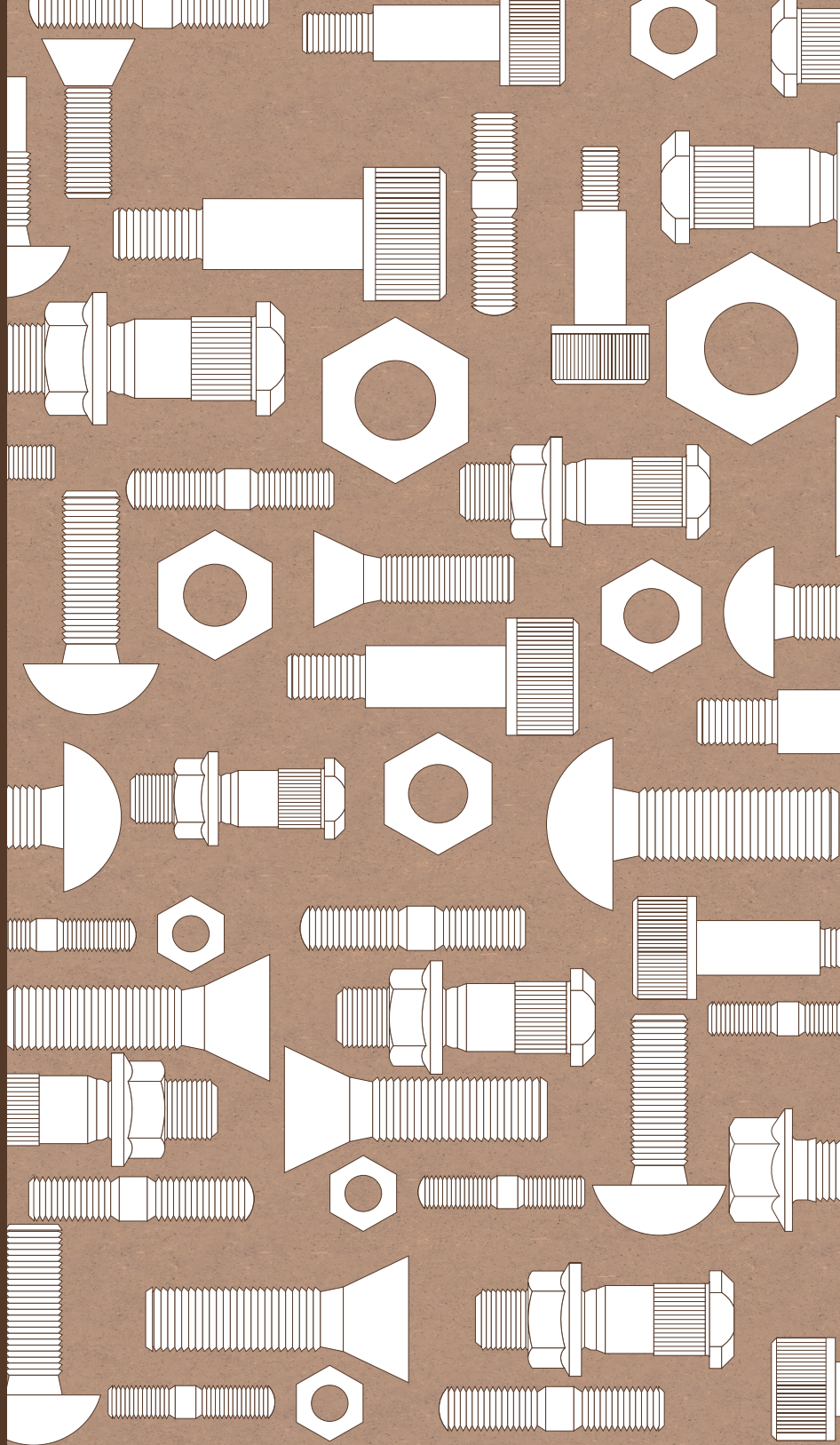




ANNUAL REPORT  
2020-21



**STERLING TOOLS LIMITED**



**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, Ballabgarh  
Faridabad (Haryana)

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

**Bankers:**

Punjab National Bank  
State Bank of India  
HDFC Bank Limited

**Board of Directors****Sh. Manohar Lal Aggarwal**

*Chairman-Emeritus*

**Sh. Anil Aggarwal**

*Chairman-cum-  
Managing Director*

**Sh. Atul Aggarwal**

*Whole Time Director*

**Dr. T.N. Kapoor**

*Director*

**Sh. C.R. Sharma**

*Director*

**Ms. Malini Sud**

*Director*

**Sh. Jaideep Wadhwa**

*Director*

**Sh. Rahoul Kabir Bhandari**

*Director*

**Sh. Akhill Aggarwal**

*Director*

**Sh. Shailendra Swarup**

*Director*

**Sh. Rakesh Batra**

*Director*

**Sh. Pankaj Gupta**

*CFO*

**Compliance Officer**

**Ms. Vaishali Singh**

**Auditors****Statutory Auditors**

Walker Chandio & Co LLP  
(Formerly Walker Chandio & 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

ASA & Associates LLP  
Level-2, Park Square  
No. 150, 36th Cross  
Jai Nagar, 7th Block  
Bengaluru-560082 India

**Secretarial Auditors**

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

**Registrar & Transfer Agent**

MAS Services Limited  
T-34, 2<sup>nd</sup> 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 42<sup>nd</sup> Annual Report on the business and operations of your Company and Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2021.

## Financial Summary & Highlights

The Company's performance for the Financial Year 2020-21 vis-à-vis 2019-20 is summarized as under:

(Amount in Rs. Lacs)

Particulars	Standalone		Consolidated	
	2020-2021	2019-2020	2020-2021	2019-2020
Profit Before Tax	3116.98	3370.26	3033.76	3600.61
Less: Current Tax	770.66	593.95	774.33	597.17
Deferred Tax	(95.48)	(128.60)	(91.48)	(47.00)
Profit for the Year	2441.80	2904.91	2350.91	3050.44
Add: Other Comprehensive Income	150.91	413.57	150.91	413.57
<b>Total Comprehensive Income for the Year</b>	<b>2592.71</b>	<b>3318.48</b>	<b>2501.82</b>	<b>3464.01</b>
<b>Appropriations:</b>				
Interim Dividend	0.00*	720.48	0.00	720.48
Tax on Interim Dividend	0.00	148.10	0.00	148.10
Transfer to General Reserve	0.00	0.00	0.00	0.00
Balance Carried to Balance Sheet	0.00	2449.9	0.00	2595.43

\*The Board of Directors has recommended a final dividend at the rate of Rs. 1 per share

## Impact of Covid-19

In the backdrop of COVID-19 scenario, financial year 2020-21 was a highly volatile and a challenging year. Covid-19 changed almost every aspect of human lives in ways never imagined. As the Covid-19 cases continued to rise exponentially, the Country's overall economy witnessed the sharpest decline in the first quarter of fiscal 2021. The Company' operations also remained affected due to restricted movement and disrupted supply lines in the first quarter and then the activity level gradually picked up because of robust growth in Automobile Industry due to pent-up demand, and partly on account of the preference for individual mobility. The pace of demand for the full year was dependent upon a number of factors such as the containment of the pandemic, general economic revival and various measures taken by Government.

This Pandemic is having a serious Impact on Indian businesses and has already caused an unprecedented collapse in economic activities. As the country navigated through the crisis, the Government and the Reserve Bank of India took effective measures to support a robust economic recovery. The Union Budget 2021 focused on regaining the growth momentum in the economy through several measures including keeping tax rates stable and enhancing investments in infrastructure.



The Covid-19 impact remains a serious concern for governments and businesses.

The Company has implemented Standard Operating Procedures to fight with Covid-19 which includes social distancing, workplace sanitisation and employees' health monitoring, and these are being followed strictly across all its Manufacturing Locations, Head Office and its Registered Office.

Further Company is also taking effective steps to control the cost in all the quarters to improve the profitability.

## **Company's performance and Future outlook**

As mentioned earlier, the F.Y. 2020-21 was a challenging year, especially, the first quarter wherein the operations of the Company were adversely impacted due to Nationwide Lockdown.

The financial statements have been prepared as per the IND-AS prescribed by the Institute of Chartered Accountants of India (ICAI).

The highlights of the Company's performance (Standalone) during the Financial Year 2020-21 are as under:

- Profit before tax decreased by 7.51% at Rs. 3116.99 Lacs.
- Total Comprehensive Income decreased by 21.87% at Rs. 2592.72 Lacs.
- Cash Profit decreased by 5.54% at Rs. 5220.12 Lacs.

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

## **Dividend**

Your Directors are pleased to recommend for your consideration and approval dividend at 50% for the year ended 31<sup>st</sup> March, 2021 (Rs. 1/- per equity share) on the paid up equity share capital as compared to 100% for the year ended 31<sup>st</sup> March 2020 (Rs. 2/- per Equity Share). The dividend if approved at ensuing Annual General Meeting will absorb Rs. 360.24 Lacs. The dividend will be paid to members whose names appear in the register of members as on a record date.

### **Dividend Distribution Policy**

The Board of your Company in its Meeting held on 12th June, 2021 has also approved the Dividend Distribution Policy containing the parameters mentioned in Regulation 43A(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is available on Company's website: [www.stlfasteners.com/investors/](http://www.stlfasteners.com/investors/)

## **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' shares are compulsorily tradable in electronic form. As on March 31, 2021, 99.72% of the Company's total paid-up Capital representing 3,59,23,114 shares are in dematerialized form. In view of numerous advantages offered by the Depository System, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the Depositories.

## Capital Structure and Listing

As on 31<sup>st</sup> March, 2021, 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 31<sup>st</sup> March, 2021.

There is no change in share capital during the year.

## Subsidiaries, Joint Venture and Associate Companies

As on date, the Company has one Joint Venture named:

1. **Sterling Fabory India Private Limited:** 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 2020-2021.

The Company has two subsidiaries:

1. **Haryana Ispat Pvt. Ltd.:** The Company has acquired 100% shareholding of Haryana Ispat Pvt. Ltd. on 25<sup>th</sup> November, 2016. Hence the said Company is a wholly owned Subsidiary of our Company w.e.f. 25<sup>th</sup> November, 2016.
2. **Sterling Gtake E-Mobility Limited:** This Company has been formed in January 2020 for the purpose of manufacturing Motor Control Units (MCUs) for Electric Vehicles on a Joint Venture arrangement basis with a China based Company named Jiangsu Gtake Electric Company Ltd.

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 sometime. 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.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing the salient features of financial statements of the Joint Venture Company named Sterling Fabory India Private Limited and Subsidiary Companies named Sterling Gtake E-mobility Limited and 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**

4 (Four) board meetings were conducted during the year in respect of which proper notices were given and the proceedings were properly recorded. For details of the meetings of the Board and attendance of the Directors, please refer Page No. 54 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 10<sup>th</sup> November, 2020 subject to approval of shareholders, appointed Sh. Rakesh Batra as Non-Executive Independent Director of the Company for a term of 5 Years w.e.f. 10<sup>th</sup> November, 2020 to 9<sup>th</sup> November, 2025.

Sh. Jaideep Wadhwa 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

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Sh. Anil Aggarwal, Chairman & Managing Director, Sh. 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. 5.41 crores in Financial Year under review in Equity Share Capital of Sterling Gtate 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 at 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.

- Sh. 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)
- Sh. 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. 60 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, 2021, the Gross Fixed Assets including Intangible Assets stood at Rs. 42568.04 Lacs and Net Fixed Assets stood at Rs. 24456.12 Lacs. Additions during the year amounted to Rs. 1925.24 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 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 31<sup>st</sup> March, 2021, 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 31<sup>st</sup> March, 2021 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 28<sup>th</sup> 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 43<sup>rd</sup> 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 7<sup>th</sup> 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 2020-2021 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 2020-2021, who had conducted the Secretarial Audit of the Company for the year 2020-2021.

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 2021-2022. The Audit Committee recommended his appointment and remuneration subject to the compliance of all the requirements as stipulated under the Act and circulars issued thereunder.

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, 2021.



Based on the results of such assessments carried out by Management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed. Nonetheless your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

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, 2021, 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 Units, One Wire Drawing Unit (WDU) and Three Fasteners Manufacturing Plants.

Our fastener manufacturing units are certified to the following standards:

- DLF, Prithla & Bangalore 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 31<sup>st</sup> March, 2021 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**

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulations, 2015, the Company has constituted a Risk Management Committee vide its Board Meeting held on 12th June, 2021 with the following as its Members:

Sh. Anil Aggarwal

Sh. Atul Aggarwal

Sh. Rakesh Batra

Sh. Pankaj Gupta

with an objective of reviewing various risks faced by the Company and advises the Board on risk mitigation plans.

Some of the risks that the Company is exposed to are:

### **Competition:**

The Company operates in a competitive environment and the Customers of the Company are sourcing the Products from more than one sources.

Mitigation: The Company's senior management team closely monitors the market and devises the various strategies to stay ahead of the competition.

### **Risk of COVID-19 pandemic**

The fallout in Economy due to Covid-19 pandemic is affecting both the demand and supply side. It will hurt discretionary consumption on demand side and whereas the lockdown, the slow unlocking has impacted the supply side. Further, ramping up of production while maintaining social distancing and ensuring safety of worker is a concern.

Mitigation: The Company has set in protocols for its plant/office and people in accordance with local and national governments' guidelines. Moreover, the Company has initiated the vaccination drive to vaccinate all its Employees.

### **Regulatory risks**

The Company is exposed to risks attached to various statutes, laws and regulations including the Competition Act.

Mitigation: 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.

### **Risk due to technology innovation**

The Company manufactures millions of Fasteners for the OEMs (Original Equipment Manufacturers) that need continuous technological upgradation.

Mitigation: The Company has been investing in R&D to access to latest technologies and to upgrade its Products from time to time.

### **Economy:**

The economy is still unpredictable to the challenging global economic environment of increased trade tensions, protectionism and slow down.

### **Automobile Industry:**

Since the Company is an Auto-ancillary Company and a Supplier to Automobile Industry. The fortunes of the automobile industry are cyclical and the demand for vehicles are vulnerable to the interest rates and liquidity. Currently the Global and Indian Auto Industry is facing a chip shortage which may have some impact on the production volume of the OEMs in the current fiscal year.

Mitigation: Although Company is dependent on Economic and Auto sector, however, we keep a close watch on the changing trends and challenges and take regular corrective action wherever possible.

### **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.

Mitigation: The Company uses standardised backup tools, services and procedures to ensure that information and data are stored at two or more diverse locations.

### **Risk Management Framework**

The Company has robust systems for Internal Audit and Risk assessment and mitigation. As part of the Annual Internal Audit Plan, all the locations including plants, warehouses and Head Office are covered. At the start of the year, the audit plan, is approved by the audit committee. Further, on a quarterly basis summary of key findings is presented to the Audit committee.

With unprecedented changes in business environment, Companies are operating in an environment of Volatility and uncertainty, but our strong Governance and business structure, with stakeholder interest at the core, makes us cognizant of these risks and uncertainties that our business faces. The Company on a periodic basis identifies these uncertainties and after assessing them, formulates short-term and long-term action plans to mitigate any risk which could materially impact the Company's long-term goals and Vision.

## 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://stlfasteners.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 25<sup>th</sup> November, 2016. During the year under review, the other income of the Subsidiary Company is Rs. 13.10 Lacs. Further, the income of the Subsidiary for the year is Rs. 7.47 Lacs.

### II. Sterling Gtake E-Mobility Limited - Subsidiary Company:

The Subsidiary Company became a subsidiary on 12<sup>th</sup> March, 2020. During the year under review, the revenue including other income of the Subsidiary Company is Rs. 24.59 Lacs. Further, the loss of the Subsidiary for the year is Rs. 228.78 Lacs.

### III. Sterling Fabory India Private Limited - Joint Venture Company:

The Joint Venture Company was incorporated on 9<sup>th</sup> March, 2010 as a JV. During the year under review, the revenue including other income of the JV Company is Rs. 837.58 Lacs and the loss of the Company is Rs. 101.59 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 Sterling Tools Limited (STL), we are committed to sustainable work practices and a transparent work culture. The Company has continued with its practice of a lean organisation manned by involved and motivated employees with team orientation. The year gone by brought many challenges owing to Covid led disruptions which posed serious threats to the entire mankind. All Safety protocols mandated by local authorities at the different plant locations, Head Office have been followed.

Maintaining balance between safety of employees and business continuity, proactive measures for employees were undertaken like, workplace SOPs, awareness sessions, roster facilities etc.

The Company is having Performance Management System (PMS) to objectively measure the performance of the individual and the organization. The overall remuneration structure is linked with PMS. To further increase the competency level of the employees, systematic and structured training is provided at different levels. Such trainings cover aspects related to leadership development, communication effectiveness and team building etc. This has made a significant contribution to the Company's business.

Industrial relations remained cordial throughout the year under review.

The Company had a total of 571 permanent employees as on 31<sup>st</sup> March, 2021.

## **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/](http://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 your continued support.

**For and on behalf of the Board**

**Date: 11th August, 2021**  
**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 (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 <sup>st</sup> March, 2021
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. 246.96
8.	Total Assets	Rs. 259.62
9.	Total Liabilities	Rs. 259.62
10.	Investments	Rs. NIL
11.	Turnover/Other Income	Rs. 13.10
12.	Profit before taxation	Rs. 11.02
13.	Provision for taxation	Rs. 3.55
14.	Profit after taxation	Rs. 7.47
15.	Proposed Dividend	Rs. NIL
16.	Extent of Shareholding (in %)	100%

[(Information in respect of each subsidiary to be presented with the amount (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 <sup>st</sup> March, 2021
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. 845.60
7.	Reserves & Surplus	Rs. (278.83)
8.	Total Assets	Rs. 723.21
9.	Total Liabilities	Rs. 723.21
10.	Investments	Rs. NIL
11.	Turnover (including other income)	Rs. 24.59
12.	Profit before taxation	Rs. (285.62)
13.	Provision for taxation	Rs. (56.84)
14.	Profit after taxation	Rs. (228.78)
15.	Proposed Dividend	Rs. NIL
16.	Extent of Shareholding (in %)	99.88%

**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
3. The figures in ( ) carry negative values.



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

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

S. No.	Name of Associates/Joint Venture	Sterling Fabory India Private Limited
1.	Latest audited Balance Sheet Date	31 <sup>st</sup> March, 2021
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	175.05
7.	Loss for the year	(101.59)
	Considered in Consolidation	(50.795)
	Not Considered in Consolidation	(50.795)

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

**(Vaishali Singh)**

Company Secretary  
PAN: AVIPS7863A

**(Pankaj Gupta)**

CFO  
PAN: ADCPG3265G



# Annexure-II to Board's Report

## Extract of Annual Return

### FORM NO. MGT 9

As on financial year ended on 31.03.2021

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	99.88%	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	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	23693030	0	23693030	65.77	23693030	0	23693030	65.77	0.00
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL:(A) (1)</b>	<b>23693030</b>	<b>0</b>	<b>23693030</b>	<b>65.77</b>	<b>23693030</b>	<b>0</b>	<b>23693030</b>	<b>65.77</b>	<b>0.00</b>
(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
<b>SUB TOTAL: (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>23693030</b>	<b>0</b>	<b>23693030</b>	<b>65.77</b>	<b>23693030</b>	<b>0</b>	<b>23693030</b>	<b>65.77</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	2856235	0	2856235	7.93	2840931	0	2840931	7.89	-0.04
b) Banks/FI	5217	0	5217	0.01	0	0	0	0.00	-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	44021	0	44021	0.12	40028	0	40028	0.11	-0.01
Foreign Portfolio Investors	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (B)(1):</b>	<b>2905473</b>	<b>0</b>	<b>2905473</b>	<b>8.06</b>	<b>2880959</b>	<b>0</b>	<b>2880959</b>	<b>8.00</b>	<b>-0.06</b>



<b>(2)</b>	<b>Non Institutions</b>									
a)	Bodies corporate	0	0	0	0.00	0	0	0	0.00	0.00
i)	Indian	203275	1500	204775	0.57	200791	1500	202291	0.56	-0.01
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 Lacs	3393449	100097	3493546	9.70	4195230	99597	4294827	11.92	2.22
ii)	Individuals shareholders holding nominal share capital in excess of Rs. 2 Lacs	3648144	0	3648144	10.13	2808376	0	2808376	7.80	-2.33
c)	Others (specify)									
c-i)	Clearing Member	7843	0	7843	0.02	16953	0	16953	0.05	0.03
c-ii)	Non-Resident Indian/OCBs	96854	0	96854	0.27	153229	0	153229	0.42	0.15
d)	NBFCs Registered with RBI	0	0	0	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
<b>SUB TOTAL (B)(2):</b>		<b>9324111</b>	<b>101597</b>	<b>9425708</b>	<b>26.17</b>	<b>9349125</b>	<b>101097</b>	<b>9450222</b>	<b>26.23</b>	<b>0.06</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		<b>12229584</b>	<b>101597</b>	<b>12331181</b>	<b>34.23</b>	<b>12230084</b>	<b>101097</b>	<b>12331181</b>	<b>34.23</b>	<b>0.06</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>		<b>35922614</b>	<b>101597</b>	<b>36024211</b>	<b>100.00</b>	<b>35923114</b>	<b>101097</b>	<b>36024211</b>	<b>100.00</b>	<b>0.00</b>

## (ii) SHARE HOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	ATUL AGGARWAL	9665367	26.83	0	9665367	26.83	0	0.00
2	ANIL AGGARWAL	8110583	22.51	0	8110583	22.51	0	0.00
3	MANOHAR LAL AGGARWAL	3855080	10.70	0	3855080	10.70	0	0.00
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
	<b>Total</b>	<b>23693030</b>	<b>65.77</b>	<b>0</b>	<b>23693030</b>	<b>65.77</b>	<b>0</b>	<b>0.00</b>



**(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
<b>1.</b>	<b>Anil Aggarwal</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	8110583	22.51	8110583	22.51
	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 <sup>st</sup> March, 2020	8110583	22.51	8110583	22.51
<b>2.</b>	<b>Atul Aggarwal</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	9665367	26.83	9665367	26.83
	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 <sup>st</sup> March, 2021	9665367	26.83	9665367	26.83
<b>3.</b>	<b>Manohar Lal Aggarwal</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	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 <sup>st</sup> March, 2021	3855080	10.70	3855080	10.70
<b>4.</b>	<b>Akhil Aggarwal</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	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 <sup>st</sup> March, 2021	660000	1.83	660000	1.83

<b>5.</b>	<b>Anish Agarwal</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	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 <sup>st</sup> March, 2021	701000	1.95	701000	1.95
<b>6.</b>	<b>Promila Aggarwal</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	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 <sup>st</sup> March, 2021	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 (01.04.2020) and End of the Year (31.03.2021)	% 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®	2361956	6.56	01.04.20			2361956	6.56
				31.03.21			2361956	6.56
2	MEIDOH CO LTD®	1,801,211	5.00	01.04.20			1,801,211	5.00
				31.03.21			1,801,211	5.00
3	JAGDISH KUMAR AGGARWAL®	1869595	5.19	01.04.20			1869595	5.19
				17.04.20	646	Purchase	1870241	5.19
				22.05.20	3	Purchase	1870244	5.19
				26.06.20	903	Sold	1869341	5.19
				10.07.20	2653	Sold	1866688	5.18
				21.08.20	600	Sold	1866088	5.18
				20.11.20	30946	Sold	1835142	5.09
				04.12.20	17816	Sold	1817326	5.04
				11.12.20	7061	Sold	1810265	5.03
				18.12.20	116438	Sold	1693827	4.70
		31.03.21			1693827	4.70		



4	ANIL KUMAR GOEL®	944000	2.62	01.04.20			944000	2.62
				03.04.20	4900	Sold	939100	2.61
				10.04.20	12322	Sold	926778	2.57
				17.04.20	36778	Sold	890000	2.47
				24.04.20	26015	Sold	863985	2.40
				01.05.20	4440	Sold	859545	2.39
				08.05.20	11789	Sold	847756	2.35
				15.05.20	9756	Sold	838000	2.33
				22.05.20	1000	Sold	837000	2.32
				05.06.20	27000	Sold	810000	2.25
				19.06.20	10000	Sold	800000	2.22
				26.06.20	9300	Sold	790700	2.19
				30.06.20	18681	Sold	772019	2.14
				03.07.20	9019	Sold	763000	2.12
				10.07.20	78000	Sold	685000	1.90
				17.07.20	43098	Sold	641902	1.78
				24.07.20	9802	Sold	632100	1.75
				31.07.20	6126	Sold	625974	1.74
				07.08.20	3519	Sold	622455	1.73
				14.08.20	103432	Sold	519023	1.44
				21.08.20	75635	Sold	443388	1.23
				28.08.20	39388	Sold	404000	1.12
				04.09.20	11000	Sold	393000	1.09
				11.09.20	16000	Sold	377000	1.05
				18.09.20	18070	Sold	358930	1.00
				30.09.20	759	Sold	358171	0.99
				09.10.20	1171	Sold	357000	0.99
				20.11.20	28000	Sold	329000	0.91
				27.11.20	29000	Sold	300000	0.83
				04.12.20	3572	Sold	296428	0.82
				11.12.20	428	Sold	296000	0.82
		18.12.20	7010	Sold	288990	0.80		
		08.01.21	6990	Sold	282000	0.78		
		26.02.21	2000	Sold	280000	0.78		
		31.03.21	0		280000	0.78		
5	SEEMA GOEL®	500,000	1.39	01.04.20			500,000	1.39
				31.03.21			500,000	1.39

6	IDFC STERLING EQUITY FUND®	494279	1.37	01.04.20			494279	1.37
				17.04.20	10457	Purchase	504736	1.40
				24.04.20	15264	Purchase	520000	1.44
				05.06.20	14556	Purchase	534556	1.48
				19.02.21	34556	Sold	500000	1.39
				05.03.21	217	Sold	499783	1.39
				12.03.21	8943	Sold	490840	1.36
				19.03.21	7017	Sold	483823	1.34
				26.03.21	4402	Sold	479421	1.33
				31.03.21	446	Sold	478975	1.33
7	ANURADHA MITTAL®	176,755	0.49	01.04.20			176,755	0.49
				31.03.21			176,755	0.49
8	D SRIMATHI®	157,794	0.44	01.04.20			157,794	0.44
				31.03.21			157,794	0.44
9	RAJEEV GUPTA®	100,000	0.28	01.04.20			100,000	0.28
				31.03.21			100,000	0.28
10	A.V. DHARMAKRISHNAN#	87500	0.24	01.04.20			87500	0.24
				31.03.21			87500	0.24
11	RAJIV MALHOTRA*	87500	0.24	01.04.20			87500	0.24
				19.02.21	4000	Sold	83500	0.23
				31.03.21			83500	0.23

**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 31<sup>st</sup> March, 2020, # Top 10 Shareholders only as on 31<sup>st</sup> March, 2021, '@' Common Top 10 shareholders as on 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2021.

**(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.	<b>Sh. Anil Aggarwal</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	8110583	22.51	8110583	22.51
	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 <sup>st</sup> March, 2021	8110583	22.51	8110583	22.51



<b>2.</b>	<b>Sh. Atul Aggarwal</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	9665367	26.83	9665367	26.83
	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 <sup>st</sup> March, 2021	9665367	26.83	9665367	26.83
<b>3.</b>	<b>Dr. Triloki Nath Kapoor</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	-	-	-	-
	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 <sup>st</sup> March, 2021	-	-	-	-
<b>4.</b>	<b>Sh. Chotu Ram Sharma</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	-	-	-	-
	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 <sup>st</sup> March, 2021	-	-	-	-
<b>5.</b>	<b>Ms. Malini Sud</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	-	-	-	-
	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 <sup>st</sup> March, 2021	-	-	-	-

<b>6.</b>	<b>Sh. Jaideep Wadhwa</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	13917	0.04	13917	0.04
	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 <sup>st</sup> March, 2021	13917	0.04	13917	0.04
<b>7.</b>	<b>Sh. Rahoul Kabir Bhandari</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	-	-	-	-
	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 <sup>st</sup> March, 2021	-	-	-	-
<b>8.</b>	<b>Sh. Akhill Aggarwal</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	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 <sup>st</sup> March, 2021	660000	1.83	660000	1.83
<b>9.</b>	<b>Sh. Shailendra Swarup</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	-	-	-	-
	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 <sup>st</sup> March, 2021	-	-	-	-

<b>10.</b>	<b>Sh. Rakesh Batra*</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	-	-	-	-
	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 <sup>st</sup> March, 2021	-	-	-	-
<b>11.</b>	<b>Ms. Vaishali Singh (Company Secretary)</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	-	-	-	-
	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 <sup>st</sup> March, 2021	-	-	-	-
<b>12.</b>	<b>Sh. Atul Aggarwal (CFO)</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2020	9665367	26.83	9665367	26.83
	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 <sup>st</sup> March, 2021	9665367	26.83	9665367	26.83

\*Sh. Rakesh Batra was appointed as Additional Director on 10<sup>th</sup> November, 2020.

## V INDEBTEDNESS

(Rs. in Lacs)

Indebtedness of the Company including interest outstanding/accrued but not due for payment:				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
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
<b>Total (i+ii+iii)</b>	<b>741139083</b>	<b>0</b>	<b>0</b>	<b>741139083</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	515480378	0	0	515480378
Reduction	205807892	0	0	205807892
<b>Net Change</b>	<b>309672486</b>	<b>0</b>	<b>0</b>	<b>309672486</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1046241017	0	0	1046241017
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	3345158	0	0	3345158
<b>Total (i+ii+iii)</b>	<b>1049586175</b>	<b>0</b>	<b>0</b>	<b>1049586175</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/ Manager		Total Amount
		Anil Aggarwal (MD)	Atul Aggarwal (WTD)	
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	112.55	106.58	219.13
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	4.16	6.37	10.53
	(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)	37.50	37.50	75.00
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>154.21</b>	<b>150.45</b>	<b>304.66</b>
	<b>Ceiling as per the Act</b>			<b>413.08</b>



**B. Remuneration to other directors:**

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of the Directors								Total Amount
		Dr. T. N. Kapoor	Sh. C. R. Sharma	Ms. Malini Sud	Sh. Jaideep Wadhwa	Sh. Rahoul Kabir Bhandari	Sh. Akhill Aggarwal	Sh. Shailendra Swarup	Sh. Rakesh Batra	
<b>1</b>	<b>Independent Directors</b>									
	(a) Fee for attending board / committee meetings	4.50	5.00	3.25	-	1.00	-	1.50	1.00	16.25
	(b) Commission	-	-	-	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>4.50</b>	<b>5.00</b>	<b>3.25</b>	<b>-</b>	<b>1.00</b>	<b>-</b>	<b>1.50</b>	<b>1.00</b>	<b>16.25</b>
<b>2</b>	<b>Other Non Executive Directors</b>									
	(a) Fee for attending board committee meetings	-	-	-	-	-	-	-	-	-
	(b) Commission	-	-	-	-	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>4.50</b>	<b>5.00</b>	<b>3.25</b>	<b>-</b>	<b>1.00</b>	<b>-</b>	<b>1.50</b>	<b>1.00</b>	<b>16.25</b>
	<b>Total Managerial Remuneration (A)+(B)</b>									<b>320.91</b>
	<b>Overall Ceiling as per the Act.</b>									<b>413.08</b>

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

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO*	Total
<b>1</b>	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	15.47	-	15.47
	(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			
	<b>Total</b>	<b>15.47</b>	<b>-</b>	<b>15.47</b>

\* Sh. Atul Aggarwal, Whole-Time Director of the Company was also acting as CFO of the Company during FY 2020-21 without any remuneration in the capacity of CFO.

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

<b>Name</b>	<b>Designation</b>
Sh. 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 1<sup>st</sup> 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 2020-2021.

### 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. 50 Lacs 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 <sup>th</sup> June, 2020
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 <sup>th</sup> June, 2020
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 <sup>th</sup> February, 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 <sup>th</sup> February, 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 9980 Sq. Ft. and 10035 Sq. Ft. area situated at 12/2 Mathura Road, Faridabad.
e)	Date of approval by the Board	23 <sup>rd</sup> May, 2018 & 7 <sup>th</sup> 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 5<sup>th</sup> 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. 57.81 Crores
- 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** Rs. 11562247/-
- 5. Details of CSR spent during the financial year:** Rs. 1,15,62,247/-
- a. **Total amount to be spent for the financial year:** Rs. 1,15,62,247/-
  - 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 said foundation is spending on the Projects/ Activities as outlined under the CSR Policy of the Company, primarily focusing on:



- Health care
- Education including digital/smart education
- Running Orphanage and Old Age Homes
- Protection of Art & Culture
- Promoting sports including Paralympic Sports

**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. 1,15,62,247/- on Corporate Social Responsibility activities against which, the Company had actually incurred Rs. 1,15,62,247/- during Financial Year 2020-2021.

**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, Education, promotion of sports/Paralympic games, Art & culture	Healthcare Education Running Orphanage and Old Age Homes, Protection of Art and Culture, Promotion of Sports	Delhi, NCR	1,15,35,083/-	1,15,35,083/-	1,15,35,083/-	Through Sterling Tools Foundation (Regd.)
2.	Education	Govt. School	Palwal	27,164/-	27,164/-	27,164/-	Direct
<b>Total</b>				<b>1,15,62,247/-</b>	<b>1,15,62,247/-</b>	<b>1,15,62,247/-</b>	

**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. Anil Aggarwal	Managing Director	45.76
Sh. Atul Aggarwal	Whole Time Director	44.64

**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. **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. Anil Aggarwal, CEO & MD	-15.69
Sh. Atul Aggarwal, CFO	-15.38
Ms. Vaishali Singh, Company Secretary	-16.65

\* The reason for (-ve %) is because the Directors and Company Secretary surrendered, voluntarily, some part of their remuneration during Covid-19.

- 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: 571**
- 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 Company affirms remuneration is as per the Remuneration Policy of the Company

- 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	Sh. Anil Aggarwal	Managing Director	154.21 Lacs	Otherwise	B.Com. and 45 Years	30.09.1994	63	N.A.	22.51	Yes
2	Sh. Atul Aggarwal	Whole Time Director	150.46 Lacs	Otherwise	M.B.A and 32 Years.	30.09.1994	57	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	Variable Frequency Drive (VFD) installed in some manufacturing machines and the Fume extraction scrubber/  Furnace relining done to prevent heat loss
2.	The steps taken by the company for utilising alternate sources of energy	Roof Top Solar power plant of 36 Kwp installed
3.	The capital investment in energy conservation equipment's	The capital investment done in 1. Furnace relining done to prevent heat loss 2. Investment in Electrostatic Separation unit for Fumes extraction

### (B) Technology absorption-

1.	the efforts made towards technology absorption	STL introduced dry to Touch oil in Phosphating process with improved Salt Spray Characteristic  This makes our product less oily and in line with the international practise  STL started changing the design and convert the forging to Net shape forging.  The Zinc Flake manufacturing technology duplicated in Bangalore plant
2.	Benefits derived like product improvement, cost reduction, product development or import substitution	The above action on focused approach on Net shape parts resulted in reduction of manufacturing cost and better throughput
3.	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	N.A.
4.	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. 23,55,58,340/-
2.	the Foreign Exchange outgo during the year in terms of actual outflows	Rs. 13,06,35,880/-

**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 31<sup>st</sup> March, 2021

[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 31<sup>st</sup> March 2021 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 the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2021 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;
- 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 **(Not applicable to the Company);**
  - 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 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 company had received a query from National Stock Exchange (NSE) regarding Credit Rating disclosure on 6<sup>th</sup> January 2021 which was duly replied by the company.

**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. The Company has regularised the appointment of Mr. Shailendra Swarup as an Independent Director u/s 152 of the Companies Act, 2013, in the Annual General Meeting of the company held on 25<sup>th</sup> September 2020. The Company has re-appointed Mr. Anil Aggarwal (DIN:00027214) in its Annual General Meeting of the company held on 25<sup>th</sup> September 2020, as Chairman Cum Managing Director of the Company, for a period of 5 (five) years with effect from (w.e.f) 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2026 and he is liable to retire by rotation. The Company has re-appointed Mr. Atul Aggarwal (DIN:00125825) in its Annual General Meeting of the company held on 25<sup>th</sup> September 2020, as Whole Time Director of the Company, for a period of 5 (five) years with effect from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2026 and he is liable to retire by rotation. Further the Company has appointed Mr. RakeshBatra (DIN:06511494) as an Independent Non-Executive Director in the Board Meeting held on 10<sup>th</sup> November 2020 subject to approval of the shareholders in General Meeting for a period of Five Years w.e.f 10<sup>th</sup> November 2020 to 9<sup>th</sup> November 2025. 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) given by the Company Secretary 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 a control mechanism exists 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 and 188 of the Companies Act, 2013, the company has invested Rs. 5,44,60,000.00 (Rupees Five Crores Forty Four Lacs Sixty Thousand only) during the Audit period into equity shares of M/s Sterling Gtake E-mobility Limited (a subsidiary company w.e.f. 12th March 2020). The Board of the company has passed an enabling resolution on 12th February 2021, for investment into equity shares or optional convertible debentures or both in one or more tranches of the M/s Sterling Gtake E-mobility Limited for the sum not exceeding Rs.10 Crores.
2. The company has made an investment into the equity shares of M/s Altigreen Propulsions Labs Private Limited for Rs. 52.2 Lacs at a share price of Rs. 1000/- per equity share. The Board of the company had passed an enabling resolution in its meeting held on 7<sup>th</sup> February 2019 for investment upto Rs. 5 Crores and the overall investment in the above said company is within the limit sanctioned.
3. Pursuant to Section 188(1)(f) of the Companies Act, 2013 read with Regulation 17(6)(ca) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, the company through postal ballot passed an ordinary Resolution on 29<sup>th</sup> December 2020 for the payment of Success fee/Performance fee of Rs. 50,00,000.00 (Rupees Fifty Lacs only) to Mr. Jaideep Wadhwa, the Non-Executive Non Independent Director. Further pursuant to Regulation 17(6)(ca) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has passed a special resolution in its Annual General Meeting held on 25<sup>th</sup> September 2020 for payment of remuneration of Rs. 5 Lacs per month to Sh. Jaideep Wadhwa, a Non Executive Non Independent Director during the Financial year ending March 31, 2021.

**For Dhananjay Shukla & Associates  
Company Secretaries**

**Dhananjay Shukla  
Proprietor  
FCS-5886, CP No. 8271  
UDIN: F005886C000763742**

**Date: 11th August, 2021  
Place: Gurugram**

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

**Enclosure: Annexure-A**

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**

**Dhananjay Shukla  
Proprietor  
FCS-5886, CP No. 8271  
UDIN: F005886C000763742**

**Date: 11th August, 2021  
Place: Gurugram**

# Corporate Governance Report for the year 2020-2021

## 1. Statement on Company's philosophy

Corporate Governance is about promoting the fairness, transparency, accountability, commitment to values, ethical business conduct and about considering all stakeholders' interest while conducting the business. It is the system of rules, practices and processes through which objectives of a corporate entity are set and pursued in the context of the social, regulatory and market environment. It essentially involves balancing the interests of various stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community.

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations and amendments thereto, (hereinafter referred to as 'SEBI Listing Regulations'), given below are the corporate governance policies and practices of Sterling Tools Limited (hereinafter referred to as the 'Company' or 'STL') during the financial year 2020-21.

This Report, therefore, states compliance as per requirements of the Companies Act, 2013 ('the Act') and the SEBI Listing Regulations, as applicable to the Company.

Our corporate governance is not limited to the compliance with the provisions and rules laid down by the SEBI or under the Companies Act or by any Regulatory Authority. Infact it is a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times.

## 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 Ten Directors on the Board, out of which Eight 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	
Sh. Anil Aggarwal	Chairman Cum Managing Director	0	Nil	Nil	Relative of Sh. Atul Aggarwal
Sh. Atul Aggarwal	Whole Time Director	2	Nil	Nil	Relative of Sh. Anil Aggarwal
Dr. T. N. Kapoor	Non-Executive Independent Director	1	1	2	Nil
Sh. C. R. Sharma	Non-Executive Independent Director	Nil	Nil	Nil	Nil
Ms. Malini Sud	Non-Executive Independent & Women Director	1	Nil	Nil	Nil
Sh. Jaideep Wadhwa	Non-Executive Non-Independent Director	1	Nil	Nil	Nil
Sh. Rahoul Kabir Bhandari	Non-Executive Independent Director	Nil	Nil	Nil	Nil
Sh. Akhill Aggarwal	Non-Executive Non-Independent Director	Nil	Nil	Nil	Son of Sh. Anil Aggarwal
Sh. Shailendra Swarup	Non-Executive Independent Director	8	Nil	9	Nil
Sh. Rakesh Batra *	Non-Executive Independent Director	Nil	Nil	Nil	Nil

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

\*Sh. Rakesh Batra has been appointed as Non-Executive Independent Director with effect from 10<sup>th</sup> November, 2020.

## 2.2 Directorships in equity Listed Entities:

Name of the Equity Listed Entities wherein the Board of Directors held the directorships as on 31<sup>st</sup> March, 2021.

Name of the Director	Name of Listed Entity	Category
Sh. Anil Aggarwal	Sterling Tools Limited	Chairman & Managing Director
Sh. Atul Aggarwal	Sterling Tools Limited Delton Cables Limited	Whole Time Director Non-Executive Independent Director
Dr. T. N. Kapoor	Sterling Tools Limited Omax Auto Limited	Non-Executive Independent Director Non-Executive Independent Director
Sh. C. R. Sharma	Sterling Tools Limited	Non-Executive Independent Director
Ms. Malini Sud	Sterling Tools Limited The Hi-Tech Gears Limited	Non-Executive Independent & Woman Director Non-Executive Independent & Woman Director
Sh. Jaideep Wadhwa	Sterling Tools Limited	Non-Executive Non-Independent Director
Sh. Rahoul Kabir Bhandari	Sterling Tools Limited	Non-Executive Non-Independent Director
Sh. Akhill Aggarwal	Sterling Tools Limited	Non-Executive Non-Independent Director
Sh. 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
Sh. Rakesh Batra*	Sterling Tools Limited	Non-Executive Independent Director

\* Appointed on 10<sup>th</sup> November 2020

## 2.3 Certificate from Practising Company Secretary:

The Company has received a certificate from Mr. 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 2020-2021, the Board met 4 times—on 26<sup>th</sup> June, 2020, 10<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021.

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
Sh. Anil Aggarwal	4	Yes
Sh. Atul Aggarwal	4	Yes
Dr. T. N. Kapoor	4	No
Sh. C. R. Sharma	4	Yes
Ms. Malini Sud	4	Yes
Sh. Jaideep Wadhwa	4	Yes
Sh. Rahoul Kabir Bhandari	3	Yes
Sh. Akhill Aggarwal	4	Yes
Sh. Shailendra Swarup	4	Yes
Sh. Rakesh Batra *	2	N.A

\* Appointed on 10<sup>th</sup> November 2020

## 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 readwith the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015

**.2.7 Details of shareholding of Directors as on 31.03.2021 are given as under:**

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

**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 2020-21 on 10<sup>th</sup> November, 2020 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
- (vi) Management Committee
- (vii) Investment Committee
- (viii) Risk Management 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.

- Sh. 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)
- Sh. 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<sup>st</sup> 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); an
- 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 2020-2021, the Audit Committee met 4 times – on 26<sup>th</sup> June, 2020, 10<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021. The attendance of each Member of the Committee is given below:

<b>Name of Directors</b>	<b>No. of Meetings attended</b>
Sh. C. R. Sharma	4
Dr. T. N. Kapoor	4
Sh. Anil Aggarwal	4
Ms. Malini Sud	4

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:

- Sh. 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 2020-2021, the Committee met two times-on 10<sup>th</sup> August, 2020, and 10<sup>th</sup> November, 2020 The attendance of each Member of the Committee is given below:

<b>Name of Directors</b>	<b>No. of Meetings attended</b>
Sh. C. R. Sharma	2
Dr. T. N. Kapoor	2
Ms. Malini Sud	2

#### **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:

<b>Name of the Director</b>	<b>Expertise in the specific functional area</b>
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
Sh. Rahoul Kabir Bhandari	Industrialist, Industry Knowledge, Management skills, Leadership
Sh. Akhill Aggarwal	Industry Knowledge
Sh. Shailendra Swarup	Corporate Laws including International Laws
Sh. Rakesh Batra	Industry Knowledge and Strong knowledge in Regulatory Compliances

### **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 Sh. Anil Aggarwal and Sh. 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 2020-2021 are given below:

(Amount in Rs.)

<b>Name of the Director</b>	<b>Salary and other Allowances</b>	<b>Commission</b>	<b>Perquisites</b>	<b>Total</b>
Sh. Anil Aggarwal	11254872.00	3750000.00	415704.00	15420576.00
Sh. Atul Aggarwal	10658414.00	3750000.00	637195.00	15045609.00

- The service contract of Executive Directors is for a period of three years from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> 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/Independent Directors are entitled to sitting fee for attending the Board / Committee Meetings. The existing sitting fees of Non-Executive Directors has been revised from Rs. 25000/- to Rs. 50000/- per meeting of Board of Directors as well as Committees with effect from 12th February 2021. 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 2020-2021, the sitting fees paid to Independent directors is detailed below:

(Amount in Rs.)

<b>Name of the Director</b>	<b>Board Meeting</b>	<b>Audit Committee</b>	<b>Stakeholders' Relationship Committee</b>	<b>Nomination &amp; Remuneration Committee</b>	<b>C S R Committee</b>	<b>Investment Committee</b>	<b>Independent Director's Meeting</b>
Dr. T. N. Kapoor	125000	125000	125000	50000	0	0	25000
Sh. C. R. Sharma	125000	125000	125000	50000	50000	0	25000
Ms. Malini Sud	125000	125000	0	50000	0	0	25000
Sh. Rahoul Kabir Bhandari	100000	0	0	0	0	0	0
Sh. Shailendra Swarup	125000	0	0	0	0	0	25000
Sh. Rakesh Batra	75000	0	0	0	0	25000	0
<b>TOTAL</b>	<b>675000</b>	<b>375000</b>	<b>250000</b>	<b>150000</b>	<b>50000</b>	<b>25000</b>	<b>100000</b>



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 Advisory fee of Rs. 60 Lacs per Annum was paid to Sh. Jaideep Wadhwa, Non-Executive Non-Independent Director during the financial year ending March 31, 2021 for his Advisory Services in his professional capacity.

During the year 2020-2021, 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)
- Sh. C. R. Sharma – Member (Non-Executive Independent Director)
- Sh. 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 2020-2021 the Committee met 4 times-on 26<sup>th</sup> June, 2020, 10<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021 to review the grievances / complaints received from Shareholders.

1.	Number of shareholder's complaints received during the financial year 2020-2021	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:

- Sh. Anil Aggarwal – Member (Managing Director)
- Sh. 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 2020-2021 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](http://www.stlfasteners.com/new/news.asp).

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

During the Financial Year 2020-2021, the Committee met once on 12th February, 2021. The attendance of each Member of the Committee is given below:

<b>Name of Directors</b>	<b>No. of Meetings attended</b>
Sh. C. R. Sharma	1
Sh. Anil Aggarwal	1
Sh. Atul Aggarwal	1

### **3.4.3 Management Committee**

The CSR Committee of the Company comprises the followings:

- Mr. Anil Aggarwal - Chairman (Chairman & Managing Director)
- Mr. Atul Aggarwal - Member (Whole Time Director)
- Mr. Jaideep Wadhwa - Member (Non-Executive Non-Independent Director)

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

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

- a. To accept the sanction letter issued by the Bankers regarding renewal of existing credit facilities/ new credit facilities within the total borrowing limit of the Company as approved by the shareholders.

- b. To apply to the Banks for opening of new Bank Accounts, changing the Authorised Signatories for operating Bank Accounts, for availing Net Banking/E-Banking facility or for availing any other facility from the Bank for running day to day operations of the Company more smoothly.
- c. To apply to any government Authority / Statutory Body / Department for seeking their permission/ no objection for carrying out any activity relating to affairs of the Company.
- d. To file / defend any legal case filed by or against any third party in the interest of the Company.
- e. To appoint any consultant / legal advisor / counsel for carrying out any of the activity of the Company.
- f. To furnish affidavits / bonds including Indemnity Bond as required from time to time.
- g. To carry out any other activity which is to be done in the interest of the Company and which could not be deferred till the next Board Meeting of the Company.

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

During the Financial Year 2020-2021, the Committee met thrice on 25<sup>th</sup> August, 2020, 23<sup>rd</sup> December, 2020 and 12<sup>th</sup> February, 2021. The attendance of each Member of the Committee is given below:

<b>Name of Directors</b>	<b>No. of Meetings attended</b>
Sh. Anil Aggarwal	3
Sh. Atul Aggarwal	3
Sh. Jaideep Wadhwa	3

#### **3.4.4 Investment Committee**

The Investment Committee of the Company comprises the followings:

- Mr. Atul Aggarwal - Chairman (Whole Time Director)
- Mr. Jaideep Wadhwa - Member (Non-Executive Non-Independent Director)
- Mr. Rakesh Batra - Member (Non-Executive Independent Director)
- Mr. Akhill Aggarwal - Member (Non-Executive Non-Independent Director)

#### **Meetings of Investment Committee**

During the Financial Year 2020-2021, the Committee met once on 26<sup>th</sup> February, 2021. The attendance of each Member of the Committee is given below:

<b>Name of Directors</b>	<b>No. of Meetings attended</b>
Sh. Atul Aggarwal	1
Sh. Jaideep Wadhwa	1
Sh. Rakesh Batra	1
Sh. Akhill Aggarwal	1

### 3.4.5 Risk Management Committee

The Risk Management Committee of the Company comprises the followings:

- Mr. Anil Aggarwal - Chairman (Chairman & Managing Director)
- Mr. Atul Aggarwal - Member (Whole Time Director)
- Mr. Rakesh Batra - Member (Non-Executive Independent Director)
- Mr. Pankaj Gupta - Member (Chief Financial Officer)

#### **Terms of reference**

The terms of reference of the Risk Management Committee are as follows:

- a. To assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks.
- b. To monitor and approve the risk management framework and associated practices of the Company
- c. To periodically assess risks /to the effective execution of business strategy by reviewing key leading indicators in this regard
- d. To periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- e. To ensure access to any internal information necessary to fulfil its oversight role and obtain advice and assistance from internal or external legal, accounting or other advisors

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

The Risk Management Committee has been constituted by the Board of Directors in their meeting held on 12th June, 2021. Hence no meeting was held in financial year 2020-21

## 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/investors/>.

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, 2021. 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/investors/>

**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 2020-2021	NIL
2.	Number of complaints disposed of during the financial year 2020-2021	NIL
3.	Number of complaints pending as on end of the financial year 2020-2021	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://www.stlfasteners.com/investors/>

## **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://www.stlfasteners.com/investors/>

## **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 fulfil its social, environmental and economic responsibilities.

The said policy is available on the website of the Company <http://www.stlfasteners.com/investors/>

## **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](mailto: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
2019-2020	25.09.2020	10:30 A.M.	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	Approving remuneration of cost auditors, Regularization of Directors, Remuneration of Non-Executive Director and Re-appointment of Chairman & Managing Director and Whole Time Director.
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.

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

Date	Time	Special Resolution
25.09.2020	10:30 A.M	<ol style="list-style-type: none"> <li>Approval of remuneration payable to Sh. Jaideep Wadhwa (DIN No. 00410019), Non-Executive Non-Independent Director, during the Financial Year ending March 31, 2021 which is expected to exceed 50% of the total annual remuneration payable to all Non-Executive Directors for the said year.</li> <li>Re-appointment and payment of remuneration to Chairman &amp; Managing Director and Whole Time Director.</li> </ol>
27.09.2019	10:00 A.M	Approval of remuneration payable to Sh. 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	<ol style="list-style-type: none"> <li>Power to borrow money</li> <li>Power to Make Loan, Investment and Guarantee</li> </ol>

### 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:

1. Payment of success fee / performance fee to Sh. Jaideep Wadhwa - Non- Executive Non-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 Sh. Santosh Kumar Pradhan, Company Secretary in Practice as Scrutinizer for conducting both the postal ballot / e-voting process.

The result of the Postal Ballot was declared on 30<sup>th</sup> December, 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
Payment of success fee / performance fee to Sh. Jaideep Wadhwa - Non-Executive Non-Independent Director of the Company	111	26595304	90352

### 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 21<sup>st</sup> September, 2021.

## 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.stlfasteners.com](http://www.stlfasteners.com)) has information for institutional and retail shareholders alike. Shareholders seeking information related to their shareholding may contact the Company directly 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](http://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.



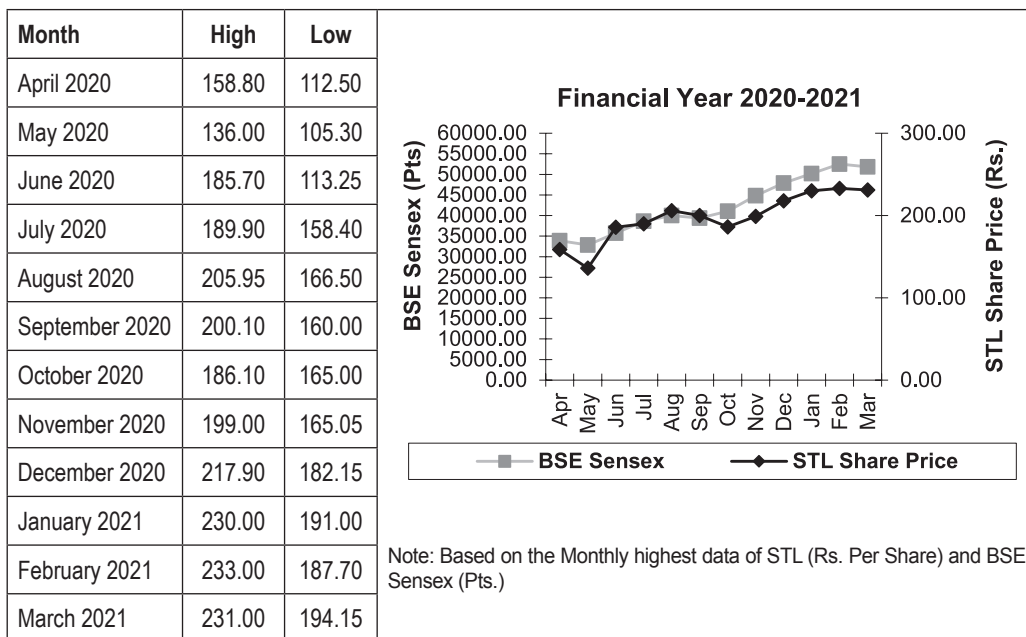
## 7. General Shareholder Information

- (i) **Annual General Meeting**
- Date : Tuesday, 21<sup>st</sup> September, 2021
- Time : 10:00 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** : 2021-2022 (1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022)
- Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March
- (iii) **Dividend Announcement** : The Board of Directors of Sterling Tools Limited has proposed a dividend of Rs. 1 per equity share (50%) for the financial year ended 31<sup>st</sup> March, 2021, subject to approval by the shareholders of the Company at the ensuing Annual General Meeting. 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 Wednesday, 15<sup>th</sup> September, 2021 to Tuesday, 21<sup>st</sup> September, 2021 both days inclusive, for the purpose of Annual General Meeting.
- (v) **Date of Dividend Payment** : The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after 21<sup>st</sup> September, 2021 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 14<sup>th</sup> September, 2021 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 14<sup>th</sup> September, 2021.
- (vi) **Listing on Stock Exchange** :
- Shares of Sterling Tools Limited are listed on the following stock exchange:
1. Bombay Stock Exchange Limited, Mumbai (BSE) : 1<sup>st</sup> Floor, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400 001
  2. National Stock Exchange of India Limited, Mumbai (NSE) : "Exchange Plaza", Plot No. C-1, Bandra Kurla Complex, Bandra (E), Mumbai-400 051
- (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.



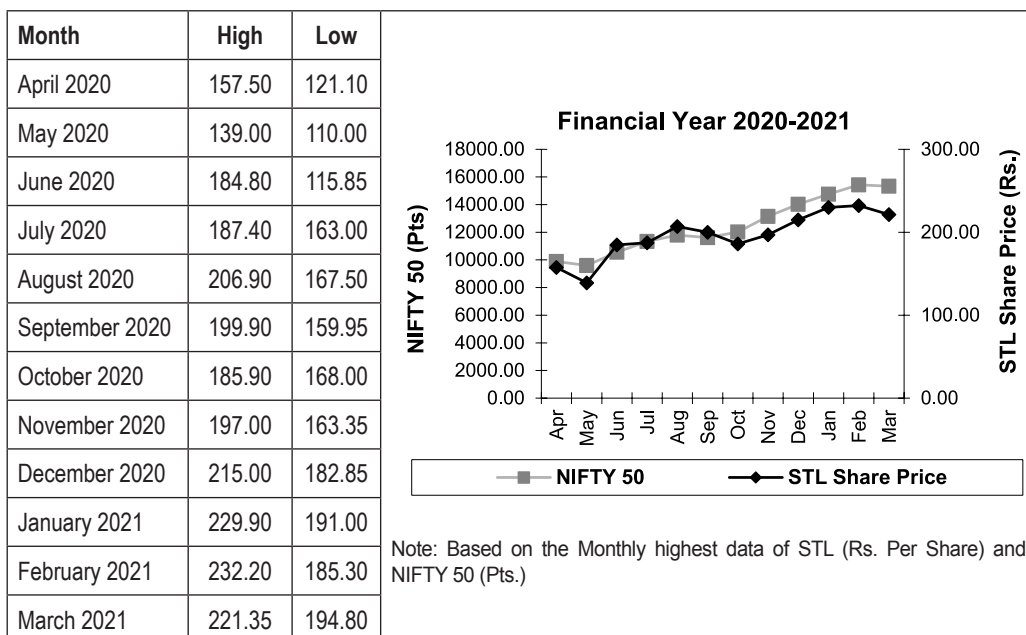
(viii) **Market Share price data on BSE during the financial year 2020-2021**

**Stock Price Performance-STL Vs BSE Sensex Financial Year 2020-2021**



(ix) **Market Share price data on NSE during the financial year 2020-2021**

**Stock Price Performance-STL Vs NIFTY 50 Financial Year 2020-2021**



(x) **Registrar and Transfer Agent** : MAS Services Limited  
T-34, 2<sup>nd</sup> 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 27<sup>th</sup>, 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 31<sup>st</sup> March, 2021**

**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
9252	97.042	1 TO 5000	2262200	4524400	6.280
151	1.584	5001 TO 10000	567301	1134602	1.575
69	0.724	10001 TO 20000	482186	964372	1.339
16	0.168	20001 TO 30000	210776	421552	0.585
3	0.031	30001 TO 40000	53779	107558	0.149
7	0.073	40001 TO 50000	164076	328152	0.455
15	0.157	50001 TO 100000	522170	1044340	1.449
21	0.220	100001 AND ABOVE	31761723	63523446	88.168
9534	100.000	<b>TOTAL</b>	<b>36024211</b>	<b>72048422</b>	<b>100.00</b>

(xiii) **Shareholding Pattern:**

	As on 31 <sup>st</sup> March 2021		As on 31 <sup>st</sup> March 2020	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Promoters	23693030	65.770	23693030	65.770
Mutual Funds	2840931	7.886	2856235	7.929
NRIs and OCBs	1954440	5.425	1898065	5.269
Body Corporate	219244	0.609	212618	0.590
Indian Public	7316566	20.310	7364263	20.443
<b>Total</b>	<b>36024211</b>	<b>100.00</b>	<b>36024211</b>	<b>100.00</b>



- (xiv) **Dematerialisation of Shares** : The Shares of the Company are in Compulsory Demat segment as on 31<sup>st</sup> March, 2021. The summarised position of shareholders in Physical and Demat segment as on 31<sup>st</sup> March, 2021 is as under:

Type of shareholding	No. of shareholders	Physical Shares	Demat Shares
Equity	9534	101097	35923114
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, 2021, 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 at (x).
- (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 Chandiok & Co., LL.P., the Chartered Accountants are the Statutory Auditors of the company. During the Financial Year 2020-21, the total fees paid by the Company to them is as below:

Statutory Audit	Rs. 21.00 Lacs
Reimbursement of Expenses	Rs. 00.36 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 Financial Year 2020-21 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/investors/>

### 10.2 Statutory Compliance, Penalties and Strictures

The Company has duly 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 7<sup>th</sup> February, 2019 to 23<sup>rd</sup> 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 had levied the penalty amounting to Rs. 5,30,000/- respectively which was duly contested by the Company. And based on Company' representations, both NSE and BSE has waived off the penalty by their Waiver Order dated 5<sup>th</sup> February, 2020 and 7<sup>th</sup> May, 2021.

### 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 2020-21 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/investors/>

**10.8** The Board has accepted all the recommendations of the Committees of the Board during the financial year 2020-2021.

## 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 Pankaj Gupta, 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 31-03-2021 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 31-03-2021.

**Date: 31.07.2021**  
**Place: Faridabad**

**Anil Aggarwal**  
**Chairman & Managing Director**  
**DIN No. 00027214**

**Pankaj Gupta**  
**Chief Financial Officer**  
**PAN No. ADCPG3265G**



# COMPLIANCE CERTIFICATE

## CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

**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 31<sup>st</sup> March 2021.

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.

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  
CS-6973**

**C.P. No. 7647**

**UDIN : F006973C000725427**

**Date: 02.08.2021**

**Place: Ghaziabad**



# 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](http://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 31<sup>st</sup> March, 2021 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
10.	Mr. Rakesh Batra	06511494	10/11/2020

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 : F006973C000725515**

**Place: Ghaziabad  
Date: 02.08.2021**

# Business Responsibility Report for the Financial Year 2020-21

## 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:** 2020-21
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 31-03-2021)

1. **Paid-up capital:** 720.48 Lacs
2. **Total turnover:** 35295.04 Lacs
3. **Total profit after taxes:** 2441.81 Lacs
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**

The Company's total spending on CSR for FY 2020-2021 is Rs. 115.62 Lacs 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. Healthcare
  - ii. Education
  - 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, 2021.- 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 subsidiary companies.

**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%]**

## 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 / policy 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 of IATF 16949. 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 Health Safety & Environment are in line with ISO 14001 & ISO 45001 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.

\*\* <http://www.stlfasteners.com/investors/>

# 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

Annually

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/investors/>

### 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.**

<b>From</b>	<b>Received during the year 2020-21</b>	<b>Resolved during the year 2020-21</b>
Shareholders	0	0

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

- 2.1 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.

STL is having highest level of commitment to sustainability. It is demonstrated through various initiatives taken in the organisation but not limited to:

- Installation of Solar power generation system in the organisation
- Deep implementation of the 3 R philosophy (Reduce Reuse and Recycle)
- All manufacturing plants have extensive water recycling system including wastewater reuse
- Maintain clean environment by installation of Electrostatic Precipitator
- STL is continuously reducing the Specific Carbon footprint per unit production
- STL adhere to the Green Guideline norms framed by customers
- Environmental friendly coating is done on the product
- Meeting the European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation.

Following two product groups whose design have incorporated social and environmental concerns, risk and opportunities

- Zinc Flake coated parts – Hazard free coating
- Products where end pointing has been achieved through forging – Reduce waste and transportation

- 2.2 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?**

**iii. Reduction is the specific CO2 emission. We have achieved less (than 1 MT of CO2 per unit ton of production)**

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.

Purpose of end pointing is to allow ease of fitment of bolt/screw at customer application. This operation was outsourced machining process and involved generation of metal waste as well increase in carbon footprint associated with material movement. Now for identified applications pointing is made at cold forging stage thus eliminated generation of metal waste & material movement between ours and supplier plant.

**2.3 Does the company have procedures in place for sustainable sourcing (including transportation)?**

**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.

**2.4 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 here under: -

- Indigenization / localisation plans are given top priorities.
- 100% indigenization achieved in raw materials and consumables buying.
- Suppliers / Vendor meets and surveys are conducted, to receive feedback and to improve their processes and output.
- Top priority of buying is given to the domestic sources for raw materials and consumables.
- Extend technical and financial support to the local small vendors and sub-contractors.

**2.5 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 / reuse 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**

**3.1 Please indicate the Total number of employees: 571**

**3.2 Please indicate the Total number of employees hired on temporary / contractual / casual basis: 891.**

**3.3 Please indicate the number of permanent women employees: 8**

**3.4 Please indicate the number of permanent employees with disabilities: 0**

**3.5 Do you have an employee association that is recognized by management? No**

**3.6 What percentage of your permanent employees is members of this recognized employee association? Not Applicable**

**3.7 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	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

**3.8. 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%, yes, all categories of employees are given training on safety & skill up-gradation on periodic basis
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.**

**4.1 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.

**4.2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? Yes.**

**4.3 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**

**5.1 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.

**5.2 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**

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

The company's policy includes 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.

**6.2 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 to reduce emission and protect environment. Two of Company's 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.



**6.3 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 14001 Environmental Management Systems (EMS) standard. The top management of the company periodically review on the steps taken to mitigate the potential risks identified.

**6.4 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 a**

No the Company doesn't have any Clean Development Mechanism in place

**6.5 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

**6.6 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.

**6.7 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**

**7.1 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 (ACMA)
- b. The Confederation of Indian Industry

**7.2 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.**

Sterling Tools along with Industry body (ACMA) have worked in the field of improvement in Sustainability and workplace improvement. Sterling has supported in coaching and spreading the awareness in various cluster initiatives. These initiatives were recognised by industry association by Sterling Getting HSE (Health, safety and Environment) award from ACMA in FY 2020-21.

#### **Principle 8: Businesses should support inclusive growth and equitable development**

**8.1 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.

**8.2 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.

**8.3 Have you done any impact assessment of your initiative?**

No

**8.4 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.

**8.5 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**

**9.1 What percentage of customer complaints / consumer cases are pending as on the end of financial year.**

Nil

**9.2 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.

**9.3 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

**9.4 Did your company carry out any consumer survey / consumer satisfaction trends?**

No.

# Management Discussion and Analysis Report

Pursuant to Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Management Discussion and Analysis Report covering business performance and outlook is given below:

## ECONOMY OVERVIEW

The year 2020 has been a year severely impacted with the massive shock of the Coronavirus pandemic and shutdown measures to contain it leading the global economy to the deepest recession since the Second World War. It was also the year wherein US and China were at the verge of trade war and the ensuing geopolitical tensions, impacted the growth of Global Economy.

According to the International Monetary Fund (IMF), US's GDP growth for Calendar Year (CY) 2020 de-grew by 3.5% as against a growth of 2.3% CY 2019. Overall, the Advanced Economies too posted negative growth of 4.7% with the sharpest falls by Spain, the United Kingdom and France with a de-growth of 11%, 9.9% and 8.2% respectively. Even the Emerging Markets & Developing Economies too could not escape from this pandemic as they collectively posted a fall 2.2%.

China is the only one Economy which had posted a growth of 2.3%, as per the IMF's data.

### Indian Economy

The financial year 20-21 began with a 61-day complete lockdown leading to multiple issues like the migration of the working population from most metros creating acute shortage of labour for companies, demand coming to a halt barring for few industries, etc. No wonder, Quarter I of the fiscal was a complete wash out for the economy and its industries. However, as the lockdown was lifted, aggressive government policies to spur the economy and pent-up demand saw industries witnessing some recovery.

As per the data from India's National Statistical Office, the country's GDP contracted by 7.3% for FY21 as compared to the growth rate of 4.2% in the previous fiscal year.

## OUTLOOK FOR INDIAN ECONOMY

The International Monetary Fund (IMF) has projected a 9.5 per cent growth rate for India in FY 2021-22. Amidst the Covid-19 pandemic, this projection by the IMF has put India as the fastest growing economy compared to other major economies.

Estimated to have contracted by around Seven per cent in 2020 due to the pandemic, the IMF's growth projections for India in its latest World Economic Outlook Update reflected a strong rebound in the economy.

China is next with 8.1 per cent growth in 2021 followed by US and UK (7%) and Spain (6.2%).  
(Source: July 2021)

## 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. Its subsidiary company Sterling

GTAKE E-mobility Limited is engaged in the manufacture of Motor Control Units (MCUs) for electric vehicle. Thus, the performance of Company is primarily associated with the growth of automobile sector, Agriculture and Farm Equipment sector.

The automobile industry witnessed a terrible effect in FY21 as sales volumes were pushed back by multiple years. For passenger vehicles, sales volumes were lowest since FY16, for two wheelers - lowest since FY15, for commercial vehicles – lowest since FY11 and three wheelers – lowest since FY03. Undoubtedly, FY21 was an unpleasant year for the automobile industry including ancillaries. Industries which consider automobiles as their large end user also like us were impacted.

Q1-FY21 witnessed the transition from BS-IV to BS-VI and the various state wise and Nation wise lockdowns because of COVID-19. The restriction on movement of people created labour shortages and closure of factories led to manufacturing levels dropping to significantly low levels. In addition to the disruption in supply chains, consumer sentiments were negative due to the uncertainty prevailing in the Economy, the fear of job losses and fall in income levels. Hence, the spread of Covid-19 added to the troubles of this industry, that was already suffering because of slowdown effects by Indian economy since FY20.

Q2-FY21 onwards as government restrictions were eased but even in that quarter, demand for vehicles was on the lower side due to the closure of schools and colleges, reopening of limited number of offices and reduced infrastructural and mining activities. All of these impacted domestic sales of two and three wheelers, passenger vehicles and commercial vehicles.

Q3-FY21 witnessed a turnaround in the industry because of increased demand because of wedding and festive season.

In Q4-FY21, the Demand was affected by high fuel prices and price hikes by automobile OEMs.

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

#### Automobile Production Trends

Category	2018-19	2019-20	2020-21
Passenger Vehicles	4,028,471	3,424,564	3,062,221
Commercial Vehicles	1,112,405	756,725	624,939
Three Wheelers	1,268,833	1,132,982	611,171
Two Wheelers	24,499,777	21,032,927	18,349,941
Quadricycle	5,388	6,095	3,836
<b>Grand Total</b>	<b>30,914,874</b>	<b>26,353,293</b>	<b>22,652,108</b>

## Automobile Domestic Sales Trends

Category	2018-19	2019-20	2020-21
Passenger Vehicles	3,377,389	2,773,519	2,711,457
Commercial Vehicles	10,07,311	717,593	568,559
Three Wheelers	7,01,005	637,065	216,197
Two Wheelers	21,179,847	17,416,432	15,119,387
Quadricycle	627	942	-12
<b>Grand Total</b>	<b>26,266,179</b>	<b>21,545,551</b>	<b>18,615,588</b>

## Automobile Exports Trends

Category	2018-19	2019-20	2020-21
Passenger Vehicles	6,76,192	662,118	404,400
Commercial Vehicles	99,933	60,379	50,334
Three Wheelers	5,67,683	5,01,651	392,941
Two Wheelers	32,80,841	3,519,405	3,277,724
Quadricycle	4,400	5,185	3,529
<b>Grand Total</b>	<b>46,29,049</b>	<b>4,748,738</b>	<b>4,128,928</b>

(Source: SIAM)

## OPPORTUNITIES & THREATS

### Opportunities:

- Infrastructure investment:** Government's focus on Infrastructure developments such as roads, highways, flyovers is expected to create demand for vehicles which will boost to Automobile Industry giving positive impact on Automobile component Industries as well. Highways construction target raised manifold to 40 KM per day.
- Favourable demographics:** Favourable demographic indicators like urbanisation, young aspirational population, increase in disposable income of individuals are expected to catalyse the growth of Automobile Industry.
- Exports:** The world market is evaluating Indian companies as an alternative to other Asian countries. Having a large manufacturing base, gives an opportunity to capture the export market especially the developing countries in Africa and South East Asia. Global economic slowdown due to pandemic or other factors may however temper the growth.

- 4. Infrastructure of the Company:** The State of the art manufacturing facility at Bangalore would enable increasing company's share of business in South India. Further, Integrated manufacturing and engineering capabilities will help the company to tap the growth opportunities with existing Customers as well as to acquire new business.

**Threats:**

- 1. Covid-19:** The business uncertainties on account Covid-19 will continue to affect the performance of all companies.
- 2. Economic uncertainty:** Economy is facing unprecedented challenges because of supply chain disruptions, macro-economic factors and geo-political issues. The Raw material price volatility and demand fluctuations are expected to continue to be volatile.
- 3. Electric Vehicles:** The transformation from fuel based vehicles to electric vehicles in future is an irreversible change. However the impact of the same on demand of fasteners will not be substantial in the near term as adoption of electric vehicles will be a gradual process.

## 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 2020-21 was a challenging year for the Company due to Covid-19 resulting slowdown in Automobile Industry. During that tough period, the Management has focused on cost reduction without compromising with the quality of products and safety of its employees. Due to its fiscal prudence, new customers acquisition and well-planned infrastructure, the Company has been able to maintain profitability even in this challenging phase. The Company is very confident that it can leverage future opportunities and face future challenges to meet the shareholders' expectation of sustainable growth and profitability.

## RISK & CONCERNS

As the Company has majority of its supplies to the Original Equipment Manufacturers (OEMs) in India so all the factors affecting the growth of Automobile Industry will impact our Company as well. These would include downturn in Economy, change in Government Policies and Legislation, economy' growth, competition from both domestic and overseas Companies, Cost Inflation in manufacturing input costs and the financial risks such as Risks associated with fluctuations in foreign currency rates and increasing Interest rates.

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

## INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

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

In spite of the Covid-19 disruption and economic de-growth, your Company's revenue (without excise duty/taxes) from operations reduced only marginally during the year from Rs.36,424 Lakhs to Rs.35,295 Lakhs.

- Operating profit, excluding other income was Rs.6,232 Lacs for the year 2020-2021 and increased by 1.55% as compared to Rs.6,137 Lacs for the year 2019-2020.
- Operating profit was 17.66% for the year 2020-2021 as against 16.85% for the year 2019-2020.
- Finance costs were Rs. 760.25 Lacs for the year 2020-2021 as against Rs. 626.34 Lacs for the year 2019-2020.
- Paid up equity share capital as on March 31, 2021 stood at Rs. 720.48 Lacs.
- Earnings Per Share (EPS) was Rs. 6.78 for the year 2020-2021 as against Rs. 8.06 for the year 2019-2020.



- Cash Earnings Per share (CEPS) was Rs.14.08 for the year 2020-2021 as against Rs.14.79 for the year 2019-2020.
- STL contributed foreign exchange to the tune of Rs. 2355.58 Lacs for the year 2020-2021 as against Rs. 2622.92 Lacs for the year 2019-2020.

### 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	FY2021	FY2020	YOY change	Remarks
Debtors Turnover Ratio (Times)	11.82	12.20	-0.39	*
Inventory Turnover Ratio (Times)	4.17	5.12	-0.94	*
Current Ratio (Times)	2.09	2.70	-0.61	*
Operating Profit Margin (%)	17.66%	16.85%	0.81%	*
Net Profit Margin (%)	6.92%	7.98%	-1.06%	*
Return on Net Worth (%)	7.30%	9.41%	-2.11%	*
Interest Coverage Ratio (Times)	5.71	7.15	-1.44	*
Debt Equity Ratio (times)	0.31	0.24	0.07	*

\*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 2021, 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 2021, 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.

### Key Audit Matter

4. 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.
5. 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><b>Impairment assessment of investment in joint venture</b></p> <p>Refer note 1(C)(21) for the accounting policy and note 5 and note 37 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 2021. 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>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"><li>• 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.</li><li>• Obtained an understanding, evaluated and tested the controls around management's assessment of the impairment indicators and the testing performed.</li></ul>

**Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2021 (cont'd)**

<p>As at 31 March 2021, impairment indicators existed for the investment made in the aforesaid joint venture considering the negative profits in the current year and accumulated losses as at 31 March 2021 in the joint venture.</p> <p>The management during the year ended 31 March 2021 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 2021, on the basis of the valuation as carried out by the management expert, the management has recognised a further impairment loss of Rs. 242.18 Lakh (previous year – 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. 117.82 Lakh as at 31 March 2021.</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>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Obtained the independent valuation report as at 31 March 2021 given by the management expert for the fair value of the joint venture and evaluated the objectivity, independence and competence of such expert.</li> <li>• 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.</li> <li>• Performed sensitivity analysis on management's calculated recoverable value by changing the significant assumptions used in the calculation.</li> <li>• Verified the impairment loss recognised in the current year ended 31 March 2021.</li> <li>• Assessed the appropriateness and adequacy of the related disclosures in the financial statements in accordance with the applicable accounting standards.</li> </ul>
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**Information other than the Financial Statements and Auditor's Report thereon**

6. 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

## **Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2021 (cont'd)**

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**

7. 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.
8. 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.
9. 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**

10. 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.
11. 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;

## **Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2021 (cont'd)**

- 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.
12. 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.
  13. 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.
  14. 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**

15. 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.
16. 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.
17. 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 2021 from being appointed as a director in terms of section 164(2) of the Act;

**Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2021 (cont'd)**

- f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 12 June 2021 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 41(B)(i), 41(B)(ii) and 41(B)(iii) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;
  - 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 2021;
  - 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 2021; 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: 21058644AAAACO6887

**Place:** New Delhi

**Date:** 12 June 2021



**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 2021**

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 except for goods-in-transit. 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 2021 (Cont'd)**

**Statement of disputed due**

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount * (Rs. in Lakh)</b>	<b>Amount paid under protest (Rs. in Lakh)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Central Excise Act, 1944	Excise duty and penalty	181.40	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	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)
Income-tax Act, 1961	Demand under the Income-tax Act, 1961	3.56	Nil	Assessment year 2016-17	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Demand under the Income-tax Act, 1961	51.78	Nil	Assessment year 2018-19	Commissioner of Income-tax (Appeals)

\* Excluding interest, if any.

- (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 Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Rajni Mundra**

Partner

Membership No.: 058644

UDIN: 21058644AAAACO6887

**Place:** New Delhi

**Date:** 12 June 2021



## **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 2021**

### **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 2021, 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 2021 (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 2021, 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: 21058644AAAACO6887

**Place:** New Delhi

**Date:** 12 June 2021



# Standalone Balance Sheet as at 31 March 2021

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

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	2	24,400.72	25,167.97
(b) Capital work-in-progress	3	-	63.62
(c) Right-of-use assets	42	77.09	131.17
(d) Other intangible assets	4	55.40	37.36
<b>(e) Financial assets</b>			
(i) Investments	5	3,301.06	2,798.88
(ii) Loans	6	424.40	422.72
(f) Income tax assets (net)	7	80.13	-
(g) Other non-current assets	8	748.18	1,186.12
<b>Total non-current assets</b>		<b>29,086.98</b>	<b>29,807.84</b>
<b>Current assets</b>			
(a) Inventories	9	10,940.51	5,943.90
<b>(b) Financial assets</b>			
(i) Investments	10	1,275.48	564.07
(ii) Trade receivables	11	4,155.80	2,806.56
(iii) Cash and cash equivalents	12	195.98	1,049.27
(iv) Bank balances other than (iii) above	13	2,471.21	27.73
(v) Loans	14	35.94	37.83
(vi) Other financial assets	15	296.06	2,575.31
(c) Other current assets	16	3,242.96	1,731.35
<b>Total current assets</b>		<b>22,613.94</b>	<b>14,736.02</b>
<b>TOTAL ASSETS</b>		<b>51,700.92</b>	<b>44,543.86</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	17	720.48	720.48
(b) Other equity	18	32,742.67	30,149.95
<b>Total equity</b>		<b>33,463.15</b>	<b>30,870.43</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	19	3,774.83	4,806.72
(ii) Lease liabilities		32.58	46.06
(iii) Other financial liabilities [other than those specified in item (b)]	20	28.05	26.39
(b) Provisions	21	144.39	153.19
(c) Deferred tax liabilities (net)	22	1,604.28	1,649.00
(d) Other non-current liabilities	23	1,832.56	1,534.01
<b>Total non-current liabilities</b>		<b>7,416.69</b>	<b>8,215.37</b>
<b>Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	24	5,105.53	575.72
<b>(ii) Trade payables</b>			
A) Total outstanding dues of micro enterprises and small enterprises; and		809.31	175.07
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	25	2,181.47	1,915.25
(iii) Lease liabilities		49.29	89.62
(iv) Other financial liabilities [other than those specified in item (c)]	26	2,008.09	2,307.32
(b) Other current liabilities	27	528.44	268.11
(c) Provisions	21	40.30	71.19
(d) Current tax liabilities (net)	28	98.65	55.78
<b>Total current liabilities</b>		<b>10,821.08</b>	<b>5,458.06</b>
<b>Total liabilities</b>		<b>18,237.77</b>	<b>13,673.43</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>51,700.92</b>	<b>44,543.86</b>

Note 1 to 51 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

**Pankaj Gupta**

Chief Financial Officer

For & on behalf of Board of Directors

**Sterling Tools Limited**

**Atul Aggarwal**

Director

DIN No. 00125825

**Vaishali Singh**

Company Secretary

Membership No. A15108

Place: New Delhi

Date: 12 June, 2021

Place: Faridabad

Date: 12 June, 2021

# Standalone Statement of Profit and Loss for the year ended 31 March 2021

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

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
Revenue from operations	29	35,295.04	36,424.15
Other income	30	518.38	609.13
<b>Total income</b>		<b>35,813.42</b>	<b>37,033.28</b>
<b>Expenses</b>			
Cost of materials consumed	31	13,653.62	12,334.97
Changes in inventories of finished goods and work-in-progress	32	(1,525.82)	1,403.40
Employee benefits expense	33	3,607.90	3,627.54
Finance costs	34	760.25	626.34
Depreciation and amortisation expenses	35	2,631.61	2,421.84
Other expenses	36	13,326.69	12,920.68
<b>Total expenses</b>		<b>32,454.25</b>	<b>33,334.77</b>
<b>Profit before exceptional items and tax</b>		<b>3,359.17</b>	<b>3,698.51</b>
Exceptional items	37	242.18	328.25
<b>Profit before tax</b>		<b>3,116.99</b>	<b>3,370.26</b>
<b>Tax expense:</b>		22	
Current tax		770.66	593.95
Deferred tax		(95.48)	(128.60)
<b>Total tax expense</b>		<b>675.18</b>	<b>465.35</b>
<b>Profit for the year</b>		<b>2,441.81</b>	<b>2,904.91</b>
<b>Other comprehensive income</b>			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		54.11	13.66
(b) Changes in fair value of equity investment through other comprehensive income		147.56	539.00
(ii) Income-tax relating to items that will not be reclassified to profit or loss		(50.76)	(139.09)
(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		-	-
<b>Other comprehensive Income/(loss) for the year (net of tax)</b>		<b>150.91</b>	<b>413.57</b>
<b>Total comprehensive income for the year</b>		<b>2,592.72</b>	<b>3,318.48</b>
<b>Earnings per equity share</b>			
Basic and diluted (Rs.)	38	6.78	8.06
[nominal value of share Rs. 2 (31 March 2020: Rs. 2)]			

Note 1 to 51 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

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

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

**Pankaj Gupta**  
Chief Financial Officer

**Atul Aggarwal**  
Director  
DIN No. 00125825

**Vaishali Singh**  
Company Secretary  
Membership No. A15108

**Place:** New Delhi  
**Date:** 12 June, 2021

**Place:** Faridabad  
**Date:** 12 June, 2021



## Standalone Statement of Changes in Equity for the year ended 31 March 2021

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

### (A) Equity share capital

	Note	Number (Lakh)	Amount
Balance as at 1 April 2019	17	360.24	720.48
Changes in equity share capital during the year		-	-
<b>Balance as at 31 March 2020</b>	<b>17</b>	<b>360.24</b>	<b>720.48</b>
Changes in equity share capital during the year		-	-
<b>Balance as at 31 March 2021</b>	<b>17</b>	<b>360.24</b>	<b>720.48</b>

### (B) Other equity

	Note	Reserves and surplus					Total
		Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	
<b>Balance as at 1 April 2019</b>	<b>18</b>	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)
<b>Balance as at 31 March 2020</b>	<b>18</b>	<b>6.65</b>	<b>4,735.69</b>	<b>2,786.46</b>	<b>22,217.80</b>	<b>403.35</b>	<b>30,149.95</b>
Profit for the year		-	-	-	2,441.81	-	2,441.81
Other comprehensive income							
Remeasurement of defined benefit obligation (net of tax)		-	-	-	40.49	-	40.49
Changes in fair value of equity investment through other comprehensive income (net of tax)		-	-	-	-	110.42	110.42
<b>Balance as at 31 March 2021</b>	<b>18</b>	<b>6.65</b>	<b>4,735.69</b>	<b>2,786.46</b>	<b>24,700.10</b>	<b>513.77</b>	<b>32,742.67</b>

Note 1 to 51 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

**Place:** New Delhi  
**Date:** 12 June, 2021

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

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

**Pankaj Gupta**  
Chief Financial Officer

**Place:** Faridabad  
**Date:** 12 June, 2021

**Atul Aggarwal**  
Director  
DIN No. 00125825

**Vaishali Singh**  
Company Secretary  
Membership No. A15108

## Standalone Statement of Cash Flows for the year ended 31 March 2021

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A Cash flow from operating activities</b>		
Net profit before tax	3,116.99	3,370.26
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	2,631.61	2,421.84
Unrealised foreign exchange loss/(gain)	7.65	(6.17)
Interest on delayed payment of advance taxes	20.35	4.87
Loss/(profit) on disposal of property, plant and equipment (net)	89.91	(4.09)
Remeasurement of defined benefit plans	54.11	13.66
Finance costs	713.37	601.32
Interest on lease liabilities	10.29	12.99
Interest income	(223.70)	(22.34)
Amortisation of grant income	(233.95)	(207.60)
Gain on sale of mutual fund	(6.91)	(70.76)
Dividend income on mutual fund	-	(125.22)
Gain on fair value of mutual fund	(11.89)	(9.67)
Liabilities no longer required written back	(15.84)	(45.20)
(Gain)/loss on fair value of forward contracts	(5.84)	70.37
Bad debts written off	12.79	1.37
Provision for loss allowance	32.05	-
Provision for impairment in the value of investments	242.18	328.25
<b>Operating profit before working capital changes</b>	<b>6,433.17</b>	<b>6,333.88</b>
Decrease/(increase) in financial assets	882.80	(987.70)
(Increase) in other assets	(1,499.95)	(353.93)
Increase/(decrease) in financial liabilities	1,189.29	(1,115.15)
(Increase)/decrease in inventories	(4,996.61)	2,304.86
Increase/(decrease) in other liabilities	792.83	(335.36)
(Decrease) in provisions	(39.70)	(37.76)
<b>Net cash generated from operations</b>	<b>2,761.83</b>	<b>5,808.84</b>
Income-tax paid (net)	(828.27)	(627.32)
<b>Net cash from operating activities (A)</b>	<b>1,933.56</b>	<b>5,181.52</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment (including capital work- in progress and payment for capital advances)	(1,587.79)	(4,596.90)
Proceeds from disposal of property, plant and equipment	19.95	43.35
Investment in fixed deposit	(2,448.91)	-
(Investment in)/redemption of mutual funds	(692.61)	4,587.35
Interest received	225.25	14.34
Investment in equity instruments	(596.80)	(300.00)
<b>Net cash used in investing activities (B)</b>	<b>(5,080.91)</b>	<b>(251.86)</b>



## Standalone Statement of Cash Flows for the year ended 31 March 2021

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>C Cash flows from financing activities</b>		
Proceeds from non-current borrowings	625.00	1,400.00
Repayment of non-current borrowings	(2,058.08)	(1,308.98)
Interim dividend paid including dividend distribution tax	-	(868.58)
Proceeds from current borrowings (net)	4,529.80	(2,654.02)
Repayment of lease liabilities	(77.04)	(86.61)
Interest paid	(725.62)	(721.03)
<b>Net cash from/(used in) financing activities (C)</b>	<b>2,294.06</b>	<b>(4,239.22)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(853.29)</b>	<b>690.44</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,049.27</b>	<b>358.83</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>195.98</b>	<b>1,049.27</b>
<b>Components of cash and cash equivalents (refer note 12):</b>		
Balances with scheduled banks in current accounts	192.39	93.91
Cash on hand	3.59	5.36
Balances with banks in deposit accounts with original maturity upto three months	-	950.00
	<b>195.98</b>	<b>1,049.27</b>

## Standalone Statement of Cash Flows for the year ended 31 March 2021

(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	Current borrowings	Dividend
Opening balance as on 1 April 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	-	(632.88)	(88.16)	-
- Interim dividend paid including dividend distribution tax	-	-	-	(868.58)
<b>Closing balance as on 31 March 2020</b>	<b>135.68</b>	<b>6,835.67</b>	<b>575.72</b>	<b>-</b>
Add: Non cash changes due to				
- Recognition of lease liabilities	66.25	-	-	-
- Interest expense	10.29	483.15	227.59	-
- Fair value changes	-	2.63	-	-
Less: Non cash changes due to				
- Adjustment in lease liabilities on modification	(53.31)	-	-	-
Add: Cash inflows during the year				
- Proceeds from non-current borrowings	-	625.00	-	-
- Proceeds from current borrowings	-	-	4,529.80	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings	-	(2,058.08)	-	-
- Repayment of lease liabilities	(77.04)	-	-	-
- Interest paid	-	(498.04)	(227.58)	-
<b>Closing balance as on 31 March 2021</b>	<b>81.87</b>	<b>5,390.33</b>	<b>5,105.53</b>	<b>-</b>

The standalone statement of cash flows has been prepared under the 'indirect method' as set out in Ind AS 7, 'Statement of cash flows'.

Note 1 to 51 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

**Pankaj Gupta**

Chief Financial Officer

For & on behalf of Board of Directors

**Sterling Tools Limited**

**Atul Aggarwal**

Director

DIN No. 00125825

**Vaishali Singh**

Company Secretary

Membership No. A15108

Place: New Delhi

Date: 12 June, 2021

Place: Faridabad

Date: 12 June, 2021





# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, unless otherwise stated)

## 1. Group information and significant accounting policies

### A. Corporate information

Sterling Tools Limited (the 'Company') was incorporated on 7 June 1979 under the erstwhile Companies Act, 1956 and is domiciled in India (CIN: L29222DL1979PLC009668). The registered office of the Company is at Unit 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 sale of high tensile cold forged fasteners.

### 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) Recent accounting pronouncements

##### Amendments to Schedule III of the Companies Act, 2013

On 24 March 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Act. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. The revised Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015, as amended, prescribes amendments for various additional disclosures. The Company is evaluating the requirements of these amendments and their impact on the financial statements.

#### (2) Statement of compliance

These financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs under section 133 of Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, 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 2021 were approved and authorised for issue by Board of Directors on 12 June 2021.

#### (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.

# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, unless otherwise stated)

## (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.

## (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.

# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, unless otherwise stated)

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).

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 45- 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.

# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, unless otherwise stated)

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.

## 1.3 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 Act as given below:

Asset category	Useful life (in years)
Buildings	30 years
Plant and equipment	10 – 15 years
Furniture and fixtures	10 years
Vehicles	8 – 10 years
Office equipments	5 years
Electrical installations and equipments	10 years
Computers	3 - 6 years

Land is not depreciated. 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.

# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

## 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.

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

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets and group of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's selling price and its value in use. Value in use is the present value of estimated future cash flows expected to raise from continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an assets in prior accounting periods may no longer exist or may have decreased.

## (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.

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, unless otherwise stated)

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:

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

Grants from government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. When the grant relates to a revenue item, it is recognised in statement of profit and loss on a systematic basis over the periods in which the related costs are expensed. The grant can either be presented separately or can deduct from related reported expense. Government grant relating to capital assets are recognised initially as deferred income and are credited to statement of profit and loss on a straight line basis over the expected lives of the related asset and presented within other income.



# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

## **(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.

## **(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 27).

### **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



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

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 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 Merchandise Exports from India Scheme ('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.





# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, unless otherwise stated)

## 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.

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

### 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.

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

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 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.

### **(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 Company by the weighted average number of equity shares outstanding during the financial year.

# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

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 2021

(All amounts are in 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 AS109, 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 using the lifetime expected credit loss model.

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.



# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, unless otherwise stated)

## 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 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) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income (supported by reliable evidence) against which the deferred tax assets can be utilized.

### (2) Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires 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 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

## **(3) Contingent liabilities**

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

## **(4) Impairment of financial assets**

At each balance sheet date, based on historical default rates observed over expected life, existing market conditions as well as forward looking estimates, the management assesses the expected credit losses on outstanding receivables. Further, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with industry and country in which the customer operates.

## **(5) Defined benefit obligation (DBO)**

Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

## **(6) Useful lives of depreciable/amortisable assets**

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

## **(7) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

## **(8) Government grant**

Grants receivables are based on estimates for utilization of the grant as per the regulations as well as analyzing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance life of the asset.

## **(9) Fair value measurements**

Management applies valuation techniques to determine fair value of equity shares (where active market quotes are not available) and stock option. This involves developing estimates and assumptions around volatility, dividend yield which may affect the value of equity shares or stock options.

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(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	Total
<b>Gross block</b>									
As at 1 April 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/adjustments	-	-	(110.15)	-	(89.42)	(6.66)	(0.74)	-	(206.97)
<b>Balance as at 31 March 2020</b>	<b>2,058.87</b>	<b>6,387.95</b>	<b>30,163.36</b>	<b>249.55</b>	<b>497.86</b>	<b>461.18</b>	<b>1,035.72</b>	<b>173.81</b>	<b>41,028.30</b>
Additions	-	116.59	1,546.20	41.10	62.44	31.90	8.00	80.82	1,887.04
Disposals/adjustments	-	-	(393.74)	-	(68.03)	-	-	-	(461.76)
<b>Balance as at 31 March 2021</b>	<b>2,058.87</b>	<b>6,504.54</b>	<b>31,315.82</b>	<b>290.65</b>	<b>492.27</b>	<b>493.08</b>	<b>1,043.72</b>	<b>254.63</b>	<b>42,453.58</b>
<b>Accumulated depreciation</b>									
As at 1 April 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)
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>1,395.90</b>	<b>13,429.76</b>	<b>108.47</b>	<b>203.16</b>	<b>231.76</b>	<b>422.33</b>	<b>68.95</b>	<b>15,860.33</b>
Charge for the year	-	202.88	2,077.05	22.37	56.44	64.03	70.96	50.70	2,544.43
Adjustments for disposals	-	-	(309.39)	-	(42.51)	-	-	-	(351.90)
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>1,598.78</b>	<b>15,197.42</b>	<b>130.84</b>	<b>217.09</b>	<b>295.79</b>	<b>493.29</b>	<b>119.65</b>	<b>18,052.86</b>
<b>Net block as at 31 March 2020</b>	<b>2,058.87</b>	<b>4,992.05</b>	<b>16,733.60</b>	<b>141.08</b>	<b>294.70</b>	<b>229.42</b>	<b>613.39</b>	<b>104.86</b>	<b>25,167.97</b>
<b>Net block as at 31 March 2021</b>	<b>2,058.87</b>	<b>4,905.76</b>	<b>16,118.40</b>	<b>159.81</b>	<b>275.18</b>	<b>197.29</b>	<b>550.43</b>	<b>134.98</b>	<b>24,400.72</b>

#### Notes:

- Refer note a of note 19 "Non current financial liabilities- Borrowings" and note a of note 24 "Current financial liabilities- Borrowings" for details regarding property, plant and equipment which are pledged as security.
- Refer note 41 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 2019	4,680.96
Additions	3,425.90
Capitalised during the year	8,043.24
<b>Balance as at 31 March 2020</b>	<b>63.62</b>
Additions	-
Capitalised during the year	63.62
<b>Balance as at 31 March 2021</b>	<b>-</b>

During the year, the Company has capitalised interest on borrowed capital amounting to nil (31 March 2020 – Rs.136.95 Lakh) and other directly attributable costs (viz. salary, legal and professional and other expenses) amounting to nil (31 March 2020 – Rs. 257.11 Lakh).

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 4. OTHER INTANGIBLE ASSETS

Particulars	Computer software	Total
<b>Gross block</b>		
As at 1 April 2019	43.45	43.45
Additions	32.81	32.81
<b>Balance as at 31 March 2020</b>	<b>76.26</b>	<b>76.26</b>
Additions	38.20	38.20
<b>Balance as at 31 March 2021</b>	<b>114.46</b>	<b>114.46</b>
<b>Accumulated amortisation</b>		
As at 1 April 2019	25.04	25.04
Charge for the year	13.86	13.86
<b>Balance as at 31 March 2020</b>	<b>38.90</b>	<b>38.90</b>
Charge for the year	20.16	20.16
<b>Balance as at 31 March 2021</b>	<b>59.06</b>	<b>59.06</b>
<b>Net block as at 31 March 2020</b>	<b>37.36</b>	<b>37.36</b>
<b>Net block as at 31 March 2021</b>	<b>55.40</b>	<b>55.40</b>

### 5 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

	As at 31 March 2021	As at 31 March 2020
<b>Unquoted investments</b>		
<b>Investment in equity instrument in subsidiaries (carried at cost)</b>		
100,000 equity shares (31 March 2020: 100,000 equity shares) of Rs 10 each fully paid up in Haryana Ispat Private Limited	1,198.50	1,198.50
8,446,000 equity shares (31 March 2020: 3,000,000 equity shares) of Rs. 10 each fully paid up in Sterling Gtake E-mobility Limited	844.60	300.00
<b>Investment in equity instrument in joint venture (carried at cost)</b>		
3,405,000 equity shares (31 March 2020: 3,405,000 equity shares) of Rs 10 each fully paid up in Sterling Fabory India Private Limited, (refer note: a)	688.25	688.25
Less: Provision for impairment in the value of investment	(570.43)	(328.25)
	<b>117.82</b>	<b>360.00</b>
<b>Investment in equity instruments (carried at fair value through other comprehensive income)</b>		
9,922 equity shares (31 March 2020: 9,400 equity shares) of Rs. 10 each fully paid up in Altigreen Propulsion Labs Private Limited	1,140.14	940.38
	<b>3,301.06</b>	<b>2,798.88</b>
Aggregate amount of unquoted investments	3,871.49	3,127.13
Aggregate amount of impairment in the value of investments	570.43	328.25

#### Note:

- a. Proportion of ownership interest in joint venture is stated as follows:

Name of jointly controlled entity	Place of business	% of ownership interest		Accounting method
		As at 31 March 2021	As at 31 March 2020	
Sterling Fabory India Private Limited	India	50	50	Equity method in accordance with Ind AS 28 'Investment in Associates and Joint Ventures'

Equity investments in subsidiary and joint venture are measured at cost as per the provisions of Ind AS 27 on 'Separate Financial Statements'.





## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 6 NON-CURRENT FINANCIAL ASSETS - LOANS

	As at 31 March 2021	As at 31 March 2020
<i>(Unsecured, considered good)</i>		
Security deposits	424.40	422.72
	<b>424.40</b>	<b>422.72</b>

### 7 INCOME-TAX ASSETS (NET)

	As at 31 March 2021	As at 31 March 2020
Prepaid taxes (net of provision for tax)	80.13	-
	<b>80.13</b>	<b>-</b>

### 8 OTHER NON-CURRENT ASSETS

	As at 31 March 2021	As at 31 March 2020
<i>(Unsecured and considered good)</i>		
Capital advances	681.03	1,107.31
Advances other than capital advances:		
- Prepaid expenses	35.68	61.73
- Balances with statutory authorities	31.47	17.08
	<b>748.18</b>	<b>1,186.12</b>

### 9 INVENTORIES

	As at 31 March 2021	As at 31 March 2020
<i>(Valued at lower of cost and net realisable value)</i>		
Raw material	5,221.86	1,970.21
Work in progress	1,424.44	1,020.32
Finished goods	3,409.30	2,287.60
Stores, spares and consumables [includes goods in transit of Rs. 0.27 Lakh (31 March 2020: Rs.19.28 Lakh)]	884.91	665.77
	<b>10,940.51</b>	<b>5,943.90</b>

Refer Note 24 for information on inventory pledged as security by the Company

### 10 CURRENT FINANCIAL ASSETS - INVESTMENTS

#### Quoted investment

	As at 31 March 2021	As at 31 March 2020
Investment in mutual funds (carried at fair value through profit or loss)		
Nil units (31 March 2020: 1,180,558.56 units) in SBI Arbitrage Growth Fund	-	301.48
1,020,458.68 units (31 March 2020: 1,020,458.68 units) in IDFC Arbitrage Fund	274.57	262.59
24,741.21 units (31 March 2020: nil units) in HDFC Liquid Fund -Direct Plan - Growth Option	1,000.91	-
	<b>1,275.48</b>	<b>564.07</b>
Aggregate amount of quoted investments and market value thereof	1,275.48	564.07



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 11 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

#### Trade receivables

	As at 31 March 2021	As at 31 March 2020
Trade receivables - considered good, unsecured	4,155.80	2,806.56
Trade receivables - credit impaired	36.83	36.83
	4,192.63	2,843.39
Less: allowance for expected credit loss	<b>(36.83)</b>	<b>(36.83)</b>
	<b>4,155.80</b>	<b>2,806.56</b>

Movement in the allowance for expected credit loss	For the year ended 31 March 2021	For the year ended 31 March 2020
Balance at the beginning of the year	36.83	36.83
Add: Allowance provided during the year	-	-
Less: Amounts written off during the year	-	-
<b>Balance at the end of the year</b>	<b>36.83</b>	<b>36.83</b>

- a. All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.
- b. Amount due from Sterling Fabory India Private Limited- joint venture company- Nil (31 March 2020- Rs.43.79 Lakh)
- c. Refer Note 24 for information on trade receivables pledged as security by the Company.

### 12 CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

	For the year ended 31 March 2021	For the year ended 31 March 2020
Balances with scheduled banks in current accounts	192.39	93.91
Cash on hand	3.59	5.36
Balances with banks in deposit accounts with original maturity upto three months	-	950.00
	<b>195.98</b>	<b>1,049.27</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting year and previous year.

### 13 CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	For the year ended 31 March 2021	For the year ended 31 March 2020
Unpaid dividend accounts (earmarked balances with banks)*	22.30	27.73
Balances with banks in deposit accounts with original maturity of more than three months but residual maturity of less than twelve months	2,448.91	-
	<b>2,471.21</b>	<b>27.73</b>

\* Not due for deposit in the Investor Education and Protection Fund.



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 14 CURRENT FINANCIAL ASSETS - LOANS

(Unsecured & considered good)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Loans receivable	20.33	20.67
Interest accrued but not due	15.61	17.16
	<b>35.94</b>	<b>37.83</b>

### 15 CURRENT FINANCIAL ASSETS - OTHERS

(Unsecured and considered good)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Export incentive receivable	104.13	193.35
Less: Provision for loss allowance	(32.05)	-
	<b>72.08</b>	<b>193.35</b>
Interest accrued but not due on fixed deposits with banks	82.46	-
Receivable on sale of mutual fund	-	2,290.32
Gratuity recoverable	7.09	25.71
Others	134.43	65.93
	<b>296.06</b>	<b>2,575.31</b>

### 16 OTHER CURRENT ASSETS

	For the year ended 31 March 2021	For the year ended 31 March 2020
Advances other than capital advances:		
Prepaid expenses	46.15	46.20
Balance with government authorities	1,693.98	1,004.92
Advance to suppliers	1,502.83	680.23
	<b>3,242.96</b>	<b>1,731.35</b>

### 17 EQUITY SHARE CAPITAL

	As at 31 March 2021	As at 31 March 2020
<b>Authorised:</b>		
50,000,000 equity shares (31 March 2020: 50,000,000 equity shares) of Rs 2/- each	1,000.00	1,000.00
<b>Issued, subscribed and paid up:</b>		
36,024,211 equity shares (31 March 2020: 36,024,211 equity shares) of Rs 2/- each	<b>720.48</b>	<b>720.48</b>
	<b>720.48</b>	<b>720.48</b>

#### a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

	For the year ended 31 March 2021		For the year ended 31 March 2020	
	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	-	-	-	-
<b>Equity shares outstanding as at the end of the year</b>	<b>360.24</b>	<b>720.48</b>	<b>360.24</b>	<b>720.48</b>



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 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 2020: 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 2021, the amount of per share interim dividend recognised as distributions to equity shareholders is Nil per share (31 March 2020: Rs 2 per share) amounting to Nil (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 2021		As at 31 March 2020	
	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%	81.11	22.51%
Mr. Atul Aggarwal, Promoter	96.65	26.83%	96.65	26.83%
Mr. Jagdish Kumar Aggarwal	16.94	4.70%	18.70	5.19%
L&T Mutual Fund Trustee Limited	23.62	6.56%	23.62	6.56%
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.

## 18 OTHER EQUITY

	As at 31 March 2021	As at 31 March 2020
Capital reserve	6.65	6.65
Security premium	4,735.69	4,735.69
General reserve	2,786.46	2,786.46
Retained earnings	24,700.10	22,217.80
Equity instruments through other comprehensive income	513.77	403.35
<b>Total</b>	<b>32,742.67</b>	<b>30,149.95</b>

### i) Capital reserve

	As at 31 March 2021	As at 31 March 2020
<b>Balance as at the beginning / end of the year</b>	<b>6.65</b>	<b>6.65</b>

Capital reserves represents proceeds of forfeited shares.



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### ii) Security premium

	As at 31 March 2021	As at 31 March 2020
<b>Balance as at the beginning / end of the year</b>	<b>4,735.69</b>	<b>4,735.69</b>

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 2021	As at 31 March 2020
<b>Balance as at the beginning / end of the year</b>	<b>2,786.46</b>	<b>2,786.46</b>

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 2021	As at 31 March 2020
Balance as at the beginning of the year	22,217.80	20,171.25
Add: Profit for the year	2,441.81	2,904.91
Add: Re-measurement gain of defined benefit obligation	40.49	10.22
Less: Utilised during the year		
- Interim dividend on equity shares	-	720.48
- Dividend distribution tax on interim dividend	-	148.10
<b>Balance at the end of the year</b>	<b>24,700.10</b>	<b>22,217.80</b>

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

### v) Equity instruments through other comprehensive income

	As at 31 March 2021	As at 31 March 2020
Balance as at the beginning of the year	403.35	-
Add: Addition during the year	110.42	403.35
<b>Balance as at the end of the year</b>	<b>513.77</b>	<b>403.35</b>

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.

## 19 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2021	As at 31 March 2020
<b>Indian rupee loan from banks (secured)</b>		
Term loans	5,356.88	6,789.96
Less: Current maturities of long-term borrowings (refer note 26)	(1,582.05)	(1,983.24)
	<b>3,774.83</b>	<b>4,806.72</b>

- 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, Faridabad 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.

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

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
8.10%	87.47	June 2016	Monthly	June 2021	4
7.20%	59.58	November 2017	Monthly	January 2022	10
8.10%	781.69	August 2019	Monthly	June 2024	39
7.20%	551.46	January 2020	Monthly	December 2024	45
7.40%	3,300.00	December 2019	Monthly	November 2024	44
7.45%	572.92	November 2020	Monthly	September 2025	55

c) There has been no default in servicing of loan during the year.

### 20 NON CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31 March 2021	As at 31 March 2020
Security deposits	28.05	26.39
	<b>28.05</b>	<b>26.39</b>

### 21 PROVISIONS

	As at 31 March 2021		As at 31 March 2020	
	Non-current	Current	Non-current	Current
Provisions for employee benefit obligations (refer note 39)	144.39	40.30	153.19	71.19
	<b>144.39</b>	<b>40.30</b>	<b>153.19</b>	<b>71.19</b>

### 22 DEFERRED TAX LIABILITIES (NET)

	As at 31 March 2021	As at 31 March 2020
<b>Deferred tax liability</b>		
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,673.74	1,712.36
Fair value of forward exchange contracts	-	(17.71)
Effective interest rate adjustment	(0.66)	(0.98)
Fair value of investments in equity instruments	172.79	135.65
<b>Gross deferred tax liability</b>	<b>1,845.87</b>	<b>1,829.32</b>
<b>Deferred tax assets</b>		
Employee benefits	79.48	87.31
Provision for impairment in the value of investment	143.57	82.61
Allowance for expected credit loss	9.27	9.27
Provision for loss allowance	8.07	-
Impact of difference between right-of-use assets and lease liabilities	1.20	1.13
<b>Gross deferred tax assets</b>	<b>241.59</b>	<b>180.32</b>
<b>Net deferred tax liability</b>	<b>1,604.28</b>	<b>1,649.00</b>



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### Movement in deferred tax balances

Particulars	As at 1 April 2020	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2021
<b>Deferred tax liabilities</b>				
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	(38.62)	-	1,673.74
Effective interest rate adjustment	(0.98)	0.32	-	(0.66)
Fair value of forward exchange contracts	(17.71)	17.71	-	-
Fair value of investments in equity instruments	135.65	-	37.14	172.79
<b>Sub- total (a)</b>	<b>1,829.32</b>	<b>(20.59)</b>	<b>37.14</b>	<b>1,845.87</b>
<b>Deferred tax assets</b>				
Employee benefits	87.31	5.79	(13.62)	79.48
Provision for impairment in the value of investment	82.61	60.96	-	143.57
Allowance for expected credit loss	9.27	-	-	9.27
Impact of difference between right-of-use assets and lease liabilities	1.13	0.07	-	1.20
Provision for loss allowance	-	8.07	-	8.07
<b>Sub- total (b)</b>	<b>180.32</b>	<b>74.89</b>	<b>(13.62)</b>	<b>241.59</b>
<b>Net deferred tax liabilities (a)-(b)</b>	<b>1,649.00</b>	<b>(95.48)</b>	<b>50.76</b>	<b>1,604.28</b>
<b>Particulars</b>				
	<b>As at 1 April 2019</b>	<b>Recognised in statement of profit and loss</b>	<b>Recognised in OCI</b>	<b>As at 31 March 2020</b>
<b>Deferred tax liabilities</b>				
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
<b>Sub- total (a)</b>	<b>1,783.38</b>	<b>(89.71)</b>	<b>135.65</b>	<b>1,829.32</b>
<b>Deferred tax assets</b>				
Employee benefits	132.00	(41.25)	(3.44)	87.31
Provision for impairment 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
<b>Sub- total (b)</b>	<b>144.87</b>	<b>38.89</b>	<b>(3.44)</b>	<b>180.32</b>
<b>Net deferred tax liabilities (a)-(b)</b>	<b>1,638.51</b>	<b>(128.60)</b>	<b>139.09</b>	<b>1,649.00</b>



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### i) Income tax recognised in Statement of Profit and Loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current tax expense</b>		
Current year	957.14	712.58
Earlier years	(186.48)	(118.63)
	<b>770.66</b>	<b>593.95</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(95.48)	(128.60)
	<b>(95.48)</b>	<b>(128.60)</b>
<b>Total income tax expense</b>	<b>675.18</b>	<b>465.35</b>

### ii) Income tax recognised in other comprehensive income

	31 March 2021			31 March 2020		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
Remeasurement of defined benefit plans	54.11	(13.62)	40.49	13.66	(3.44)	10.22
Changes in fair value of equity investment through other comprehensive income	147.56	(37.14)	110.42	539.00	(135.65)	403.35
	<b>201.67</b>	<b>(50.76)</b>	<b>150.91</b>	<b>552.66</b>	<b>(139.09)</b>	<b>413.57</b>

### iii) Reconciliation of effective tax rate

	31 March 2021		31 March 2020	
	Rate	Amount	Rate	Amount
<b>Profit before tax</b>		<b>3,116.99</b>		<b>3,370.26</b>
Tax using the Company's domestic tax rate of 25.17% (31 March 2020 - 34.94%)	25.17%	784.48	34.94%	1,177.71
Tax effect of:				
- Corporate social responsibility expenditure		29.10		22.71
- Remeasurement of deferred tax liabilities [refer note (a) below]		-		(588.80)
- Tax adjustment for earlier years		(186.48)		(118.63)
- Others		48.08		(27.64)
<b>At the effective income tax rate</b>		<b>675.18</b>		<b>465.35</b>

- (a) In the previous year ended 31 March 2020, the Company had 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. From assessment year 2021-22 onwards, while current tax of the previous year was computed at higher rates of 34.94% but the Company had re-measured the deferred tax liabilities on the basis of reduced rates (25.17%), the Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961.



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

(b) There is no temporary differences associated with investment in subsidiaries.

(c) **Basis of computing Group's domestic tax rate:**

	31 March 2021	31 March 2020
Base rate	22.00%	30.00%
Add: Surcharge @ 10% (31 March 2020: Surcharge @ 12%)	2.20%	3.60%
	<b>24.20%</b>	<b>33.60%</b>
Add: Health and Education cess @ 4%	0.97%	1.34%
	<b>25.17%</b>	<b>34.94%</b>

### 23 OTHER NON-CURRENT LIABILITIES

	As at 31 March 2021	As at 31 March 2020
Deferred grant income*	1,798.31	1,501.01
Others	34.25	33.00
	<b>1832.56</b>	<b>1534.01</b>
<b>*Deferred grant income</b>		
Opening balance	1,501.01	1,708.61
Add: Grant received during the year	531.25	-
Less: Released to statement of profit and loss	(233.95)	(207.60)
	<b>1,798.31</b>	<b>1,501.01</b>

### 24 CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2021	As at 31 March 2020
Loans repayable on demand from banks ( <i>secured and carried at amortised cost</i> )		
- Cash credit facilities	3,105.53	575.72
- Working capital demand loan	2,000.00	-
	<b>5,105.53</b>	<b>575.72</b>

**Note:**

- The cash credit facilities and working capital demand loan 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 Kolar District, Bangalore and personal guarantee by some of the directors of the Company.
- The outstanding balance of cash credit facilities is repayable on demand and the rate of interest ranges between 7.00% to 8.80% (31 March 2020: 7.95% to 8.80%) per annum .
- The outstanding balance of working capital demand loan is repayable within a period 30 days and the rate of interest ranges between 6.6% to 6.8% (31 March 2020: Nil) per annum.

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 25 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

Trade payables

	As at 31 March 2021	As at 31 March 2020
Trade payables		
A) Total outstanding dues of micro enterprises and small enterprises; and	809.31	175.07
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,181.47	1,915.25
	<b>2,990.78</b>	<b>2,090.32</b>

- a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is given below.

Particulars	As at 31 March 2021	As at 31 March 2020
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year		
- Principal amount	809.31	175.07
- Interest	-	-
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	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
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 the year end.

### 26 CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term borrowings (refer note 19)	1,582.05	1,983.24
Creditors for capital goods	18.18	170.63
Interest accrued but not due on borrowings	33.45	45.71
Unclaimed dividends*	22.30	27.73
Employee related payables	352.11	74.17
Derivative liability	-	5.84
	<b>2,008.09</b>	<b>2,307.32</b>

\* the above amount does not include any sum due to be transferred to Investor Education and Protection Fund.



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 27 OTHER CURRENT LIABILITIES

	As at 31 March 2021	As at 31 March 2020
Advances received from customers	193.64	23.95
Statutory dues payable	334.80	244.16
	<b>528.44</b>	<b>268.11</b>

### 28 CURRENT TAX LIABILITIES (NET)

	As at 31 March 2021	As at 31 March 2020
Provision for tax (net of advance tax)	98.65	55.78
	<b>98.65</b>	<b>55.78</b>

#### Note:

The following table provides the details of income-tax assets and current tax liabilities:

Prepaid taxes (refer note 7)	80.13	-
Provision for tax (refer note 28)	(98.65)	(55.78)
<b>Net position [asset/(liability)]</b>	<b>(18.52)</b>	<b>(55.78)</b>

#### a. Income-tax assets

Opening balance	-	-
Transfer from current tax liabilities	168.68	-
Refunds received	(88.55)	-
	<b>80.13</b>	<b>-</b>

#### b. Current tax liabilities

Opening balance	55.78	84.28
Provision for tax	957.14	712.58
Interest on taxes	20.35	4.87
Prepaid taxes paid during the year	(916.82)	(627.32)
Tax earlier years	(186.48)	(118.63)
Transferred to income-tax assets	168.68	-
	<b>98.65</b>	<b>55.78</b>
<b>Net position</b>	<b>(18.52)</b>	<b>(55.78)</b>



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 29 REVENUE FROM OPERATIONS

	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products		
- Finished goods	34,808.92	36,003.75
Other operating income		
- Sale of scrap	416.49	308.40
- Export incentives	69.63	112.00
<b>Total</b>	<b>35,295.04</b>	<b>36,424.15</b>

### 30 OTHER INCOME

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income from:		
- fixed deposits with banks	207.18	3.39
- security deposit with electricity department	16.52	18.95
<b>Other non operating income</b>		
Liabilities no longer required written back	15.84	45.20
Amortisation of grant income	233.95	207.60
Gain on foreign exchange fluctuation (net)	-	104.73
Profit on disposal of property, plant and equipment (net)	-	4.09
Gain on fair value of forward contracts	5.84	-
Income from mutual funds		
- gain on sale of mutual fund	6.91	70.76
- dividend income	-	125.22
- gain on fair value of mutual fund	11.89	9.67
Miscellaneous income	20.25	19.52
	<b>518.38</b>	<b>609.13</b>

### 31 COST OF MATERIALS CONSUMED

	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw material at the beginning of the year	1,970.21	2,845.97
Add: purchases during the year	16,905.27	11,459.21
Less: Raw material at the end of the year	5,221.86	1,970.21
<b>Total cost of materials consumed</b>	<b>13,653.62</b>	<b>12,334.97</b>



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 32 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRES

	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventories at the beginning of the year		
- Finished goods	2,287.60	3,667.42
- Work-in-progress	1,020.32	1,043.90
	<b>3,307.92</b>	<b>4,711.32</b>
Inventories at the end of the year		
- Finished goods	3,409.30	2,287.60
- Work-in-progress	1,424.44	1,020.32
	<b>4,833.74</b>	<b>3,307.92</b>
<b>Decrease/(Increase) in inventories</b>	<b>(1,525.82)</b>	<b>1,403.40</b>

### 33 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 March 2021	For the year ended 31 March 2020
Salary, wages and bonus	3,173.20	3,247.20
Contribution to provident and other funds	326.12	290.52
Staff welfare expenses	108.58	89.82
	<b>3,607.90</b>	<b>3,627.54</b>

Disclosures as per Ind AS 19 in respect of provision made towards various employee benefits are made in note 39.

### 34 FINANCE COSTS

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense on financial liabilities measured at amortised cost	713.37	601.32
Interest on lease liabilities	10.29	12.99
Interest on delayed payment of advance taxes	20.35	4.87
Other finance cost	16.24	7.16
	<b>760.25</b>	<b>626.34</b>

### 35 DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on property, plant and equipment	2,544.43	2,329.85
Depreciation on right-of-use assets	67.02	78.13
Amortisation on other intangible assets	20.16	13.86
	<b>2,631.61</b>	<b>2,421.84</b>



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 36 OTHER EXPENSES

	For the year ended 31 March 2021	For the year ended 31 March 2020
Consumption of stores and spares	2,932.15	2,823.92
Job work charges	1,592.88	1,391.88
Consumption of packing materials	630.77	491.45
Power and fuel	3,072.80	2,818.81
Rent (refer note 42)	23.20	36.94
Repairs and maintenance		
- Building	123.76	347.06
- Plant and machinery	1,001.47	965.07
Security charges	78.41	80.80
Insurance	131.19	96.06
Legal and professional charges	339.69	564.52
Rates and taxes	27.75	20.48
Provision for loss allowance	32.05	-
Sales promotion	112.26	164.63
Freight outward	1,185.30	1,006.35
Travelling and conveyance	41.18	203.56
Contract labour charges	1,190.54	1,116.48
Payment to auditors (refer details below)	21.36	21.62
Commission to director	75.00	50.00
Corporate social responsibility expenses (refer note 44)	115.62	130.00
Bad debts written off	12.79	1.37
Loss on foreign exchange fluctuation (net)	12.22	-
Loss on fair value of forward contracts	-	70.37
Loss on disposal of property, plant and equipment (net)	89.91	-
Miscellaneous expenses	484.39	519.31
	<b>13,326.69</b>	<b>12,920.68</b>

#### Payments to statutory auditors as\*

	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Auditor	21.00	21.00
(b) For reimbursement of expenses	0.36	0.62
	<b>21.36</b>	<b>21.62</b>

\*excluding applicable taxes



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 37 EXCEPTIONAL ITEMS

	For the year ended 31 March 2021	For the year ended 31 March 2020
Provision for impairment in the value of investments	242.18	328.25
	<b>242.18</b>	<b>328.25</b>

The Company has investment (gross) 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 impairment in the value of investments in the above mentioned joint venture company.

### 38 Earnings per share

	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit for the year attributable to equity shareholders (A)	2,441.81	2,904.91
Weighted average number of equity shares outstanding during the year (B) (nos. in 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.)	6.78	8.06

### 39 Employee benefits

#### i) Defined contribution plans

The Company makes fixed contribution towards provident fund and Employees' State Insurance (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 191.24 Lakh (31 March 2020: Rs 211.14 Lakh) for provident fund contributions and Rs 11.41 Lakh (31 March 2020: Rs 14.82 Lakh) for ESI contribution in the Statement of Profit and Loss and included in "Employee benefits expenses" in note 33. 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 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.

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(All amounts in Lakh of 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 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Present value of obligation at the beginning of the year</b>	36.98	54.69	595.88	564.16
Included in profit or loss:				
Current service cost	-	-	56.98	54.28
Interest cost	2.47	4.18	38.32	42.17
<b>Total amount recognised in profit or loss</b>	2.47	4.18	95.30	96.45
Included in other comprehensive income:				
Remeasurement loss/(gain) arising from:				
- financial assumptions	-	0.31	(5.86)	(3.82)
- experience adjustment	(0.74)	(22.20)	2.99	(36.53)
<b>Total amount recognised in other comprehensive income</b>	(0.74)	(21.89)	(2.87)	(40.35)
Other	-	-	(1.36)	(0.92)
Less: Benefits paid	-	-	41.41	23.46
<b>Present value of obligation at the end of year</b>	<b>38.71</b>	<b>36.98</b>	<b>645.54</b>	<b>595.88</b>

Change in the fair value of plan assets	Gratuity (funded portion)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Fair value of plan asset at the beginning of the year	525.76	480.25
Included in profit or loss:		
Expected return on plan assets	36.36	34.05
Contributions paid	63.49	84.42
Benefits paid	41.41	23.46
Others	(1.36)	(0.92)
Included in other comprehensive income:		
Actuarial (gain)/loss	(50.50)	48.58
<b>Fair value of plan asset at the end of the year</b>	<b>633.34</b>	<b>525.76</b>

### Major category of plan asset as a % of total plan assets

Category of assets (% allocation)	As at 31 March 2021		As at 31 March 2020	
	(%)	Amount	(%)	Amount
Insurance policies	100	633.34	100	525.76





## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### Net defined benefit liability recognised in the balance sheet

	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Present value of funded obligation at the end of the year	38.71	36.98	645.54	595.88
Fair value of plan asset as at the end of the year	-	-	633.34	525.76
<b>Net defined benefit liability</b>	<b>38.71</b>	<b>36.98</b>	<b>12.20</b>	<b>70.12</b>

### B) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Discount rate (per annum)	6.77%	6.67%	6.77%	6.67%
Salary growth rate (per annum)	6.00%	6.00%	6.00%	6.00%
Mortality rates inclusive of provision for disability	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)
Retirement age (years)	58	58	58	58
Withdrawal rate (%)	1%	1%	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 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	593.34	705.80	545.80	653.83
Salary escalation rate (1% movement)	707.98	590.10	655.65	542.69

	Gratuity (unfunded)			
	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	38.71	38.71	36.66	37.31
Salary escalation rate (1% movement)	38.71	38.71	36.98	36.98

Sensitivities due to mortality and withdrawals are not material. Hence, impact of change is not calculated above.

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 year. 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 year.

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(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.

#### iii) Salary increase

Actual salary increase will increase the plan's liabilities. Increase in salary rate assumption in future valuation will also increase the valuation.

### E) Expected maturity analysis of the defined benefit obligation in future years (undiscounted cash flows)-Funded

	31 March 2021	31 March 2020
Less than 1 year	54.14	39.23
Between 1-2 years	33.58	39.78
Between 2-5 years	144.60	118.81
Over 5 years	509.06	316.54
<b>Total</b>	<b>741.38</b>	<b>514.36</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 13.01 years (31 March 2020: 13.35 years).

Expected contribution to post-employment benefit plans in the next year is Rs 6.09 Lakh (31 March 2020: Rs. 35.06 Lakh).

### F) Expected maturity analysis of the defined benefit obligation in future years (undiscounted cash flows)-Unfunded

	31 March 2021	31 March 2020
Less than 1 year	40.00	20.36
Between 1-2 years	-	19.64
Between 2-5 years	-	-
Over 5 years	-	-
<b>Total</b>	<b>40.00</b>	<b>40.00</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 1 year (31 March 2020: 1.49 years).

Expected contribution to post-employment benefit plans in the next year is Rs 19.35 Lakh (31 March 2020: Rs 18.49 Lakh).

### G) Amount for the current and previous four years are as follows - gratuity (funded):

	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
Defined benefit obligation	645.54	595.88	564.16	505.87	419.23
Experience gain/(loss) adjustments on liabilities	(2.99)	36.53	(9.99)	(31.80)	4.63

### H) Amount for the current and previous four years are as follows - gratuity (unfunded):

	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
Defined benefit obligation	38.71	36.98	54.69	53.72	14.28
Experience gain/(loss) adjustments on liabilities	0.74	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 2021

(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. 43.72 Lakh (31 March 2020: Rs. 19.48 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.

## 40 Operating segments

In accordance with Ind AS 108 'Operating Segments', the Board of Directors of the Company, being the chief operating decision maker of the Company has determined "Hi-tensile fasteners" as the only operating segment.

Further, in terms of paragraph 31 of Ind AS 108, entity wide disclosures have been presented in the consolidated financial statements which are presented in the same financial report.

## 41 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 books of account (net of capital advances) Rs. 2,232.86 Lakh (Rs. 1043.31 Lakh as at 31 March 2020).
- (ii) The Company vide memo no. 3278 dated 14 May 2013 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 would be certain external development charges, scrutiny fees, etc. which are payable at a future date, if any variation is carried out at this said unit. However, the quantum of such future liability is not quantified in the said letter.

### B. Contingent liabilities and other commitments

	As at 31 March 2021	As at 31 March 2020
i) Disputed liability - Central Excise Act (refer note 'a' below)	287.44	287.44
ii) Interest on disputed liability- Central Excise Act (refer note 'b' below)	129.39	105.23
iii) Demand under Income Tax Act, 1961		
- Assessment year: 2013-14	0.62	0.62
- Assessment year: 2016-17	3.56	
- Assessment year: 2018-19	51.78	
iv) Liability of sales tax due to pending C-Forms	-	0.08
<b>Other commitments</b>		
v) Export Promotion Capital Goods (EPCG) - export obligation	18,608.27	20,963.85

- a) Service tax demand amounting to Rs 106.04 Lakh for the period April 2014 to June 2017 was due to disallowance of the Cenvat Credit on outward transportation of final product to the buyer's premises. Representation against the aforementioned demand were filed before the Joint Commissioner of Central Tax, Faridabad, Haryana. On 4 June 2021, the Company has received an unfavourable order from the Joint Commissioner. The Company will, however, file an appeal against the said demand/order and remains confident of getting a relief by the higher authorities against the said order.

Excise duty demand amounting to Rs 181.40 Lakh for the period January 2013 to June 2017 under the Central Excise Act is owing to dispute regarding not adding the value of drawings/designs and specifications in the cost of moulds/dies. The Company has submitted requisite responses before the Additional Director General (Adjn.), Director General of Goods and Services Tax Intelligence, New Delhi and is awaiting final assessment. Further, the Company is confident of a favourable outcome on the above.

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

- b) Interest amounting to Rs. 129.39 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.

The Company has no other material contingent liabilities other than those disclosed above, which could devolve upon the Company.

### C. Contingent assets - Nil

#### 42 Lease related disclosures as lessee

Lease liabilities are presented in the balance sheet as follows:

Particulars	As at	As at
	31 March 2021	31 March 2020
Current	49.29	89.62
Non-current	32.58	46.06
<b>Total</b>	<b>81.87</b>	<b>135.68</b>

A. The following are amounts recognised in statement of profit and loss:

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
Depreciation expense of right-of-use assets	67.02	78.13
Interest expense on lease liabilities	10.29	12.99
Rent expense*	23.20	36.94
<b>Total</b>	<b>100.51</b>	<b>128.06</b>

\*Rent expense for short-term leases and not included in the measurement of lease liability.

B. The right-of-use assets relate to leases of plant, offices and equipments and are as follows:

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
<b>Balance as at 31 March 2020</b>	<b>131.17</b>
Add: Addition on account of new leases entered during the year	66.25
Less: Adjustment due to modification in leases	53.31
Less: Amortisation expenses charged on right-of-use assets	67.02
<b>Balance as at 31 March 2021</b>	<b>77.09</b>

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 in the balance sheet separately from other assets.

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
<b>Plant, offices and equipments</b>	18	1 - 3 years	18

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities are disclosed in note 45.



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### 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 financials.

The expense relating to payments not included in the measurement of the lease liability for short term leases is Rs. 23.20 Lakh (31 March 2020 - Rs. 36.94 Lakh).

At 31 March 2021 and 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 2021 was Rs. 100.24 Lakh (31 March 2020 - Rs. 123.56 Lakh) [including Rs. 23.20 Lakh (31 March 2020 - Rs. 36.94 Lakh) paid towards the aforementioned short-term leases].

### 43 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
Subsidiary company	Haryana Ispat Private Limited
	Sterling Gtack E-Mobility Limited (with effect from 12 March 2020)
Key Management Personnel (KMP)	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. Jaideep Wadhwa - Director
	Dr. 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. Rakesh Batra (with effect from 10 November 2020)
	Mr. Rahoul Kabir Bhandari - Independent Director (with effect from 2 August 2019)
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
	Sterling Tools Foundation
	Jaycee Premium Cars Private Limited
Noble Cars Private Limited	
Relative of KMP	Mr. Anish Aggarwal (Son of Mr. Anil Aggarwal)
Joint venture company	Sterling Fabory India Private Limited

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### II Disclosure of related parties transactions (including material transactions):

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>i) Transaction with subsidiary company</b>		
<b>Investment made</b>		
Sterling Gtake E-Mobility Limited	544.60	300.00
	<b>544.60</b>	<b>300.00</b>
<b>ii) Transaction with enterprises over which KMP has control and/or significant influence</b>		
<b>a) Expenses paid- repairs and maintenance</b>		
Sterling Automobiles Private Limited	1.50	1.57
Jaycee Automobiles Private Limited	2.43	5.37
	<b>3.93</b>	<b>6.94</b>
<b>b) Expenses paid- Insurance/warranty</b>		
Jaycee Automobiles Private Limited	1.53	1.51
Sterling Automobiles Private Limited	2.12	1.69
	<b>3.65</b>	<b>3.20</b>
<b>c) Rent paid</b>		
Sterling Technologies Private Limited	36.00	78.00
	<b>36.00</b>	<b>78.00</b>
<b>d) Purchase of asset</b>		
Sterling Automobiles Private Limited	60.26	10.25
	<b>60.26</b>	<b>10.25</b>
<b>e) Corporate social responsibility expenses paid</b>		
Sterling Tools Foundation	115.62	130.00
	<b>115.62</b>	<b>130.00</b>
<b>iii) Transaction with joint venture company</b>		
<b>Remuneration paid</b>		
Sale of goods	3.48	129.80
Purchase of material	1.34	51.91
	<b>4.82</b>	<b>181.71</b>
<b>iv) Transaction with KMP and their relatives</b>		
<b>Remuneration paid</b>		
Mr. Manohar Lal Aggarwal	-	25.54
Mr. Anil Aggarwal	116.71	180.62
Mr. Atul Aggarwal	112.96	152.85
Mr. Anish Aggarwal	18.56	25.87
	<b>248.23</b>	<b>384.88</b>
<b>Commission paid</b>		
Mr. Anil Aggarwal	37.50	25.00
Mr. Atul Aggarwal	37.50	25.00
	<b>75.00</b>	<b>50.00</b>
<b>Compensation to KMP *</b>		
- Short-term employee benefits	274.86	375.35
- Defined contribution plans	29.81	33.66
	<b>304.67</b>	<b>409.01</b>

\* Does not include provisions/ contributions towards gratuity and compensated absences for all directors, as such provisions/ contributions are for the Company as a whole.



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

<b>Director sitting fees</b>		
Dr. Triloki Nath Kapoor	4.50	4.50
Ms. Malini Sud	3.25	2.50
Mr. Chotu Ram Sharma	5.00	4.50
Mr. Shailendra Swarup	1.50	0.25
Mr. Rakesh Batra	1.00	-
Mr. Rahoul Kabir Bhandari	1.00	0.75
	<b>16.25</b>	<b>12.50</b>
<b>Legal and professional charges</b>		
Mr. Jaideep Wadhwa	110.00	60.00
	<b>110.00</b>	<b>60.00</b>
<b>Reimbursement of expenses</b>		
Mr. Jaideep Wadhwa	5.98	10.78
	5.98	10.78
<b>v) Closing balances</b>		
	<b>As at</b>	<b>For the year ended</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>Remuneration payable</b>		
Mr. Anil Aggarwal	5.22	-
Mr. Atul Aggarwal	5.33	-
Mr. Anish Aggarwal	1.52	-
<b>Total</b>	<b>12.07</b>	<b>-</b>
<b>Commission payable</b>		
Mr. Anil Aggarwal	21.66	16.03
Mr. Atul Aggarwal	20.86	16.03
<b>Total</b>	<b>42.52</b>	<b>32.06</b>
<b>Gratuity payable</b>		
Mr. Manohar Lal Aggarwal	-	20.00
	-	<b>20.00</b>
<b>Legal and professional charges payables</b>		
Mr. Jaydeep Wadhwa	4.63	5.17
	<b>4.63</b>	<b>5.17</b>
<b>Outstanding payables</b>		
Sterling Automobiles Private Limited	0.12	-
Sterling Fabory India Private Limited	-	0.23
<b>Total</b>	<b>0.12</b>	<b>0.23</b>
<b>Outstanding receivables</b>		
Sterling Automobiles Private Limited	-	8.35
Sterling Fabory India Private Limited	-	43.79
<b>Total</b>	<b>-</b>	<b>52.14</b>
<b>Investments</b>		
Haryana Ispat Private Limited	1,198.50	1,198.50
Sterling Gtake E-Mobility Limited	844.60	300.00
Sterling Fabory India Private Limited	117.82	360.00
	<b>2,160.92</b>	<b>1,858.50</b>
<b>Personal guarantee by Director against the borrowings</b>		
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 19 and 24).		

# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(All amounts in Lakh of 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.

## 44 Corporate social responsibility

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.

- a) Gross amount required to be spent by the Company (i.e. 2% of average net profits under section 198 of Companies Act, 2013 of last three years): Rs. 115.62 Lakh (31 March 2020 - Rs. 129.77 Lakh)
- b) Amount spent during the year ended 31 March 2021:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total	Outstanding amount to be spent for FY 2020-21
(i)	Construction/acquisition of any asset	-	-	-	-
(ii)	On purposes other than (i) above	115.62	Others	115.62	-

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	-

- c) The Company does not have any provisions for corporate social responsibility expenses for current year.
- d) The Company does not have any excess amount spent during the year and accordingly, no such carry forward of the excess amount.
- e) The Company does not have any ongoing projects as at 31 March 2021.

## 45 Fair value measurements

### I Financial instruments

#### (a) Financial instruments by category

Derivative financial instruments and investment in mutual funds are measured at fair value through profit or loss. Investment in equity instruments (except investments in subsidiaries and joint venture company) are measured at fair value through other comprehensive income. Other than the aforementioned, 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.

#### (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 2021

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

## As at 31 March 2021

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
<b>Financial assets measured at fair value</b>									
Non-current investments	1,140.14	-	-	-	1,140.14	-	-	1,140.14	1,140.14
Current investments	-	1,275.48	-	-	1,275.48	1,275.48	-	-	1,275.48
<b>Financial assets not measured at fair value</b>									
Non-current investments	-	-	2,160.92	-	2,160.92	-	-	-	-
Loans	-	-	460.34	-	460.34	-	-	-	-
Other financial assets	-	-	296.06	-	296.06	-	-	-	-
Trade receivables	-	-	4,155.80	-	4,155.80	-	-	-	-
Cash and cash equivalents	-	-	195.98	-	195.98	-	-	-	-
Other bank balance	-	-	2,471.21	-	2,471.21	-	-	-	-
	<b>1,140.14</b>	<b>1,275.48</b>	<b>9,740.31</b>	<b>-</b>	<b>12,155.93</b>				
<b>Financial liabilities not measured at fair value</b>									
Borrowings	-	-	-	10,462.40	10,462.40	-	-	-	-
Lease liabilities	-	-	-	81.87	81.87	-	-	-	-
Trade payables	-	-	-	2,990.78	2,990.78	-	-	-	-
Other financial liabilities	-	-	-	<b>454.09</b>	<b>454.09</b>	-	-	-	-
	-	-	-	<b>13,989.14</b>	<b>13,989.14</b>	-	-	-	-

## 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
<b>Financial assets measured at fair value</b>									
Non-current investments	940.38	-	-	-	940.38	-	-	940.38	940.38
Current investments	-	564.07	-	-	564.07	564.07	-	-	564.07
<b>Financial assets not measured at fair value</b>									
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	-	-	-	-
	<b>940.38</b>	<b>564.07</b>	<b>8,777.93</b>	<b>-</b>	<b>10,282.38</b>				
<b>Financial liabilities measured at fair value</b>									
Other forward exchange contracts	-	5.84	-	-	5.84	-	5.84	-	5.84
<b>Financial liabilities not measured at fair value</b>									
Borrowings	-	-	-	7,365.69	7,365.69	-	-	-	-
Lease liabilities	-	-	-	135.68	135.68	-	-	-	-
Trade payables	-	-	-	2,090.32	2,090.32	-	-	-	-
Other financial liabilities	-	-	-	344.62	344.62	-	-	-	-
	-	<b>5.84</b>	-	<b>9,936.31</b>	<b>9,942.15</b>	-	-	-	-

# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

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 2021 and 31 March 2020

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 quoted mutual funds measured at fair value through profit or loss	The fair value of investment in mutual funds is determined using quoted NAV 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.	Long-term growth rate and discount rates	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>- the long-term growth rate would be higher (lower);</li> <li>- the discount rate were lower (higher).</li> </ul>

## 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 not measured at fair value, the carrying amounts are considered equal to their respective fair values.

## II. Financial risk management

The Company's principal financial liabilities comprise borrowings, lease liabilities, trade payables and other payables. The Company's principal financial assets include trade and other receivables, investments and cash and bank balances that it derives directly from its operations.

# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(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, 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 operating 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 40(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 has 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 in meeting its obligations other than those specifically considered as impairment allowance as per the management's assessment.

## (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 is:

Particulars	31 March 2021	31 March 2020
<b>Financial assets for which loss allowance is measured using 12 months expected credit loss model:</b>		
Non-current loans	424.40	422.72
Non-current investments	3,301.06	2,798.88
Current investments	1,275.48	564.07
Cash and cash equivalents	195.98	1,049.27
Other bank balances	2,471.21	27.73
Current loans	35.94	37.83
Other current financial assets	296.06	2,575.31
	<b>8,000.13</b>	<b>7,475.81</b>

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

Financial assets for which loss allowance is measured using life time expected credit loss:		
Trade receivables	4,155.80	2,806.56
	<b>4,155.80</b>	<b>2,806.56</b>

### Provision for expected credit loss

#### (a) Financial assets for which loss allowance is measured using 12 month expected credit loss

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 loss

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 60 days are still collectible in full. Hence, no impairment loss has been recognised during the year and the previous year 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 2021	4,007.58	128.27	12.57	1.32	6.06	4,155.80
Gross carrying amount as 31 March 2020	2,578.12	200.37	3.05	14.15	10.87	2,806.56

## 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 2021, the Company has a working capital of Rs 11,792.86 Lakh (31 March 2020 - 9,277.96 Lakh) including cash and cash equivalents of Rs 195.98 Lakh (31 March 2020 - 1,049.27 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 2021	As at 31 March 2020
<b>Non- derivative financial liabilities</b>		
<b>Floating-rate borrowings</b>		
- Expiring within one year	3,894.47	8,424.28
- Expiring beyond one year	-	-

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

(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 2021

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	
<b>Non-derivative financial liabilities</b>						
Non current borrowings (including current maturities of non-current borrowings)	582.19	461.28	454.31	432.00	4,163.62	6,093.40
Lease liabilities	13.35	13.35	13.45	11.41	38.09	89.65
Other non-current financial liabilities						
- Security deposits	-	-	-	-	28.05	28.05
Current borrowings						
- Working capital loans	5,105.53	-	-	-	-	5,105.53
Trade payables	2,990.78	-	-	-	-	2,990.78
Creditors for capital expenditure	18.18	-	-	-	-	18.18
Interest accrued but not due	33.45	-	-	-	-	33.45
Employee related payables	352.11	-	-	-	-	352.11
Unclaimed dividend	22.30	-	-	-	-	22.30
<b>Total</b>	<b>9,117.89</b>	<b>474.63</b>	<b>467.76</b>	<b>443.41</b>	<b>4,229.76</b>	<b>14,733.45</b>

#### 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	
<b>Non-derivative financial liabilities</b>						
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	2,090.32	-	-	-	-	2,090.32
Creditors for capital expenditure	170.63	-	-	-	-	170.63
Interest accrued but not due	45.71	-	-	-	-	45.71
Employee related payables	74.17	-	-	-	-	74.17
Unclaimed dividend	27.73	-	-	-	-	27.73
<b>Derivative financial liabilities</b>						
Other forward exchange contracts	4.21	1.63	-	-	-	5.84
<b>Total</b>	<b>3,792.67</b>	<b>783.99</b>	<b>760.61</b>	<b>681.78</b>	<b>6,226.54</b>	<b>12,245.59</b>

# Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

## 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.

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 with respect to purchases and sales made in currency other than its functional currency, the foreign exchange exposure of the Company is ascertained on the basis of the progress billings and purchase orders issued.

### (i) 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 2021			
	EURO	JPY	USD	GBP
<b>Financial assets</b>				
Trade receivables	548.42	-	34.18	3.70
<b>Financial liabilities</b>				
Trade payables	-	10.93	120.68	1.78
<b>Net exposure to foreign currency risk - assets / (liabilities)</b>	<b>548.42</b>	<b>(10.93)</b>	<b>(86.50)</b>	<b>1.92</b>

Particulars	As at 31 March 2020			
	EURO	JPY	USD	GBP
<b>Financial assets</b>				
Trade receivables	401.90	-	32.37	-
<b>Financial liabilities</b>				
Trade payables	-	-	63.00	1.60
Derivatives liabilities	5.84	-	-	-
<b>Net exposure to foreign currency risk - assets / (liabilities)</b>	<b>396.06</b>	<b>-</b>	<b>(30.63)</b>	<b>(1.60)</b>

### Sensitivity analysis

A strengthening of the Indian Rupee, as indicated below, against foreign currency as at the year end 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.



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
<b>31 March 2021</b>	27.42	(27.42)
INR/EUR	(4.32)	4.32
INR/USD	0.10	(0.10)
INR/GBP	(0.55)	0.55
INR/JPY		

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
<b>31 March 2020</b>		
INR/EUR	19.80	(19.80)
INR/USD	(1.53)	1.53
INR/GBP	(0.08)	0.08
INR/JPY	-	-

### (ii) 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 2021	31 March 2020
<b>Financial assets:</b>		
<b>Fixed rate instruments</b>		
- Fixed deposits	2,448.91	950.00
<b>Total</b>	<b>2,448.91</b>	<b>950.00</b>
<b>Variable-rate instruments</b>		
- Rupee term loans	5,356.88	6,789.96
- Working capital facilities	5,105.53	575.72
<b>Total</b>	<b>10,462.41</b>	<b>7,365.68</b>

### 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
<b>31 March 2021</b>		
Rupee term loans	(61.98)	61.98
Working capital facility	(51.49)	51.49
<b>Cash flow sensitivity (net)</b>	<b>(113.47)</b>	<b>113.47</b>

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

Particulars	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
<b>31 March 2020</b>		
Rupee term loans	(71.68)	71.68
Working capital facility	(11.33)	11.33
<b>Cash flow sensitivity (net)</b>	<b>(83.01)</b>	<b>83.01</b>

### 46 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 management assesses the capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally imposed capital requirements.

The Company monitors capital on the basis of its gearing ratio which is net debt divided by total equity. Net debt comprises of non-current and current borrowings less cash and cash equivalents. Equity includes equity share capital and other equity that are managed as capital. The gearing ratio at the end of the reporting periods are as follows:

Particulars	31 March 2021	31 March 2020
Total borrowings	10,495.85	7,411.39
Less: Cash and cash equivalents	195.98	1,049.27
<b>Net debt</b>	<b>10,299.87</b>	<b>6,362.12</b>
<b>Total equity</b>	<b>33,463.15</b>	<b>30,870.43</b>
<b>Net debt to equity ratio</b>	<b>0.31</b>	<b>0.21</b>

### 47 Disclosures pursuant to Ind AS 115, Revenue from Contracts with Customers, are as follows:

#### (a) 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 geography, type and timing of recognition.

Particulars	31 March 2021	31 March 2020
<b>Revenue by geography</b>	<b>Fasteners</b>	<b>Fasteners</b>
Domestic	32,453.34	33,380.83
Export	2,355.58	2,622.92
	<b>34,808.92</b>	<b>36,003.75</b>
<b>Customer wise</b>		
Related party	3.48	129.80
Non-related party	34,805.44	35,873.95
	<b>34,808.92</b>	<b>36,003.75</b>
<b>Revenue by time</b>		
Revenue recognised at point in time	34,808.92	36,003.75
	<b>34,808.92</b>	<b>36,003.75</b>





## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

### (b) Revenue recognised in relation to contract liabilities

Ind AS 115 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 2021	Year ended 31 March 2020
Amounts included in contract liabilities at the beginning of the year	23.95	122.45
Performance obligations satisfied in previous years	-	-
	<b>23.95</b>	<b>122.45</b>

### (c) Assets and liabilities related to contracts with customers

Description	As at 31 March 2021		As at 31 March 2020	
	Non-current	Current	Non-current	Current
<b>Contract assets related to sale of goods</b>	-	-	-	-
<b>Contract liabilities related to sale of goods</b>				
Advance from customers	-	193.64	-	23.95
Security deposit	28.05	-	26.39	-

### (d) Significant changes in contract assets and liabilities

Changes in balance of contract liabilities during the year:

Description	31 March 2021	31 March 2020
<b>Opening balance of contract liabilities</b>	50.34	153.03
Amount of revenue recognised against opening contract liabilities	(23.95)	(122.45)
Addition in balance of contract liabilities for current year	195.30	19.76
<b>Closing balance of contract liabilities</b>	<b>221.69</b>	<b>50.34</b>

There has been no significant changes in contract assets/liabilities during the year.

### (e) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

Description	Year ended 31 March 2021	Year ended 31 March 2020
Contract price	35,791.38	36,792.35
Less: Discounts and freight	982.46	788.60
<b>Revenue from operations as per Statement of Profit and Loss</b>	<b>34,808.92</b>	<b>36,003.75</b>

### (f) 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 fulfilment of the Company's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Company has transferred

## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

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.

- 48 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:

### Significant changes in contract assets and liabilities

Particulars	As at 31 March 2021		As at 31 March 2020	
	Haryana Ispat Private Limited (subsidiary)	Sterling Gtake E-mobility Limited (subsidiary)	Haryana Ispat Private Limited (subsidiary)	Sterling Gtake E-mobility Limited (subsidiary)
<b>Investments</b>				
Investments at the beginning of the year	1,198.50	300.00	1,198.50	-
Investments at the end of the year	1,198.50	844.60	1,198.50	300.00

There are no guarantees and loans and advances which are given to the aforementioned subsidiaries.

- 49 Certain inventory of finished goods have been written down to its net realisable value in line with Ind AS 2, Inventories, and the resultant impact of write down amounts to Rs. 81.04 Lakh (31 March 2020 - Rs. 90.21 Lakh). The carrying value of such inventories carried at fair value less costs to sell amounts to Rs. 548.24 Lakh (31 March 2020 - Rs. 13.50 Lakh).
- 50 Due to the outbreak of Coronavirus Disease 2019 (COVID - 19) which had been declared as a pandemic by the World Health Organisation and subsequent lock down ordered by the Central and State Government(s) in India, the manufacturing facilities of the Company remained suspended from 22 March 2020 till 10 May 2020. The Company in compliance with the necessary instructions/guidelines, resumed its operations from 11 May 2020 in a phased manner, while ensuring health and safety of all the stakeholders. This situation resulted in temporary disturbance in the economic activities through interruption in manufacturing process, disruption in supply chain, etc. for the Company during the year ended 31 March 2021. Further, the recent second wave of COVID - 19 has resulted in partial lockdown/restriction in various states. However, the Company is closely monitoring the impact of the aforementioned



## Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2021

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

pandemic and believes that there will not be any adverse impact on the long-term operations and performance of the Company.

- 51** The Code of Social Security, 2020 ('Code') relating to employee benefits during employment and post employment received Presidential assent in September 2020. Subsequently, the Ministry of Labour and Employment had released the draft rules on the aforementioned Code. However, the same is yet to be notified. The Company will evaluate the impact and make necessary adjustments to the standalone financial statements in the period when the Code will come into effect.

As per our report of even date attached

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

**Rajni Mundra**  
Partner  
Membership No. 058644

**Place:** New Delhi  
**Date:** 12 June, 2021

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

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

**Pankaj Gupta**  
Chief Financial Officer

**Place:** Faridabad  
**Date:** 12 June, 2021

**Atul Aggarwal**  
Director  
DIN No. 00125825

**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 2021, 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 2021, 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 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

4. 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 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.
5. We have determined the matter described below to be the key audit matter to be communicated in our report.

**Independent Auditor's Report to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2021 (cont'd)**

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment assessment of investment in joint venture</b></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. 176.84 Lakh as at 31 March 2021. 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 2021, impairment indicators existed for the investment made in the aforesaid joint venture considering the negative profits in the current year and accumulated losses as at 31 March 2021 in the joint venture.</p> <p>The management during the year ended 31 March 2021 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"> <li>• 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.</li> <li>• Obtained an understanding, evaluated and tested the controls around management's assessment of the impairment indicators and the testing performed.</li> <li>• 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.</li> <li>• Obtained the independent valuation report as at 31 March 2021 given by the management expert for the fair value of the joint venture and evaluated the objectivity, independence and competence of such expert.</li> <li>• 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.</li> <li>• Performed sensitivity analysis on management's calculated recoverable value by changing the significant assumptions used in the calculation.</li> <li>• Assessed the appropriateness and adequacy of the related disclosures in the financial statements in accordance with the applicable accounting standards.</li> </ul>

## **Independent Auditor's Report to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2021 (cont'd)**

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

6. 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**

7. 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.
8. 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.
9. 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 Consolidated Financial Statements**

10. 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.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

## Independent Auditor's Report to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2021 (cont'd)

- 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.
12. 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.
13. 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.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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

15. We did not audit the financial statements of two subsidiaries, whose financial statements reflects total assets of Rs. 982.83 Lakh and net assets of Rs. 823.73 Lakh as at 31 March 2021, total revenues of Rs. 37.69 Lakh and net cash outflows amounting to Rs. 202.42 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 Rs. 50.80 Lakh for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of the joint venture, whose financial statement has not been audited by us. These financial statements have been audited by other auditors whose reports



## **Independent Auditor's Report to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2021 (cont'd)**

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 matter with respect to our reliance on the work done by and the reports of the other auditors.

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

16. 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 15, 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 such 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 said company is not a public company as defined under section 2(71) of the Act.
17. 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 2021 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, 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 40(B)(i), 40(B)(ii) and 40(B)(iii) 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 2021;



**Independent Auditor's Report to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2021 (cont'd)**

- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and joint venture company during the year ended 31 March 2021; 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 Chandio & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

**Rajni Mundra**

Partner

Membership No. 058644

UDIN: 21058644AAAACN8727

**Place:** New Delhi

**Date:** 12 June 2021

**Annexure I to the Independent Auditor's Report to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2021**

**Annexure I**

**List of entities included in the consolidated financial statements**

- a. Haryana Ispat Private Limited, subsidiary;
- b. Sterling Gtate 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 2021**

**Annexure II**

**Independent Auditor's report on the internal financial controls with reference to the 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 2021, 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 and 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 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 2021, 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 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 reflects total assets of Rs. 982.83 Lakh and net assets of Rs. 823.73 Lakh as at 31 March 2021, total revenues of Rs. 37.69 Lakh and net cash outflows amounting to Rs. 202.42 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: 21058644AAAACN8727

**Place:** New Delhi

**Date:** 12 June 2021



# Consolidated Balance Sheet as at 31 March 2021

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

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	2	25,584.70	26,159.94
(b) Capital work-in-progress	3	34.67	63.62
(c) Right-of-use assets	41	77.09	131.17
(d) Other intangible assets	4	60.82	37.87
<b>(e) Financial assets</b>			
(i) Investments	5	1,316.98	1,168.02
(ii) Loans	6	426.94	423.62
(f) Income-tax assets (net)	7	80.56	-
(g) Other non-current assets	8	755.58	1,189.62
<b>Total non-current assets</b>		<b>28,337.34</b>	<b>29,173.86</b>
<b>Current assets</b>			
(a) Inventories	9	10,968.68	5,943.90
<b>(b) Financial assets</b>			
(i) Investments	10	1,275.48	564.07
(ii) Trade receivables	11	4,163.29	2,806.56
(iii) Cash and cash equivalents	12	512.63	1,568.34
(iv) Bank balances other than (iii) above	13	2,720.11	27.73
(v) Loans	14	35.94	38.72
(vi) Other financial assets	15	305.65	2,575.31
(c) Other current assets	16	3,310.95	1,735.98
<b>Total current assets</b>		<b>23,292.73</b>	<b>15,260.61</b>
<b>TOTAL ASSETS</b>		<b>51,630.07</b>	<b>44,434.47</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	17	720.48	720.48
(b) Other equity	18	32,426.79	29,925.44
<b>Total equity attributable to owners of the Holding Company</b>		<b>33,147.27</b>	<b>30,645.92</b>
Non-controlling interest		0.67	4.18
<b>Total equity</b>		<b>33,147.94</b>	<b>30,650.10</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	19	3,774.83	4,806.72
(ii) Lease liabilities		32.58	46.06
(iii) Other financial liabilities [other than those specified in item (b)]	20	28.05	26.39
(b) Provisions	21	148.98	153.19
(c) Deferred tax liabilities (net)	22	1,689.54	1,730.26
(d) Other non-current liabilities	23	1,832.56	1,534.01
<b>Total non-current liabilities</b>		<b>7,506.54</b>	<b>8,296.63</b>
<b>Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	24	5,105.53	575.72
(ii) Trade payables			
A) Total outstanding dues of micro enterprises and small enterprises; and	25	809.32	175.07
B) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,243.73	1,938.75
(iii) Lease liabilities		49.29	89.62
(iv) Other financial liabilities [other than those specified in item (c)]	26	2,089.44	2,309.33
(b) Other current liabilities	27	536.85	270.21
(c) Provisions	21	40.36	71.19
(d) Current tax liabilities (net)	28	101.07	57.85
<b>Total current liabilities</b>		<b>10,975.59</b>	<b>5,487.74</b>
<b>Total liabilities</b>		<b>18,482.13</b>	<b>13,784.37</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>51,630.07</b>	<b>44,434.47</b>

Note 1 to 51 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

Anil Aggarwal

Managing Director

DIN No. 00027214

Pankaj Gupta

Chief Financial Officer

For & on behalf of Board of Directors

Sterling Tools Limited

Atul Aggarwal

Director

DIN No. 00125825

Vaishali Singh

Company Secretary

Membership No. A15108

Place: New Delhi

Date: 12 June, 2021

Place: Faridabad

Date: 12 June, 2021

# Consolidated Statement of Profit and Loss for the year ended 31 March 2021

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

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
Revenue from operations	29	35,314.10	36,424.15
Other income	30	537.01	624.34
<b>Total income</b>		<b>35,851.11</b>	<b>37,048.49</b>
<b>Expenses</b>			
Cost of materials consumed	31	13,694.87	12,334.97
Changes in inventories of finished goods and work-in-progress	32	(1,549.20)	1,403.40
Employee benefits expense	33	3,790.72	3,641.52
Finance costs	34	760.25	626.44
Depreciation and amortisation expenses	35	2,637.65	2,421.87
Other expenses	36	13,432.26	12,959.73
<b>Total expenses</b>		<b>32,766.55</b>	<b>33,387.93</b>
<b>Profit before tax and share of loss of investment accounted for using equity method and tax</b>		<b>3,084.56</b>	<b>3,660.56</b>
Share of loss of investment accounted for using equity method		(50.80)	(59.95)
<b>Profit before tax</b>		<b>3,033.76</b>	<b>3,600.61</b>
<b>Tax expense:</b>	<b>22</b>		
Current tax		774.33	597.17
Deferred tax		(91.48)	(47.00)
<b>Total tax expense</b>		<b>682.85</b>	<b>550.17</b>
<b>Profit for the year</b>		<b>2,350.91</b>	<b>3,050.44</b>
<b>Other comprehensive income</b>			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		54.11	13.66
(b) Changes in fair value of equity investment through other comprehensive income		147.56	539.00
(ii) Income-tax relating to items that will not be reclassified to profit or loss		(50.76)	(139.09)
(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		-	-
<b>Other comprehensive Income/(loss) for the year (net of tax)</b>		<b>150.91</b>	<b>413.57</b>
<b>Total comprehensive income for the year</b>		<b>2,501.82</b>	<b>3,464.01</b>
<b>Profit for the year attributable to</b>			
a) Owners of the Holding Company		2,351.18	3,051.26
b) Non-controlling interest		(0.27)	(0.82)
		<b>2,350.91</b>	<b>3,050.44</b>
<b>Other comprehensive income attributable to</b>			
a) Owners of the Holding Company		150.91	413.57
b) Non-controlling interest		-	-
		<b>150.91</b>	<b>413.57</b>
<b>Total comprehensive income attributable to</b>			
a) Owners of the Holding Company		2,502.09	3,464.83
b) Non-controlling interest		(0.27)	(0.82)
		<b>2,501.82</b>	<b>3,464.01</b>
<b>Earnings per equity share</b>			
Basic and diluted (Rs.)	37	6.53	8.47
[nominal value of share Rs. 2 (31 March 2020: Rs. 2)]			

Note 1 to 51 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: 12 June, 2021

For & on behalf of Board of Directors  
Sterling Tools Limited

**Anil Aggarwal**  
Managing Director  
DIN No. 00027214  
**Pankaj Gupta**  
Chief Financial Officer

**Atul Aggarwal**  
Director  
DIN No. 00125825  
**Vaishali Singh**  
Company Secretary  
Membership No. A15108

Place: Faridabad  
Date: 12 June, 2021



## Consolidated Statement of Changes in Equity for the year ended 31 March 2021

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

### (A) Equity share capital

	Note	Number (Lakh)	Amount
Balance as at 1 April 2019	17	360.24	720.48
Changes in equity share capital during the year		-	-
<b>Balance as at 31 March 2020</b>	<b>17</b>	<b>360.24</b>	<b>720.48</b>
Changes in equity share capital during the year		-	-
<b>Balance as at 31 March 2021</b>	<b>17</b>	<b>360.24</b>	<b>720.48</b>

### (B) Other equity

	Note	Reserves and surplus					Total
		Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	
<b>Balance as at 1 April 2019</b>	<b>18</b>	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)
<b>Balance as at 31 March 2020</b>	<b>18</b>	<b>6.65</b>	<b>4,735.69</b>	<b>2,786.46</b>	<b>21,993.29</b>	<b>403.35</b>	<b>29,925.44</b>
Profit for the year		-	-	-	2,351.18	-	2,351.18
Other comprehensive income							
Remeasurement of defined benefit obligation (net of tax)		-	-	-	40.49	-	40.49
Changes in fair value of equity investment through other comprehensive income (net of tax)		-	-	-	-	110.42	110.42
Impact on change in the non-controlling interests		-	-	-	(0.74)	-	(0.74)
<b>Balance as at 31 March 2021</b>	<b>18</b>	<b>6.65</b>	<b>4,735.69</b>	<b>2,786.46</b>	<b>24,384.22</b>	<b>513.77</b>	<b>32,426.79</b>

Note 1 to 51 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  
DIN No. 00125825

**Pankaj Gupta**  
Chief Financial Officer

**Vaishali Singh**  
Company Secretary  
Membership No. A15108

Place: New Delhi  
Date: 12 June, 2021

Place: Faridabad  
Date: 12 June, 2021

## Consolidated Statement of Cash Flows for the year ended 31 March 2021

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A Cash flow from operating activities</b>		
Net profit before tax	3,033.76	3,600.61
<b>Adjustments for:</b>		
Share of loss for investment in joint venture	50.80	59.95
Depreciation and amortisation expenses	2,637.65	2,421.87
Unrealised foreign exchange loss/(gain)	7.65	(6.17)
Interest on delayed payment of advance taxes	20.35	4.97
Loss/(profit) on disposal of property, plant and equipment	89.91	(4.09)
Remeasurement of defined benefit plans	54.11	13.66
Finance costs	713.37	601.32
Interest on lease liabilities	10.29	12.99
Interest income	(242.32)	(35.08)
Amortisation of grant income	(233.95)	(207.60)
Gain on sale of mutual fund	(6.91)	(67.17)
Dividend income on mutual fund	-	(131.28)
Gain on fair value of mutual fund	(11.89)	(9.67)
Liabilities no longer required written back	(15.84)	(45.20)
(Gain)/loss on fair value of forward contracts	(5.84)	70.37
Bad debts written off	12.79	1.37
Provision for loss allowance	32.05	-
<b>Operating profit before working capital changes</b>	<b>6,145.98</b>	<b>6,280.85</b>
Decrease/(increase) in financial assets	864.64	(870.18)
(Increase) in other assets	(1,564.09)	(358.57)
Increase/(decrease) in financial liabilities	1,228.08	(1,092.03)
(Increase)/decrease in inventories	(5,024.78)	2,304.86
Increase/(decrease) in other liabilities	799.14	(333.25)
(Decrease) in provisions	(35.03)	(37.77)
<b>Net cash generated from operations</b>	<b>2,413.94</b>	<b>5,893.91</b>
Income-tax paid (net)	(831.76)	(629.61)
<b>Net cash from operating activities (A)</b>	<b>1,582.18</b>	<b>5,264.30</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment (including capital work- in progress and payment for capital advances)	(1,749.26)	(4,601.25)
Proceeds from disposal of property, plant and equipment	19.95	43.35
(Investment in)/maturity of fixed deposit	(2,697.81)	88.00
(Investment in)/redemption of mutual funds	(692.61)	4,589.81
Proceeds from equity instruments	-	5.00
Interest received	244.25	32.31
Investment in equity instruments	(56.47)	-
<b>Net cash (used in)/from investing activities (B)</b>	<b>(4,931.95)</b>	<b>157.22</b>





## Consolidated Statement of Cash Flows for the year ended 31 March 2021

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>C Cash flows from financing activities</b>		
Proceeds from non-current borrowings	625.00	1,400.00
Repayment of non-current borrowings	(2,058.08)	(1,308.98)
Interim dividend paid including dividend distribution tax	-	(868.58)
Proceeds from current borrowings (net)	4,529.80	(2,654.02)
Repayment of lease liabilities	(77.04)	(86.61)
Interest paid	(725.62)	(721.13)
<b>Net cash from/(used in) financing activities (C)</b>	<b>2,294.06</b>	<b>(4,239.32)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(1,055.71)</b>	<b>1,182.20</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,568.34</b>	<b>386.14</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>512.63</b>	<b>1,568.34</b>
<b>Components of cash and cash equivalents (refer note 12):</b>		
Balances with scheduled banks in current accounts	231.92	412.98
Cash on hand	5.71	5.46
Balances with banks in deposit accounts with original maturity upto three months	275.00	1,149.90
	<b>512.63</b>	<b>1,568.34</b>



## Consolidated Statement of Cash Flows for the year ended 31 March 2021

(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	Current borrowings	Dividend
Opening balance as on 1 April 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)
<b>Opening balance as on 31 March 2020</b>	<b>135.68</b>	<b>6,835.67</b>	<b>575.72</b>	<b>-</b>
Add: Non cash changes due to				
- Recognition of lease liabilities	66.25	-	-	-
- Interest expense	10.29	483.15	227.59	-
- Fair value changes	-	2.63	-	-
Less: Non Cash changes due to				
- Adjustment in lease liabilities on modification	(53.31)	-	-	-
Add: Cash inflows during the year				
- Proceeds from non-current borrowings	-	625.00	-	-
- Proceeds from current borrowings	-	-	4,529.80	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings	-	(2,058.08)	-	-
- Repayment of lease liabilities	(77.04)	-	-	-
- Interest paid	-	(498.04)	(227.58)	-
<b>Closing balance as on 31 March 2021</b>	<b>81.87</b>	<b>5,390.33</b>	<b>5,105.53</b>	<b>-</b>

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 51 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  
DIN No. 00125825

**Pankaj Gupta**  
Chief Financial Officer

**Vaishali Singh**  
Company Secretary  
Membership No. A15108

Place: New Delhi  
Date: 12 June, 2021

Place: Faridabad  
Date: 12 June, 2021



# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

*(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') was incorporated on 7 June 1979 under the erstwhile Companies Act, 1956 and is domiciled in India (CIN: L29222DL1979PLC009668). The registered office of the Holding Company is at Unit 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 sale of high tensile cold forged fasteners.

### 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) Recent accounting pronouncements

##### Amendments to Schedule III of the Companies Act, 2013

On 24 March 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Act. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. The revised Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015, as amended, prescribes amendments for various additional disclosures. The Group is evaluating the requirements of these amendments and their impact on the consolidated financial statements.

#### (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 November 2016;
- b) Sterling Gtack E-Mobility Limited, India, 99.88% subsidiary with effect from 12 March 2020; and
- c) Sterling Fabory (India) Private Limited, India, 50% joint venture with effect from 9 March 2010.

These consolidated financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs under section 133 of Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, 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 2021 were approved and authorised for issue by Board of Directors on 12 June 2021.

#### (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.

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, 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. 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 holding company 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.



# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

## **(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:

- 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:

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

*(All amounts are in 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 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 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 44- 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 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



# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, unless otherwise stated)

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 Act as given below:

Asset category	Useful life (in years)
Buildings	30 years
Plant and equipment	10 – 15 years
Furniture and fixtures	10 years
Vehicles	8 – 10 years
Office equipments	5 years
Electrical installations and equipments	10 years
Computers	3 - 6 years

Land is not depreciated. 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.

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

## **(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.

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**

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets and group of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's selling price and its value in use. Value in use is the present value of estimated future cash flows expected to raise from continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an assets in prior accounting periods may no longer exist or may have decreased.

## **(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.



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, unless otherwise stated)

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 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

Grants from government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. When the grant relates to a revenue item, it is recognised in statement of profit and loss on a systematic basis over the periods in which the related costs are expensed. The grant can either be presented separately or can deduct from related reported expense. Government grant relating to capital assets are recognised initially as deferred income and are credited to statement of profit and loss on a straight line basis over the expected lives of the related asset and presented within other income.

### (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.

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

## **(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 27).

### **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.



# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

## **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 Merchandise Exports from India Scheme ('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.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

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 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

### 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.

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.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

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.

### **(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.

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.

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

(All amounts are in Indian Rupees, unless otherwise stated)

## (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 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.



# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

## **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 using the lifetime expected credit loss model.

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 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



# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

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) Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group's future taxable income (supported by reliable evidence) against which the deferred tax assets can be utilized.

## **(2) Evaluation of indicators for impairment of assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

## **(3) Contingent liabilities**

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

## **(4) Impairment of financial assets**

At each balance sheet date, based on historical default rates observed over expected life, existing market conditions as well as forward looking estimates, the management assesses the expected credit losses on outstanding receivables. Further, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with industry and country in which the customer operates.

## **(5) Defined benefit obligation (DBO)**

Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

## **(6) Useful lives of depreciable/amortisable assets**

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

## **(7) Leases**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant





## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

*(All amounts are in Indian Rupees, unless otherwise stated)*

facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

### **(8) Government grant**

Grants receivables are based on estimates for utilization of the grant as per the regulations as well as analyzing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance life of the asset.

### **(9) Fair value measurements**

Management applies valuation techniques to determine fair value of equity shares (where active market quotes are not available) and stock option. This involves developing estimates and assumptions around volatility, dividend yield which may affect the value of equity shares or stock options.

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

(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
<b>Gross block</b>									
As at 1 April 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/adjustments	-	-	(110.15)	-	(89.42)	(6.66)	(0.74)	-	(206.97)
<b>Balance as at 31 March 2020</b>	<b>3,048.48</b>	<b>6,387.95</b>	<b>30,163.50</b>	<b>249.65</b>	<b>497.85</b>	<b>462.12</b>	<b>1,035.72</b>	<b>175.00</b>	<b>42,020.27</b>
Additions	-	116.59	1,646.15	50.03	72.33	39.25	70.29	90.30	2,084.94
Disposals/adjustments	-	-	(393.74)	-	(68.03)	-	-	-	(461.77)
<b>Balance as at 31 March 2021</b>	<b>3,048.48</b>	<b>6,504.54</b>	<b>31,415.91</b>	<b>299.68</b>	<b>502.15</b>	<b>501.37</b>	<b>1,106.01</b>	<b>265.30</b>	<b>43,643.44</b>
<b>Accumulated depreciation</b>									
As at 1 April 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)
<b>Balance as at 31 March 2020</b>	<b>-</b>	<b>1,395.90</b>	<b>13,429.76</b>	<b>108.47</b>	<b>203.16</b>	<b>231.76</b>	<b>422.33</b>	<b>68.95</b>	<b>15,860.33</b>
Charge for the year	-	202.88	2,078.86	22.59	57.14	64.61	72.02	52.21	2,550.31
Adjustments for disposals	-	-	(309.39)	-	(42.51)	-	-	-	(351.90)
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>1,598.78</b>	<b>15,199.23</b>	<b>131.06</b>	<b>217.79</b>	<b>296.37</b>	<b>494.35</b>	<b>121.16</b>	<b>18,058.74</b>
<b>Net block as at 31 March 2020</b>	<b>3,048.48</b>	<b>4,992.05</b>	<b>16,733.74</b>	<b>141.18</b>	<b>294.69</b>	<b>230.36</b>	<b>613.39</b>	<b>106.05</b>	<b>26,159.94</b>
<b>Net block as at 31 March 2021</b>	<b>3,048.48</b>	<b>4,905.76</b>	<b>16,216.68</b>	<b>168.62</b>	<b>284.36</b>	<b>205.00</b>	<b>611.66</b>	<b>144.14</b>	<b>25,584.70</b>

#### Notes:

- Refer note a of note 19 "Non current financial liabilities- Borrowings" and note a of note 24 "Current financial liabilities- Borrowings" for details regarding property, plant and equipment which are pledged as security.
- 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 2019	4,680.96
Additions	3,425.90
Capitalised during the year	(8,043.24)
<b>Balance as at 31 March 2020</b>	<b>63.62</b>
Additions	34.67
Capitalised during the year	(63.62)
<b>Balance as at 31 March 2021</b>	<b>34.67</b>

During the year, the Group has capitalised interest on borrowed capital amounting to nil (31 March 2020 – Rs.136.95 Lakh) and other directly attributable costs (viz. salary, legal and professional and other expenses) amounting to nil (31 March 2020 – Rs.257.11 Lakh).



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### 4. OTHER INTANGIBLE ASSETS

Particulars	Computer software	Total
<b>Gross block</b>		
As at 1 April 2019	43.46	43.46
Additions	33.33	33.33
<b>Balance as at 31 March 2020</b>	<b>76.79</b>	<b>76.79</b>
Additions	43.27	43.27
<b>Balance as at 31 March 2021</b>	<b>120.06</b>	<b>120.06</b>
<b>Accumulated amortisation</b>		
As at 1 April 2019	25.05	25.05
Charge for the year	13.87	13.87
<b>Balance as at 31 March 2020</b>	<b>38.92</b>	<b>38.92</b>
Charge for the year	20.32	20.32
<b>Balance as at 31 March 2021</b>	<b>59.24</b>	<b>59.24</b>
<b>Net block as at 31 March 2020</b>	<b>37.87</b>	<b>37.87</b>
<b>Net block as at 31 March 2021</b>	<b>60.82</b>	<b>60.82</b>

### 5 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

	As at 31 March 2021	As at 31 March 2020
<b>Unquoted investments</b>		
<b>Investment in equity instrument in joint venture (carried at cost)</b>		
3,405,000 equity shares (31 March 2020: 3,405,000 equity shares) of Rs 10 each fully paid up in Sterling Fabory India Private Limited, (refer note: a)	176.84	227.64
<b>Investment in equity instruments (carried at fair value through other comprehensive income)</b>		
9,922 equity shares (31 March 2020: 9,400 equity shares) of Rs. 10 each fully paid up in Altigreen Propulsion Labs Private Limited	1,140.14	940.38
	<b>1,316.98</b>	<b>1,168.02</b>
Aggregate amount of unquoted investments	1,316.98	1,168.02
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 2021	As at 31 March 2020	
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 2021

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

### 6 NON-CURRENT FINANCIAL ASSETS - LOANS

	As at 31 March 2021	As at 31 March 2020
<i>(Unsecured, considered good)</i>		
Security deposits	426.94	423.62
	<b>426.94</b>	<b>423.62</b>

### 7 INCOME-TAX ASSETS (NET)

	As at 31 March 2021	As at 31 March 2020
Prepaid taxes (net of provision for tax)	80.56	-
	<b>80.56</b>	<b>-</b>

### 8 OTHER NON-CURRENT ASSETS

*(Unsecured and considered good)*

	As at 31 March 2021	As at 31 March 2020
Capital advances	687.66	1,110.81
Advances other than capital advances:		
- Prepaid expenses	36.45	61.73
- Balances with statutory authorities	31.47	17.08
	<b>755.58</b>	<b>1,189.62</b>

### 9 INVENTORIES

*(Valued at lower of cost and net realisable value)*

	As at 31 March 2021	As at 31 March 2020
Raw material	5,226.65	1,970.21
Work in progress	1,424.44	1,020.32
Finished goods	3,432.68	2,287.60
Stores, spares and consumables [includes goods in transit of Rs. 0.27 Lakh (31 March 2020 : 19.28 Lakh)]	884.91	665.77
	<b>10,968.68</b>	<b>5,943.90</b>

Refer note 24 for information on inventory pledged as security by the Group.

### 10 CURRENT FINANCIAL ASSETS - INVESTMENTS

	As at 31 March 2021	As at 31 March 2020
<b>Quoted investment</b>		
<b>Investment in mutual funds (carried at fair value through profit or loss)</b>		
Nil units (31 March 2020: 1,180,558.56 units) in SBI Arbitrage Growth Fund	-	301.48
1,020,458.68 units (31 March 2020 : 10,20,458.68 units) in IDFC Arbitrage Fund	274.57	262.59
24,741.21 units (31 March 2020: nil units) in HDFC Liquid Fund -Direct Plan - Growth Option	1,000.91	-
	<b>1,275.48</b>	<b>564.07</b>
Aggregate amount of quoted investments and market value thereof	1,275.48	564.07



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### 11 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

	As at 31 March 2021	As at 31 March 2020
<b>Trade receivables</b>		
Trade receivables - considered good, unsecured	4,163.29	2,806.56
Trade receivables - credit impaired	36.83	36.83
	4,200.12	2,843.39
<b>Less: allowance for expected credit loss</b>	(36.83)	(36.83)
	<b>4,163.29</b>	<b>2,806.56</b>

#### Movement in the allowance for expected credit loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
Balance at the beginning of the year	36.83	36.83
Add: Allowance provided during the year	-	-
Less: Amounts written off during the year	-	-
<b>Balance at the end of the year</b>	<b>36.83</b>	<b>36.83</b>

- a. All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.
- b. Refer note 24 for information on trade receivables pledged as security by the Group.

### 12 CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

	As at 31 March 2021	As at 31 March 2020
Balances with scheduled banks in current accounts	231.92	412.98
Cash on hand	5.71	5.46
Balances with banks in deposit accounts with original maturity upto three months	275.00	1,149.90
	<b>512.63</b>	<b>1,568.34</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting year and previous year.

### 13 CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31 March 2021	As at 31 March 2020
Unpaid dividend accounts (earmarked balances with banks)*	22.30	27.73
Balances with banks in deposit accounts with original maturity of more than three months but residual maturity of less than twelve months	2,697.81	-
	<b>2,720.11</b>	<b>27.73</b>

\* 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 2021

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

### 14 CURRENT FINANCIAL ASSETS - LOANS

(Unsecured and considered good)

	As at 31 March 2021	As at 31 March 2020
Security deposits	-	0.50
Loans receivable	20.33	20.67
Interest accrued but not due	15.61	17.55
	<b>35.94</b>	<b>38.72</b>

### 15 CURRENT FINANCIAL ASSETS - OTHERS

(Unsecured and considered good)

	As at 31 March 2021	As at 31 March 2020
Export incentive receivable	104.13	193.35
Less: Provision for loss allowance	(32.05)	-
	72.08	193.35
Interest accrued but not due on fixed deposits with banks	92.04	
Receivable on sale of mutual fund	-	2,290.32
Gratuity recoverable	7.09	25.71
Others	134.44	65.93
	<b>305.65</b>	<b>2,575.31</b>

### 16 OTHER CURRENT ASSETS

	As at 31 March 2021	As at 31 March 2020
Advances other than capital advances:		
Prepaid expenses	50.05	46.78
Balance with government authorities	1,757.65	1,008.10
Advance to suppliers	1,503.25	681.10
	<b>3,310.95</b>	<b>1,735.98</b>

### 17 EQUITY SHARE CAPITAL

	As at 31 March 2021	As at 31 March 2020
<b>Authorised:</b>		
50,000,000 equity shares (31 March 2020: 50,000,000 equity shares) of Rs 2/- each	1,000.00	1,000.00
<b>Issued, subscribed and paid up:</b>		
36,024,211 equity shares (31 March 2020: 36,024,211 equity shares) of Rs 2/- each	<b>720.48</b>	<b>720.48</b>
	<b>720.48</b>	<b>720.48</b>



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

(All amounts in Lakh of 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 2021		For the year ended 31 March 2020	
	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	-	-	-	-
<b>Equity shares outstanding as at the end of the year</b>	<b>360.24</b>	<b>720.48</b>	<b>360.24</b>	<b>720.48</b>

### 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 2020: 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 2021, the amount of per share interim dividend recognised as distributions to equity shareholders is Rs. Nil per share (31 March 2020: Rs 2 per share) amounting to Rs. Nil (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 2021		As at 31 March 2020	
	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%	81.11	22.51%
Mr. Atul Aggarwal, Promoter	96.65	26.83%	96.65	26.83%
Mr. Jagdish Kumar Aggarwal	16.94	4.70%	18.70	5.19%
L&T Mutual Fund Trustee Limited	23.62	6.56%	23.62	6.56%
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.

## 18 OTHER EQUITY

	As at 31 March 2021	As at 31 March 2020
Capital reserve	6.65	6.65
Security premium	4,735.69	4,735.69
General reserve	2,786.46	2,786.46
Retained earnings	24,384.22	21,993.29
Equity instruments through other comprehensive income	513.77	403.35
<b>Total</b>	<b>32,426.79</b>	<b>29,925.44</b>

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### i) Capital reserve

	As at 31 March 2021	As at 31 March 2020
<b>Balance as at the beginning / end of the year</b>		
Capital reserves represents proceeds of forfeited shares.	6.65	6.65

Capital reserves represents proceeds of forfeited shares.

### ii) Security premium

	As at 31 March 2021	As at 31 March 2020
<b>Balance as at the beginning / end of the year</b>	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 2021	As at 31 March 2020
<b>Balance as at the beginning / end of the year</b>	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 2021	As at 31 March 2020
Balance at the beginning of the year	21,993.29	19,800.39
Add: Profit for the year	2,351.18	3,051.26
Add: Re-measurement gain of defined benefit obligation	40.49	10.22
Less: Utilised during the year		
- Interim dividend on equity shares	-	720.48
- Dividend distribution tax on interim dividend	-	148.10
Less: Impact on change in the non-controlling interests	0.74	-
<b>Balance at the end of the year</b>	<b>24,384.22</b>	<b>21,993.29</b>

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 2021	As at 31 March 2020
Balance at the beginning of the year	403.35	-
Add: Addition during the year	110.42	403.35
<b>Balance at the end of the year</b>	<b>513.77</b>	<b>403.35</b>

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 2021

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

### 19 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2021	As at 31 March 2020
<b>Indian rupee loan from banks (secured)</b>		
Term loans	5,356.88	6,789.96
Less: Current maturities of long-term borrowings (refer note 26)	(1,582.05)	(1,983.24)
	<b>3,774.83</b>	<b>4,806.72</b>

- 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
8.10%	87.47	June 2016	Monthly	June 2021	4
7.20%	59.58	November 2017	Monthly	January 2022	10
8.10%	781.69	August 2019	Monthly	June 2024	39
7.20%	551.46	January 2020	Monthly	December 2024	45
7.40%	3,300.00	December 2019	Monthly	November 2024	44
7.45%	572.92	November 2020	Monthly	September 2025	55

- c) There has been no default in servicing of loan as at the end of the year. \.

### 20 NON CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31 March 2021	As at 31 March 2020
Security deposits	28.05	26.39
	<b>28.05</b>	<b>26.39</b>

### 21 PROVISIONS

	As at 31 March 2021		As at 31 March 2020	
	Non-current	Current	Non-current	Current
Provisions for employee benefit obligations (refer note 38)	148.98	40.36	153.19	71.19
	<b>148.98</b>	<b>40.36</b>	<b>153.19</b>	<b>71.19</b>

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### 22 DEFERRED TAX LIABILITIES (NET)

	As at 31 March 2021	As at 31 March 2020
<b>Deferred tax liability</b>		
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,675.63	1,712.07
Fair value of forward exchange contracts	-	(17.71)
Effective interest rate adjustment	(0.66)	(0.98)
Fair value of investments in equity instruments	172.79	135.65
<b>Gross deferred tax liability</b>	<b>1,847.76</b>	<b>1,829.03</b>
<b>Deferred tax assets</b>		
Employee benefits	79.48	87.31
Allowance for expected credit loss	9.27	9.27
Provision for loss allowance	8.07	-
Impact of difference between right-of-use assets and lease liabilities	1.20	1.13
Others	60.20	1.06
<b>Gross deferred tax assets</b>	<b>158.22</b>	<b>98.77</b>
<b>Net deferred tax liability</b>	<b>1,689.54</b>	<b>1,730.26</b>

### Movement in deferred tax balances

Particulars	As at 31 March 2020	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2021
<b>Deferred tax liabilities</b>				
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	(36.44)	-	1,675.63
Effective interest rate adjustment	(0.98)	0.32	-	(0.66)
Fair value of forward exchange contracts	(17.71)	17.71	-	-
Fair value of investments in equity instruments	135.65	-	37.14	172.79
<b>Sub- total (a)</b>	<b>1,829.03</b>	<b>(18.41)</b>	<b>37.14</b>	<b>1,847.76</b>
<b>Deferred tax assets</b>				
Employee benefits	87.31	5.79	(13.62)	79.48
Allowance for expected credit loss	9.27	-	-	9.27
Impact of difference between right-of-use assets and lease liabilities	1.13	0.07	-	1.20
Provision for loss allowance	-	8.07	-	8.07
Others	1.06	59.14	-	60.20
<b>Sub- total (b)</b>	<b>98.77</b>	<b>73.07</b>	<b>(13.62)</b>	<b>158.22</b>
<b>Net deferred tax liabilities (a)-(b)</b>	<b>1,730.26</b>	<b>(91.48)</b>	<b>50.76</b>	<b>1,689.54</b>



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

Particulars	As at 1 April 2019	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2020
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
<b>Sub- total (a)</b>	<b>1,783.04</b>	<b>(89.66)</b>	<b>135.65</b>	<b>1,829.03</b>
<b>Deferred tax assets</b>				
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
<b>Sub- total (b)</b>	<b>144.87</b>	<b>(42.66)</b>	<b>(3.44)</b>	<b>98.77</b>
<b>Net deferred tax liabilities (a)-(b)</b>	<b>1,638.17</b>	<b>(47.00)</b>	<b>139.09</b>	<b>1,730.26</b>

### i) Income tax recognised in Statement of Profit and Loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current tax expense</b>		
Current year	960.55	715.80
Earlier years	(186.22)	(118.63)
	<b>774.33</b>	<b>597.17</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(91.48)	(47.00)
	<b>(91.48)</b>	<b>(47.00)</b>
<b>Total income tax expense</b>	<b>682.85</b>	<b>550.17</b>

### ii) Income tax recognised in other comprehensive income

	31 March 2021			31 March 2020		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
Remeasurement of defined benefit plans	54.11	(13.62)	40.49	13.66	(3.44)	10.22
Changes in fair value of equity investment through other comprehensive income	147.56	(37.14)	110.42	539.00	(135.65)	403.35
	<b>201.67</b>	<b>(50.76)</b>	<b>150.91</b>	<b>552.66</b>	<b>(139.09)</b>	<b>413.57</b>

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### iii) Reconciliation of effective tax rate

	31 March 2021		31 March 2020	
	Rate	Amount	Rate	Amount
<b>Profit before tax</b>		<b>3,033.77</b>		<b>3,600.61</b>
Tax using the Group's domestic tax rate of 25.17 % (31 March 2020 - 34.944%)	25.17%	763.54	34.94%	1,258.20
Tax effect of:				
- Corporate social responsibility expenditure		29.10		22.71
- Remeasurement of deferred tax liabilities [refer note (a) below]		-		(588.80)
- Tax adjustment for earlier years		(186.22)		(118.63)
- Others		76.44		(23.31)
<b>At the effective income tax rate</b>		<b>682.85</b>		<b>550.17</b>

(a) In the previous year ended 31 March 2020, the Holding Company had 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. From assessment year 2021-22 onwards, while current tax of the previous year was computed at higher rates of 34.94% but the Holding Company had re-measured the deferred tax liabilities on the basis of reduced rates (25.17%), the Holding Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961.

(b) There is no temporary differences associated with investment in subsidiaries.

### (c) Basis of computing Group's domestic tax rate:

	31 March 2021	31 March 2020
Base rate	22.00%	30.00%
Add: Surcharge @ 10% (31 March 2020: Surcharge @ 12%)	2.20%	3.60%
	<b>24.20%</b>	<b>33.60%</b>
Add: Health and Education cess @ 4%	0.97%	1.34%
	<b>25.17%</b>	<b>34.94%</b>

## 23 OTHER NON-CURRENT LIABILITIES

	As at 31 March 2021	As at 31 March 2020
Deferred grant income*	1,798.31	1,501.01
Others	34.25	33.00
	<b>1,832.56</b>	<b>1,534.01</b>
<b>*Deferred grant income</b>		
Opening balance	1,501.01	1,708.61
Add: Grant received during the year	531.25	-
Less: Released to statement of profit and loss	(233.95)	(207.60)
	<b>1,798.31</b>	<b>1,501.01</b>



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### 24 CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2021	As at 31 March 2020
Loans repayable on demand from banks (secured and carried at amortised cost)		
- Cash credit facilities	3,105.53	575.72
- Working capital demand loan	2,000.00	-
	<b>5,105.53</b>	<b>575.72</b>

#### Note:

- a) The cash credit facilities and working capital demand loan 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 Kolar District, Bangalore and personal guarantee by some of the directors of the Holding Company.
- b) The outstanding balance of cash credit facilities is repayable on demand and the rate of interest ranges between 7.00% to 8.80% (31 March 2020: 7.95% to 8.80%) per annum .
- c) The outstanding balance of working capital demand loan is repayable within a period of 30 days and the rate of interest ranges between 6.6% to 6.8% (31 March 2020: Nil ) per annum.

### 25 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

	As at 31 March 2021	As at 31 March 2020
Trade payables		
A) Total outstanding dues of micro enterprises and small enterprises; and	809.32	175.07
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,243.73	1,938.75
	<b>3,053.05</b>	<b>2,113.82</b>

- a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is given below.

Particulars	As at 31 March 2021	As at 31 March 2020
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year	809.32	175.07
- Principal amount	-	-
- Interest	-	-
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	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year		



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

Particulars	As at 31 March 2021	As at 31 March 2020
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 the year end.

### 26 CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term borrowings (refer note 19)	1,582.05	1,983.24
Creditors for capital goods	99.53	172.64
Interest accrued but not due on borrowings	33.45	45.71
Unclaimed dividend*	22.30	27.73
Employee related payables	352.11	74.17
Derivative liability	-	5.84
	<b>2,089.44</b>	<b>2,309.33</b>

\* the above amount does not include any sum due to be transferred to Investor Education and Protection Fund.

### 27 OTHER CURRENT LIABILITIES

	As at 31 March 2021	As at 31 March 2020
Advances received from customers	193.78	23.95
Statutory dues payable	343.07	246.26
	<b>536.85</b>	<b>270.21</b>

### 28 CURRENT TAX LIABILITIES (NET)

	As at 31 March 2021	As at 31 March 2020
Provision for tax (net of advance tax)	101.07	57.85
	<b>101.07</b>	<b>57.85</b>

Note:

The following table provides the details of income-tax assets and current tax liabilities:

Prepaid taxes (refer note 7)	80.56	-
Provision for tax (refer note 28)	(101.07)	(57.85)
<b>Net position [asset/(liability)]</b>	<b>(20.51)</b>	<b>(57.85)</b>



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

	As at 31 March 2021	As at 31 March 2020
<b>a. Income-tax assets</b>		
Opening balance	-	-
Transfer from current tax liabilities	169.11	-
Refunds received	(88.55)	-
	<b>80.56</b>	-
<b>b. Current tax liabilities</b>		
Opening balance	57.85	85.42
Provision for tax	960.55	715.80
Interest on taxes	20.35	4.97
Prepaid taxes paid during the year	(920.57)	(629.71)
Tax earlier years	(186.22)	(118.63)
Transferred to income-tax assets	169.11	-
	<b>101.07</b>	<b>57.85</b>
<b>Net position</b>	<b>(20.51)</b>	<b>(57.85)</b>

### 29 REVENUE FROM OPERATIONS

	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products		
- Finished goods	34,827.98	36,003.75
Other operating income		
- Sale of scrap	416.49	308.40
- Export incentives	69.63	112.00
<b>Total</b>	<b>35,314.10</b>	<b>36,424.15</b>

### 30 OTHER INCOME

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income from:		
- fixed deposits with banks	225.80	8.73
- security deposit with electricity department	16.52	18.95
- loans to related party	-	7.40
<b>Other non-operating income</b>		
Liabilities no longer required written back	15.84	45.20
Amortisation of grant income	233.95	207.60
Gain on foreign exchange fluctuation (net)	-	104.73
Profit on disposal of property, plant and equipment (net)	-	4.09
Gain on fair value of forward contracts	5.84	-
Income from mutual funds		
- gain on sale of mutual fund	6.91	67.17
- dividend income	-	131.28
- gain on fair value of mutual fund	11.89	9.67
Miscellaneous income	20.26	19.52
	<b>537.01</b>	<b>624.34</b>



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### 31 COST OF MATERIALS CONSUMED

	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw material at the beginning of the year	1,970.21	2,845.97
Add: purchases during the year	16,951.31	11,459.21
Less: Raw material at the end of the year	5,226.65	1,970.21
<b>Total cost of materials consumed</b>	<b>13,694.87</b>	<b>12,334.97</b>

### 32 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRES

	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventories at the beginning of the year		
- Finished goods	2,287.60	3,667.42
- Work-in-progress	1,020.32	1,043.90
	<b>3,307.92</b>	<b>4,711.32</b>
Inventories at the end of the year		
- Finished goods	3,432.68	2,287.60
- Work-in-progress	1,424.44	1,020.32
	<b>4,857.12</b>	<b>3,307.92</b>
<b>(Increase)/decrease in inventories</b>	<b>(1,549.20)</b>	<b>1,403.40</b>

### 33 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 March 2021	For the year ended 31 March 2020
Salary, wages and bonus	3,345.78	3,260.33
Contribution to provident and other funds	335.15	290.91
Staff welfare expenses	109.79	90.28
	<b>3,790.72</b>	<b>3,641.52</b>

Disclosures as per Ind AS 19 in respect of provision made towards various employee benefits are made in note 38.

### 34 FINANCE COSTS

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense on financial liabilities measured at amortised cost	713.37	601.32
Interest on lease liabilities	10.29	12.99
Interest on delayed payment of advance taxes	20.35	4.97
Other finance cost	16.24	7.16
	<b>760.25</b>	<b>626.44</b>

### 35 DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on property, plant and equipment	2,550.31	2,329.87
Depreciation on right-of-use assets	67.02	78.13
Amortisation on other intangible assets	20.32	13.87
	<b>2,637.65</b>	<b>2,421.87</b>



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### 36 OTHER EXPENSES

	For the year ended 31 March 2021	For the year ended 31 March 2020
Consumption of stores and spares	2,932.15	2,823.92
Job work charges	1,592.88	1,391.88
Consumption of packing materials	631.24	491.45
Power and fuel	3,076.57	2,818.89
Rent (refer note 41)	41.36	46.82
Repairs and maintenance		
- Building	130.65	347.06
- Plant and machinery	1,001.62	965.07
Security charges	78.41	80.80
Insurance	132.87	96.12
Legal and professional charges	375.30	406.19
Rates and taxes	28.34	21.06
Provision for loss allowance	32.05	-
Sales promotion	115.26	164.63
Freight outward	1,186.41	1,006.35
Travelling and conveyance	49.73	211.61
Contract labour charges	1,193.90	1,116.48
Payment to auditors (refer details below)	23.87	22.61
Commission to director	75.00	50.00
Corporate social responsibility expenses (refer note 43)	115.62	130.00
Bad debts written off	12.79	1.37
Loss on foreign exchange fluctuation (net)	12.26	-
Loss on fair value of forward contracts	-	70.37
Loss on disposal of property, plant and equipment (net)	89.91	-
Miscellaneous expenses	504.07	697.05
	<b>13,432.26</b>	<b>12,959.73</b>

#### Payments to statutory auditors as\*

	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Auditor	23.51	21.99
(b) For reimbursement of expenses	0.36	0.62
	<b>23.87</b>	<b>22.61</b>

\*excluding applicable taxes

### 37 EARNING PER SHARE

	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit for the year attributable to equity shareholders (A)	2,351.18	3,051.26
Weighted average number of equity shares outstanding during the year (B) (nos. in 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.)	6.53	8.47



# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

## 38 Employee benefits

### i) Defined contribution plans

The Group makes fixed contribution towards provident fund and Employees' State Insurance (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 194.25 Lakh (31 March 2020: Rs 211.51 Lakh) for provident fund contributions and Rs 11.46 Lakh (31 March 2020: Rs 14.83 Lakh) for ESI contribution in the Statement of Profit and Loss and included in "Employee benefits expenses" in note 33. 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.

#### 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 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Present value of obligation at the beginning of the year</b>	36.98	54.69	595.88	564.16
Included in profit or loss:				-
Current service cost	2.60	-	56.98	54.28
Interest cost	2.47	4.18	38.32	42.17
<b>Total amount recognised in profit or loss</b>	5.07	4.18	95.30	96.45
Included in other comprehensive income:				
Remeasurement loss/(gain) arising from:				
- financial assumptions	-	0.31	(5.86)	(3.82)
- experience adjustment	(0.74)	(22.20)	2.99	(36.53)
<b>Total amount recognised in other comprehensive income</b>	(0.74)	(21.89)	(2.87)	(40.35)
Other	-	-	(1.36)	(0.92)
Less: Benefits paid	-	-	41.41	23.46
<b>Present value of obligations at the end of year</b>	<b>41.31</b>	<b>36.98</b>	<b>645.54</b>	<b>595.88</b>



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

Change in the fair value of plan assets	Gratuity (funded portion)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Fair value of plan asset at the beginning of the year</b>	525.76	480.25
Included in profit or loss:		
Expected return on plan assets	36.36	34.05
Contributions paid	63.49	84.42
Benefits paid	41.41	23.46
Others	(1.36)	(0.92)
Included in other comprehensive income:		
Actuarial (gain)/loss	(50.50)	48.58
<b>Fair value of plan asset at the end of the year</b>	<b>633.34</b>	<b>525.76</b>

### Major category of plan asset as a % of total plan assets

Category of assets (% allocation)	As at 31 March 2021		As at 31 March 2020	
	(%)	Amount	(%)	Amount
Insurance policies	100	633.34	100	525.76

### Net defined benefit liability recognised in the balance sheet

	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Present value of funded obligation at the end of the year	41.31	36.98	645.54	595.88
Fair value of plan asset as at the end of the period	-	-	633.34	525.76
<b>Net defined benefit liability</b>	<b>41.31</b>	<b>36.98</b>	<b>12.20</b>	<b>70.12</b>

### B) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Discount rate (per annum)	6.77% - 6.81%	6.67%	6.77%	6.67%
Salary growth rate (per annum)	6.00%	6.00%	6.00%	6.00%
Mortality rates inclusive of provision for disability	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)
Retirement age (years)	58	58	58	58
Withdrawal rate (%)	1%	1%	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.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### 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 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	593.34	705.80	545.80	653.83
Salary escalation rate (1% movement)	707.98	590.10	655.65	542.69

	Gratuity (unfunded)			
	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	40.89	41.81	36.66	37.31
Salary escalation rate (1% movement)	41.83	40.87	36.98	36.98

Sensitivities due to mortality and withdrawals are not material. Hence, impact of change is not calculated above.

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.

### 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.

#### iii) Salary increase

Actual salary increase will increase the plan's liabilities. Increase in salary rate assumption in future valuation will also increase the valuation.

### E) Expected maturity analysis of the defined benefit obligation in future years (undiscounted cash flows)-Funded

	31 March 2021	31 March 2020
Less than 1 year	54.14	39.23
Between 1-2 years	33.58	39.78
Between 2-5 years	144.60	118.81
Over 5 years	509.06	316.54
<b>Total</b>	<b>741.38</b>	<b>514.36</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 13.01 years (31 March 2020: 13.35 years).

Expected contribution to post-employment benefit plans in the next year is Rs 6.09 Lakh (31 March 2020: Rs. 35.06 Lakh).



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### F) Expected maturity analysis of the defined benefit obligation in future years (undiscounted cash flows)- Unfunded

	31 March 2021	31 March 2020
Less than 1 year	40.00	20.36
Between 1-2 years	-	19.64
Between 2-5 years	-	-
Over 5 years	2.60	-
<b>Total</b>	<b>42.60</b>	<b>40.00</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 1 year (31 March 2020: 1.49 years).

Expected contribution to post-employment benefit plans in the next year is Rs 19.35 Lakh (31 March 2020: Rs. 18.49 Lakh).

### G) Amount for the current and previous four years are as follows - gratuity (funded):

	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
Defined benefit obligation	645.54	595.88	564.16	505.87	419.23
Experience gain/(loss) adjustments on liabilities	(2.99)	36.53	(9.99)	(31.80)	4.63

### H) Amount for the current and previous four years are as follows - gratuity (unfunded):

	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
Defined benefit obligation	41.31	36.98	54.69	53.72	14.28
Experience gain/(loss) adjustments on liabilities	0.74	22.20	3.00	(38.46)	-

### 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. 46.74 Lakh (31 March 2020: Rs.19.48 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

In accordance with Ind AS 108 'Operating Segments', the Board of Directors of the Company, being the chief operating decision maker of the Company has determined ""Hi-tensile fasteners"" as the only operating segment.

Further, in terms of paragraph 31 of Ind AS 108, entity wide disclosures have been presented below:

### 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 7,021.61 Lakh and Rs 6,332.67 Lakh (31 March 2020: Rs 9,056.88 Lakh and Rs 7,736.54 Lakh) are derived from two customers, who individually accounted for more than ten percent of the total revenue.

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

## 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 books of account (net of capital advances) Rs. 2,232.86 Lakh (Rs. 1,043.31 Lakh as at 31 March 2020).
- (ii) The Holding Company vide memo no. 3278 dated 14 May 2013 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 would be certain external development charges, scrutiny fees, etc. which are payable at a future date, if any variation is carried out at this said unit. However, the quantum of such future liability is not quantified in the said letter.

### B. Contingent liabilities and other commitments

	As at 31 March 2021	As at 31 March 2020
<b>Contingent liabilities</b>		
i) Disputed liability - Central Excise Act (refer note 'a' below)	287.44	287.44
ii) Interest on disputed liability- Central Excise Act (refer note 'b' below)	129.39	105.23
iii) Demand under Income-tax Act, 1961		
- Assessment year: 2013-14	0.62	0.62
- Assessment year: 2016-17	3.56	-
- Assessment year: 2018-19	51.78	-
iv) Liability of sales tax due to pending C-Forms	-	0.08
<b>Other commitments</b>		
(i) Export Promotion Capital Goods (EPCG) - export obligation	18,608.27	20,963.85

- a) Service tax demand amounting to Rs 106.04 Lakh for the period April 2014 to June 2017 was due to disallowance of the Cenvat Credit on outward transportation of final product to the buyer's premises. Representation against the aforementioned demand were filed before the Joint Commissioner of Central Tax, Faridabad, Haryana. On 4 June 2021, the Holding Company has received an unfavourable order from the Joint Commissioner. The Holding Company will, however, file an appeal against the said demand/order and remains confident of getting a relief by the higher authorities against the said order.

Excise duty demand amounting to Rs 181.40 Lakh for the period January 2013 to June 2017 under the Central Excise Act is owing to dispute regarding not adding the value of drawings/designs and specifications in the cost of moulds/dies. The Holding Company has submitted requisite responses before the Additional Director General (Adjn.), Director General of Goods and Services Tax Intelligence, New Delhi and is awaiting final assessment. Further, the Holding Company is confident of a favourable outcome on the above.

- b) Interest amounting to Rs. 129.39 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.

The Group has no other material contingent liabilities other than those disclosed above, which could devolve upon the Group.

### C. Contingent assets- Nil



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### 41 Lease related disclosures as lessee

Lease liabilities are presented in balance sheet as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Current</b>	49.29	89.62
Non-current	32.58	46.06
<b>Total</b>	<b>81.87</b>	<b>135.68</b>

A. The following are amounts recognised in statement of profit and loss:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation expense of right-of-use assets	67.02	78.13
Interest expense on lease liabilities	10.29	12.99
Rent expense*	41.36	46.82
<b>Total</b>	<b>118.67</b>	<b>137.94</b>

\*Rent expense for short-term leases and not included in the measurement of lease liability.

B. The right-of-use assets relate to leases of plant, offices and equipments and are as follows:

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
<b>Balance as at 31 March 2020</b>	<b>131.17</b>
Add: Addition on account of new leases entered during the year	66.25
Less: Adjustment due to modification in leases	53.31
Less: Amortisation expenses charged on right-of-use assets	67.02
<b>Balance as at 31 March 2021</b>	<b>77.09</b>

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 in the balance sheet separately from other assets.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Particulars	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	18	1 - 3 years	18

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities are disclosed in note 44.

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### 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. 41.36 Lakh (31 March 2020 - Rs. 46.82 Lakh).

At 31 March 2021 and 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 2021 was Rs. 118.39 Lakh (31 March 2020 - Rs. 133.34 Lakh) [including Rs. 41.36 Lakh (31 March 2020 - Rs. 46.82 Lakh) paid towards the aforementioned short-term leases].

## 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:

### I. Name of the related parties and description of relationship:

Relationship	Name of related party
Key management personnel (KMP)	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. Jaideep Wadhwa - Director
	Dr. 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. Rakesh Batra (with effect from 10 November 2020)
	Mr. Rahoul Kabir Bhandari - Independent director (with effect from 2 August 2019)
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
	Sterling Tools Foundation
	Jaycee Premium Cars Private Limited
Relative of KMP	Noble Cars Private Limited
Relative of KMP	Mr. Anish Aggarwal (Son of Mr. Anil Aggarwal)
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 2021

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

### II Disclosure of related parties transactions (including material transactions):

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>i) Transaction with enterprises over which Key Management Personnel has control and/or significant influence</b>		
<b>a) Interest income</b>		
Sterling Fincap Private Limited	-	7.40
	-	<b>7.40</b>
<b>b) Expenses paid- repairs and maintenance</b>		
Sterling Automobiles Private Limited	1.50	1.57
Jaycee Automobiles Private Limited	2.43	5.37
	<b>3.93</b>	<b>6.94</b>
<b>c) Expenses paid- Insurance/warranty</b>		
Jaycee Automobiles Private Limited	1.53	1.51
Sterling Automobiles Private Limited	2.12	1.69
	<b>3.65</b>	<b>3.20</b>
<b>d) Rent paid</b>		
Sterling Technologies Private Limited	54.00	84.77
	<b>54.00</b>	<b>84.77</b>
<b>e) Purchase of asset</b>		
Sterling Automobiles Private Limited	70.15	10.25
	<b>70.15</b>	<b>10.25</b>
<b>f) Corporate social responsibility expenses paid</b>		
Sterling Tools Foundation	115.62	130.00
	<b>115.62</b>	<b>130.00</b>
<b>g) Repayment of loan given</b>		
Sterling Fincap Private Limited	-	124.70
	-	<b>124.70</b>
<b>ii) Transaction with KMP &amp; their relatives</b>		
<b>Remuneration paid</b>		
Mr. Manohar Lal Aggarwal	-	25.54
Mr. Anil Aggarwal	116.71	180.62
Mr. Atul Aggarwal	112.96	152.85
Mr. Anish Aggarwal	18.56	25.87
	<b>248.23</b>	<b>384.88</b>
<b>Commission paid</b>		
Mr. Anil Aggarwal	37.50	25.00
Mr. Atul Aggarwal	37.50	25.00
	<b>75.00</b>	<b>50.00</b>
<b>Compensation to KMP *</b>		
- Short term employee benefits	274.86	375.35
- Defined contribution plans	29.81	33.66
	<b>304.67</b>	<b>409.01</b>

\*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 2021

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Director sitting fees</b>		
Mr. Triloki Nath Kapoor	4.50	4.50
Ms. Malini Sud	3.25	2.50
Mr. Chotu Ram Sharma	5.00	4.50
Mr. Shailendra Swarup	1.50	0.25
Mr. Rakesh Batra	1.00	-
Mr. Rahoul Kabir Bhandari	1.00	0.75
	<b>16.25</b>	<b>12.50</b>
<b>Legal and professional charges</b>		
Mr. Jaideep Wadhwa	110.00	60.00
	<b>110.00</b>	<b>60.00</b>
<b>Reimbursement of expenses</b>		
Mr. Jaideep Wadhwa	6.10	10.78
	6.10	10.78
<b>iii) Closing balances</b>		
	<b>As at 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
<b>Remuneration payable</b>		
Mr. Anil Aggarwal	5.22	-
Mr. Atul Aggarwal	5.33	-
Mr. Anish Aggarwal	1.52	-
<b>Total</b>	<b>12.07</b>	<b>-</b>
<b>Commission payable</b>		
Mr. Anil Aggarwal	21.66	16.03
Mr. Atul Aggarwal	20.86	16.03
<b>Total</b>	<b>42.52</b>	<b>32.06</b>
<b>Gratuity payable</b>		
Mr. Manohar Lal Aggarwal	-	20.00
	-	<b>20.00</b>
<b>Legal and professional charges payables</b>		
Mr. Jaideep Wadhwa	4.63	5.17
	<b>4.63</b>	<b>5.17</b>
<b>Outstanding payables</b>		
Sterling Automobiles Private Limited	0.12	-
Sterling Technologies Private Limited	-	7.32
<b>Total</b>	<b>0.12</b>	<b>7.32</b>
<b>Outstanding receivables</b>		
Sterling Automobiles Private Limited	-	8.35
<b>Total</b>	<b>-</b>	<b>8.35</b>
<b>Investments</b>		
Sterling Fabory India Private Limited	176.84	227.64
	<b>176.84</b>	<b>227.64</b>
<b>Personal guarantee by Director against the borrowings</b>		
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 19 and 24).		

### II 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 consolidated financial statements for the year ended 31 March 2021

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

### 43 Corporate social responsibility

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.

- a) Gross amount required to be spent by the Company (i.e. 2% of average net profits under section 198 of Companies Act, 2013 of last three years): Rs. 115.62 Lakh (31 March 2020 - Rs. 129.77 Lakh)
- b) Amount spent during the year ended 31 March 2021:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total	Outstanding amount to be spent for FY 2020-21
(i)	Construction/acquisition of any asset	-	-	-	-
(ii)	On purposes other than (i) above	115.62	Others	115.62	-

Amount spent during the year ending 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	-

- c) The Holding Company does not have any provisions for corporate social responsibility expenses for current year.
- d) The Holding Company does not have any excess amount spent during the year and accordingly, no such carry forward of the excess amount.
- e) The Holding Company does not have any ongoing projects as at 31 March 2021.

### 44 Fair value measurements

#### I Financial instruments

##### (a) Financial instruments by category

Derivative financial instruments and investment in mutual funds are measured at fair value through profit or loss. Investment in equity instruments (except investments in joint venture company) are measured at fair value through other comprehensive income. Other than the aforementioned, 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.

##### (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 2021

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

## As at 31 March 2021

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
<b>Financial assets measured at fair value</b>									
Non-current investments	1,140.14	-	-	-	1,140.14	-	-	1,140.14	1,140.14
Current investments	-	1,275.48	-	-	1,275.48	1,275.48	-	-	1,275.48
<b>Financial assets not measured at fair value</b>									
Non-current investments	-	-	176.84	-	176.84	-	-	-	-
Loans	-	-	462.88	-	462.88	-	-	-	-
Other financial assets	-	-	305.65	-	305.65	-	-	-	-
Trade receivables	-	-	4,163.29	-	4,163.29	-	-	-	-
Cash and cash equivalents	-	-	512.63	-	512.63	-	-	-	-
Other bank balance	-	-	2,720.11	-	2,720.11	-	-	-	-
	<b>1,140.14</b>	<b>1,275.48</b>	<b>8,341.40</b>	<b>-</b>	<b>10,757.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>									
Borrowings	-	-	-	10,462.40	10,462.40	-	-	-	-
Lease liabilities	-	-	-	81.87	81.87	-	-	-	-
Trade payables	-	-	-	3,053.05	3,053.05	-	-	-	-
Other financial liabilities	-	-	-	535.45	535.45	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,132.77</b>	<b>14,132.77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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
<b>Financial assets measured at fair value</b>									
Non-current investments	940.38	-	-	-	940.38	-	-	940.38	940.38
Current investments	-	564.07	-	-	564.07	564.07	-	-	564.07
<b>Financial assets not measured at fair value</b>									
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	-	-	-	-
	<b>940.38</b>	<b>564.07</b>	<b>7,667.92</b>	<b>-</b>	<b>9,172.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities measured at fair value</b>									
Other forward exchange contracts	-	5.84	-	-	5.84	-	5.84	-	5.84
<b>Financial liabilities not measured at fair value</b>									
Borrowings	-	-	-	7,365.69	7,365.69	-	-	-	-
Lease Liabilities	-	-	-	135.68	135.68	-	-	-	-
Trade payables	-	-	-	2,113.82	2,113.82	-	-	-	-
Other financial liabilities	-	-	-	346.64	346.64	-	-	-	-
	<b>-</b>	<b>5.84</b>	<b>-</b>	<b>9,961.83</b>	<b>9,967.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 2021

(All amounts in Lakh of 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 year ended 31 March 2021 and 31 March 2020.

### 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 quoted mutual funds measured at fair value through profit or loss	The fair value of investment in mutual funds is determined using quoted NAV 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.	Long-term growth rate and discount rates	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>- the long-term growth rate would be higher (lower);</li> <li>- the discount rate were lower (higher).</li> </ul>

##### 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 considered equal to their respective 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 and other receivables, and cash and short-term deposits that derives directly from its operations.

# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

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.

## 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 operating 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 39(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 actively 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 2021	31 March 2020
<b>Financial assets for which loss allowance is measured using 12 months expected credit loss model:</b>		
Non-current loans	426.94	423.62
Non-current Investments	1,316.98	1,168.02
Current investments	1,275.48	564.07
Cash and cash equivalents	512.63	1,568.34
Other bank balances	2,720.11	27.73
Current loans	35.94	38.72
Other current financial assets	305.65	2,575.31
	<b>6,593.73</b>	<b>6,365.81</b>
<b>Financial assets for which loss allowance is measured using life time expected credit loss:</b>		
Trade receivables	4,163.29	2,806.56
	<b>4,163.29</b>	<b>2,806.56</b>



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

(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 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 60 days are still collectible in full. Hence, no impairment loss has been recognised during the year and the previous year 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 2021	4,015.07	128.27	12.57	1.32	6.06	4,163.29
Gross carrying amount as 31 March 2020	2,578.12	200.37	3.05	14.15	10.87	2,806.56

### 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 2021, the Group has a working capital of Rs 12,317.14 Lakh (31 March 2020 - 9,772.87 Lakh) including cash and cash equivalents of Rs 512.63 Lakh (31 March 2020 - 1,568.34 Lakh).

#### (i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non- derivative financial liabilities</b>		
<b>Floating-rate borrowings</b>		
- Expiring within one year	3,894.47	8,424.28
- Expiring beyond one year	-	-

## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

(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 2021

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	
<b>Non-derivative financial liabilities</b>						
Non current borrowings	582.19	461.28	454.31	432.00	4,163.62	6,093.40
Lease liabilities	13.35	13.35	13.45	11.41	38.09	89.65
Other non-current financial liabilities						
- Security deposits	-	-	-	-	28.05	28.05
Current borrowings						
- Working capital loans	5,105.53	-	-	-	-	5,105.53
Trade payables	3,053.05	-	-	-	-	3,053.05
Creditors for capital goods	99.53	-	-	-	-	99.53
Interest accrued but not due	33.45	-	-	-	-	33.45
Employee related payables	352.11	-	-	-	-	352.11
Unclaimed dividend	22.30	-	-	-	-	22.30
<b>Total</b>	<b>9,261.51</b>	<b>474.63</b>	<b>467.76</b>	<b>443.41</b>	<b>4,229.76</b>	<b>14,877.07</b>

#### 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	
<b>Non-derivative financial liabilities</b>						
Non current borrowings	780.77	758.95	737.10	658.22	6,145.80	9,080.84
Other non current financial liabilities	23.41	23.41	23.51	23.56	54.35	148.24
- Security Deposits	-	-	-	-	26.39	26.39
Current borrowings						
- Working capital loans	575.72	-	-	-	-	575.72
Trade payables	2,113.82	-	-	-	-	2,113.82
Creditors for capital goods	172.64	-	-	-	-	172.64
Interest accrued but not due	45.71	-	-	-	-	45.71
Employee related payables	74.17	-	-	-	-	74.17
Unclaimed dividend	27.73	-	-	-	-	27.73
<b>Derivative financial liabilities</b>						
Other forward exchange contracts	4.21	1.63	-	-	-	5.84
<b>Total</b>	<b>3,818.18</b>	<b>783.99</b>	<b>760.61</b>	<b>681.78</b>	<b>6,226.54</b>	<b>12,271.10</b>

### 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 with respect to purchases and sale made in currency other than its 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 2021

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

### (i) 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 2021			
	EURO	JPY	USD	GBP
<b>Financial assets</b>				
Trade receivables	548.42	-	34.18	3.70
<b>Financial liabilities</b>				
Trade payables	-	10.93	122.09	1.78
<b>Net exposure to foreign currency risk - assets / (liabilities)</b>	<b>548.42</b>	<b>(10.93)</b>	<b>(87.91)</b>	<b>1.92</b>

Particulars	As at 31 March 2020			
	EURO	JPY	USD	GBP
<b>Financial assets</b>				
Trade receivables	401.90	-	32.37	-
<b>Financial liabilities</b>				
Trade payables	-	-	63.00	1.60
Derivatives liabilities	5.84	-	-	-
<b>Net exposure to foreign currency risk - assets / (liabilities)</b>	<b>396.06</b>	<b>-</b>	<b>(30.63)</b>	<b>(1.60)</b>

### Sensitivity analysis

A strengthening of the Indian Rupee, as indicated below, against foreign currency as at the year end 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
<b>31 March 2021</b>		
INR/EUR	27.42	(27.42)
INR/USD	(4.40)	4.40
INR/GBP	0.10	(0.10)
INR/JPY	(0.55)	0.55
<b>5% movement</b>		
	Strengthening	Weakening
<b>31 March 2020</b>		
INR/EUR	19.80	(19.80)
INR/USD	(1.53)	1.53
INR/GBP	(0.08)	0.08
INR/JPY	-	-



# Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

## (ii) 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 2021	31 March 2020
<b>Financial assets:</b>		
<b>Fixed rate instruments</b>		
- Fixed deposits	2,972.81	1,149.90
<b>Total</b>	<b>2,972.81</b>	<b>1,149.90</b>
<b>Variable-rate instruments</b>		
- Rupee term loans	5,356.88	6,789.96
- Working capital facilities	5,105.53	575.72
<b>Total</b>	<b>10,462.41</b>	<b>7,365.68</b>

### 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
<b>31 March 2021</b>		
Rupee term loans	(61.98)	61.98
Working capital facility	(51.49)	51.49
<b>Cash flow sensitivity (net)</b>	<b>(113.47)</b>	<b>113.47</b>
<b>31 March 2020</b>		
Rupee term loans	(71.68)	71.68
Working capital facility	(11.33)	11.33
<b>Cash flow sensitivity (net)</b>	<b>(83.01)</b>	<b>83.01</b>

## 45 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 2021

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

The management assesses the capita requirements in order to maintain an efficient overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group is not subject to externally imposed capital requirements.

The Group monitors capital on the basis of its gearing ratio which is net debt divided by total equity. Net debt comprises of non-current and current borrowings less cash and cash equivalents. Equity includes equity share capital and other equity that are managed as capital. The gearing ratio at the end of the reporting periods are as follows:

Particulars	31 March 2021	31 March 2020
Total borrowings	10,495.85	7,411.39
Less: Cash and cash equivalents	512.63	1,568.34
<b>Net debt</b>	<b>9,983.22</b>	<b>5,843.05</b>
<b>Total equity</b>	<b>33,147.27</b>	<b>30,645.92</b>
<b>Net debt to equity ratio</b>	<b>0.30</b>	<b>0.19</b>

### 46 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 2021	31 March 2020	31 March 2021	31 March 2020	
Haryana Ispat Private Limited	India	100.00%	100.00%	-	-	Leasing of immovable property
Sterling Gtake E-Mobility Limited	India	99.88%	98.36%	0.12%	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 Fabory India Private Limited which was incorporated in March 2010 with M/s Fabory 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 2021	31 March 2020	31 March 2021	31 March 2020	
Sterling Fabory (India) Private Limited	50%	-	-	176.84	227.64	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 2021

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

### (i) Summarised financial information for joint venture

#### Summarised balance sheet

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Current assets</b>		
- Cash and cash equivalents	117.79	109.38
- Other assets	243.25	499.17
<b>Total current assets</b>	<b>361.04</b>	<b>608.55</b>
<b>Total non-current assets</b>	<b>71.96</b>	<b>130.04</b>
<b>Current liabilities</b>		
- Trade payables	60.05	203.88
- Other financial liabilities	6.77	30.56
- Other liabilities	7.10	16.19
<b>Total current liabilities</b>	<b>73.92</b>	<b>250.63</b>
<b>Total non-current liabilities</b>	<b>8.98</b>	<b>36.27</b>
<b>Net assets</b>	<b>350.10</b>	<b>451.69</b>

#### Summarised statement of profit and loss

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations	785.97	1,130.57
Profit before tax	(87.73)	(131.40)
Tax expenses	14.15	(9.55)
Profit after tax	(101.88)	(121.85)
Other comprehensive income	0.29	1.94
<b>Total comprehensive income</b>	<b>(101.59)</b>	<b>(119.91)</b>
Dividend received	-	-

#### Reconciliation of carrying amounts

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening net assets	451.69	575.18
Profit for the year	(101.88)	(121.85)
Other comprehensive income	0.29	1.94
Impact on account of adoption of Ind AS 116	-	(3.58)
<b>Closing net assets</b>	<b>350.10</b>	<b>451.69</b>
Group's share in %	50%	50%
Group's share	176.84	227.64
<b>Carrying amount of investment in joint venture</b>	<b>176.84</b>	<b>227.64</b>



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### 47 Disclosures pursuant to Ind AS 115, Revenue from Contracts with Customers, are as follows:

#### (a) 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 geography, type and timing of recognition.

Description	Year ended 31 March 2021	Year ended 31 March 2020
<b>Revenue by geography</b>	<b>Fasteners</b>	<b>Fasteners</b>
Domestic	32,472.11	33,380.83
Export	2,355.87	2,622.92
	<b>34,827.98</b>	<b>36,003.75</b>
<b>Customer wise</b>		
Related party	3.48	129.80
Non-related party	34,824.50	35,873.95
	<b>34,827.98</b>	<b>36,003.75</b>
<b>Revenue by time</b>		
Revenue recognised at point in time	34,827.98	36,003.75
	<b>34,827.98</b>	<b>36,003.75</b>

#### (b) Revenue recognised in relation to contract liabilities

Ind AS 115 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	Year ended 31 March 2021	Year ended 31 March 2020
Amounts included in contract liabilities at the beginning of the year	23.95	122.45
Performance obligations satisfied in previous years	-	-
	<b>23.95</b>	<b>122.45</b>

#### (c) Assets and liabilities related to contracts with customers

Description	As at 31 March 2021		As at 31 March 2020	
	Non-current	Current	Non-current	Current
<b>Contract assets related to sale of goods</b>	-	-	-	-
<b>Contract liabilities related to sale of goods</b>				
Advance from customers	-	193.78	-	23.95
Security deposit	28.05	-	26.39	-



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

### (d) Significant changes in contract assets and liabilities

Changes in balance of contract liabilities during the year:

Description	31 March 2021	31 March 2020
<b>Opening balance of contract liabilities</b>	50.34	153.03
Amount of revenue recognised against opening contract liabilities	(23.95)	(122.45)
Addition in balance of contract liabilities for current year	195.44	19.76
<b>Closing balance of contract liabilities</b>	<b>221.83</b>	<b>50.34</b>

There has been no significant changes in contract assets/liabilities during the year.

### (e) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

Description	Year ended 31 March 2021	Year ended 31 March 2020
Contract price	35,810.44	36,792.35
Less: Discounts and freight	982.46	788.60
<b>Revenue from operations as per Statement of Profit and Loss</b>	<b>34,827.98</b>	<b>36,003.75</b>

### (f) 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.



## Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2021

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

- 48 Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Act:

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 profit & loss	Amount	As a % of consolidated profit & loss	Amount	As a % of consolidated profit & loss
<b>Holding Company</b>								
Sterling Tools Limited	32,835.62	99.06%	2,623.01	111.57%	150.91	100.00%	2,773.92	110.88%
<b>Subsidiaries</b>								
Haryana Ispat Private Limited	256.96	0.78%	7.47	0.32%	-	-	7.47	0.30%
Sterling Gtate E-Mobility Limited	566.10	1.71%	(228.50)	-9.72%	-	-	(228.50)	-9.13%
Non-controlling interests in subsidiary	0.67	0.00%	(0.27)	-0.01%	-	-	(0.27)	-0.01%
<b>Joint venture</b>								
Sterling Fabory (India) Private Limited	(511.41)	-1.54%	(50.80)	-2.16%	-	-	(50.80)	-2.03%
<b>Total</b>	<b>33,147.94</b>	<b>100%</b>	<b>2,350.91</b>	<b>100%</b>	<b>150.91</b>	<b>100%</b>	<b>2,501.82</b>	<b>100%</b>

- 49 Certain inventory of finished goods have been written down to its net realisable value in line with Ind AS 2, Inventories, and the resultant impact of write down amounts to Rs. 81.04 Lakh (31 March 2020 - Rs. 90.21 Lakh). The carrying value of such inventories carried at fair value less costs to sell amounts to Rs. 548.24 Lakh (31 March 2020 - Rs. 13.50 Lakh).
- 50 Due to the outbreak of Coronavirus Disease 2019 (COVID - 19) which had been declared as a pandemic by the World Health Organisation and subsequent lock down ordered by the Central and State Government(s) in India, the manufacturing facilities of the Holding Company remained suspended from 22 March 2020 till 10 May 2020. The Holding Company in compliance with the necessary instructions/guidelines, resumed its operations from 11 May 2020 in a phased manner, while ensuring health and safety of all the stakeholders. This situation resulted in temporary disturbance in the economic activities through interruption in manufacturing process, disruption in supply chain, etc. for the Holding Company during the year ended 31 March 2021. Further, the recent second wave of COVID - 19 has resulted in partial lockdown/restriction in various states. However, the Group is closely monitoring the impact of the aforementioned pandemic and believes that there will not be any adverse impact on the long-term operations and performance of the Group.
- 51 The Code of Social Security, 2020 ('Code') relating to employee benefits during employment and post employment received Presidential assent in September 2020. Subsequently, the Ministry of Labour and Employment had released the draft rules on the aforementioned Code. However, the same is yet to be notified. The Group will evaluate the impact and make necessary adjustments to the consolidated financial statements in the period when the Code will come into effect.

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  
DIN No. 00125825

**Pankaj Gupta**  
Chief Financial Officer

**Vaishali Singh**  
Company Secretary  
Membership No. A15108

Place: New Delhi  
Date: 12 June, 2021

Place: Faridabad  
Date: 12 June, 2021





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