

Reconciliation of carrying amounts

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening net assets	575.18	548.01
Profit for the year	(121.85)	26.10
Other comprehensive income	1.94	1.07
Impact on account of adoption of Ind AS 116	(3.58)	-
Closing net assets	451.69	575.18
Group's share in %	50%	50%
Group's share in INR lakh	227.64	287.59
Carrying amount of investment in joint venture	227.64	287.59



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

46 Disclosures pursuant to Ind AS 115, Revenue from Contracts with Customers, are as follows:

Significant changes in contract assets and liabilities

Description	31 March 2020	31 March 2019
Opening balance of contract liabilities	153.03	184.73
Amount of revenue recognised against opening contract liabilities	(122.45)	(158.93)
Addition in balance of contract liabilities for current year	19.76	127.23
Closing balance of contract liabilities	50.34	153.03

There has been no significant changes in contract assets/liabilities during the year.

Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	31 March 2020	31 March 2019
Amounts included in contract liabilities at the beginning of the year	122.45	158.93
Performance obligations satisfied in previous years	-	-
	122.45	158.93

Disaggregation of revenue

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by segment and type.

Disaggregation of revenue

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by segment and type.

Revenue by segment	Year ended 31 March 2020	Year ended 31 March 2019
Geography wise		
Domestic	33,380.83	46,836.51
Export	2,622.92	3,672.78
	36,003.75	50,509.29
Customers wise		
Related party	129.80	245.46
Non-related party	35,873.95	50,263.83
	36,003.75	50,509.29

Description	Year ended 31 March 2020	Year ended 31 March 2019
Revenue by time		
Revenue recognised at point in time	36,003.75	50,509.29
	36,003.75	50,509.29

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Assets and liabilities related to contracts with customers

Description	As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current
Contract assets related to sale of goods	-	-	-	-
Contract liabilities related to sale of goods				
Advance from customers	-	23.95	-	122.45
Security deposit	26.39	-	30.58	-

Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

Description	Year ended 31 March 2020	Year ended 31 March 2019
Contract price		
Less: Discounts and freight	36,792.35	51,259.29
Revenue from operations as per Statement of Profit and Loss	788.60	750.00
	36,003.75	50,509.29

Satisfaction of performance obligations

The Group's revenue is derived from the single performance obligation to transfer primarily its products under arrangements in which the transfer of control of the products and the fulfillment of the Group's performance obligation occur at the same time. Revenue from the sale of goods is recognized when the Group has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Group will collect the consideration to which it is entitled to in exchange for the goods.

Whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms. For the Group's operations, generally the criteria to recognize revenue has been met when its products are delivered to its customers or to a carrier who will transport the goods to its customers, this is the point in time when the Group has completed its performance obligations. Revenue is measured at the transaction price of the consideration received or receivable, the amount the Group expects to be entitled to.

Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-60 days.

Variable considerations associated with such sales

Periodically, the Group enters into volume or other rebate programs where once a certain volume or other conditions are met, it refunds the customer some portion of the amounts previously billed or paid. For such arrangements, the Group only recognizes revenue for the amounts it ultimately expects to realize from the customer. The Group estimates the variable consideration for these programs using the most likely amount method or the expected value method, whichever approach best predicts the amount of the consideration based on the terms of the contract and available information and updates its estimates each reporting period.

47 Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Act:



Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees, unless otherwise stated)

Name of entity	Net assets, i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income (net of tax)		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated net assets
Holding Company								
Sterling Tools Limited	30,606.28	99.86%	3,150.58	103.28%	413.57	100.00%	3,564.15	102.89%
Subsidiary								
Haryana Ispat Private Limited	249.49	0.81%	9.87	0.32%	-	-	9.87	0.29%
Sterling Gtack E-Mobility Limited	250.76	0.82%	(49.24)	-1.61%	-	-	(49.24)	-1.42%
Non-controlling interests in subsidiary	4.18	0.01%	(0.82)	-0.03%	-	-	(0.82)	-0.02%
Joint venture								
Sterling Fabroy (India) Private Limited	(460.61)	-1.50%	(59.95)	-1.97%	-	-	(59.95)	-1.73%
Total	30,650.10	100%	3,050.44	100%	413.57	100%	3,464.01	100%

48 Inventory of finished goods have been written down to its net realisable value and the resultant impact of write down amounts to Rs.90.21 lakh (31 March 2019 - Nil).

49 Spread of COVID - 19 has affected the economic activity across the Globe, including India. Government of India has taken significant measures to curb the spread of the infection including imposing mandatory lockdowns and restrictions in activities. Consequently, Holding Company's manufacturing plants and offices were closed for a considerable period of time. As a result of the suspension of operations, likely revenue for the month of March 2020 has been impacted and basis management's assessment, future revenue may reduce due to this. Management believes that it has taken into account all the possible impacts of known events arising from the COVID - 19 pandemic on the financial statements including its assessment of the Holding Company's liquidity and going concern, recoverable value of its property, plant and equipment, trade receivables, inventories and investments. However, given the uncertainties in the economic environment, management's impact assessment is subject to significant estimation uncertainties, and accordingly, the actual results in future may be different from those estimated as at the date of approval of these consolidated financial statements. The Holding Company will continue to monitor any material changes to the future economic conditions and consequential impact on its business/operations.

As per our report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For & on behalf of Board of Directors

Sterling Tools Limited

Rajni Mundra

Partner

Membership No. 058644

Anil Aggarwal

Managing Director

DIN No. 00027214

Atul Aggarwal

Director and Chief Financial Officer

DIN No. 00125825

Place: New Delhi

Date: 26 June, 2020

Place: Faridabad

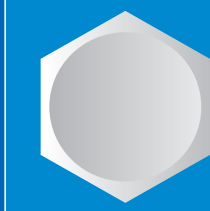
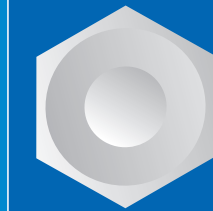
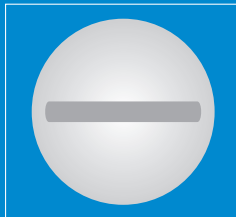
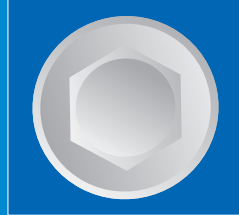
Date: 26 June, 2020

Vaishali Singh

Company Secretary

Membership No. A15108





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