



Sterling Tools Limited

Annual Report
2021-22



Forging the Future

Contents

01-19

Corporate Overview

Providing Reliable And Super Quality Auto Components	04
Our Manufacturing & Distribution Network	06
Offering Bespoke Products To Customers	08
Message From The Managing Director	10
Robust Financial Performance	12
Enhancing Our Core Strengths To Forge The Future	13
Our Teams Demonstrate Our Intrinsic Growth Potential	15
Uplifting communities, elevating lives	16
Board of Directors	18
Corporate Information	19

20-78

Statutory Reports

Board's Report	20
Annexures to Board's Report	28
Corporate Governance Report	46
Business Responsibility Report	68
Management Discussion and Analysis Report	75

79-214

Financial Statements

Standalone

Independent Auditors' Report	79
Balance Sheet	90
Statement of Profit and Loss	91
Cash Flow Statement	93

Consolidated

Independent Auditors' Report	148
Balance Sheet	156
Statement of Profit and Loss	157
Cash Flow Statement	158

215-226

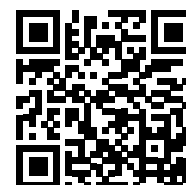
Notice

Notice for the Annual General Meeting	215
---------------------------------------	-----



To know more about the company log on to

www.stlfasteners.com



Forward looking statement

Some information in this report may contain forward-looking statements. We have based these forward looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forwardlooking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forwardlooking statements and assumed facts or bases and actual results can be material, depending on the circumstances.

About Us

40+

years of experience

2nd

Largest automotive fastener manufacturer in India

A1+/AA-

ICRA

33%

YoY Increase in revenue

₹ 70 Crore

Cash flow from operations

0.3

Debt to equity ratio (low leveraged)



Sterling Tools Limited - Prithla plant

Moving Ahead



We are committed to deliver value with the strengths that we have nurtured and forge our future with the support of all stakeholders.

For over two decades, we have steadily built a robust foundation to drive growth and deliver value to our stakeholders in a sustainable and responsible manner. Today, we are among the leading suppliers in India, serving the requirements of prominent OEM's"

Our business is resilient to macro headwinds and industry cycles, and our performance in FY22 vindicates the strength of our business model.

We have outperformed the industry across all segments, owing to our future-focused strategies, aligned to the dynamic industry environment and the dedication and hard work of our teams.

Our Balance sheet continues to become stronger and the company is rated A1/AA- by leading Indian rating agency ICRA.



Providing Reliable And High Quality Auto Components

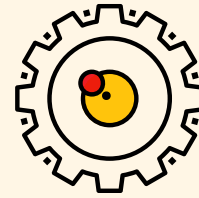
One of the largest manufacturers of fasteners in India, Sterling Tools Limited (STL) offers superior quality fasteners with a large product portfolio.

Incorporated in 1979, we manufacture high tensile and premier cold forged hi-tensile fasteners catering to the passenger cars, two wheelers, commercial vehicles, agri-equipment and construction equipment segments. As a dynamic company, we are also venturing into sunrise sectors such as electric vehicles (EV's) to ensure robust value creation for our stakeholders. Our client portfolio comprises leading OEMs in the domestic market and international markets including USA, Europe, South America and the Middle East.



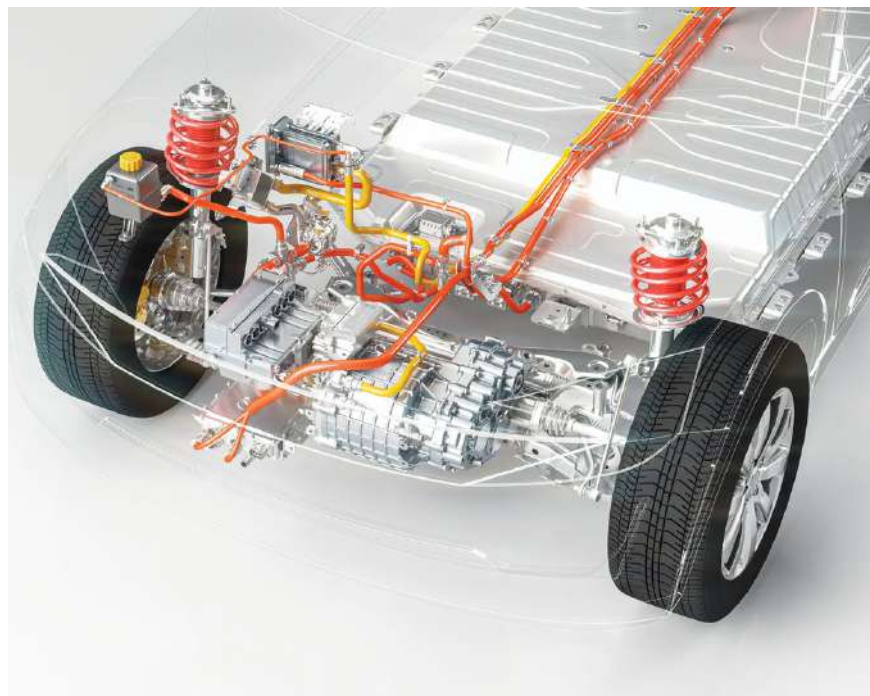
Mission

We provide reliable and superior quality auto components to our customers by deploying best-in-class manufacturing practices, clean and green technology, entrepreneurial spirit, and passion of our people.



Vision

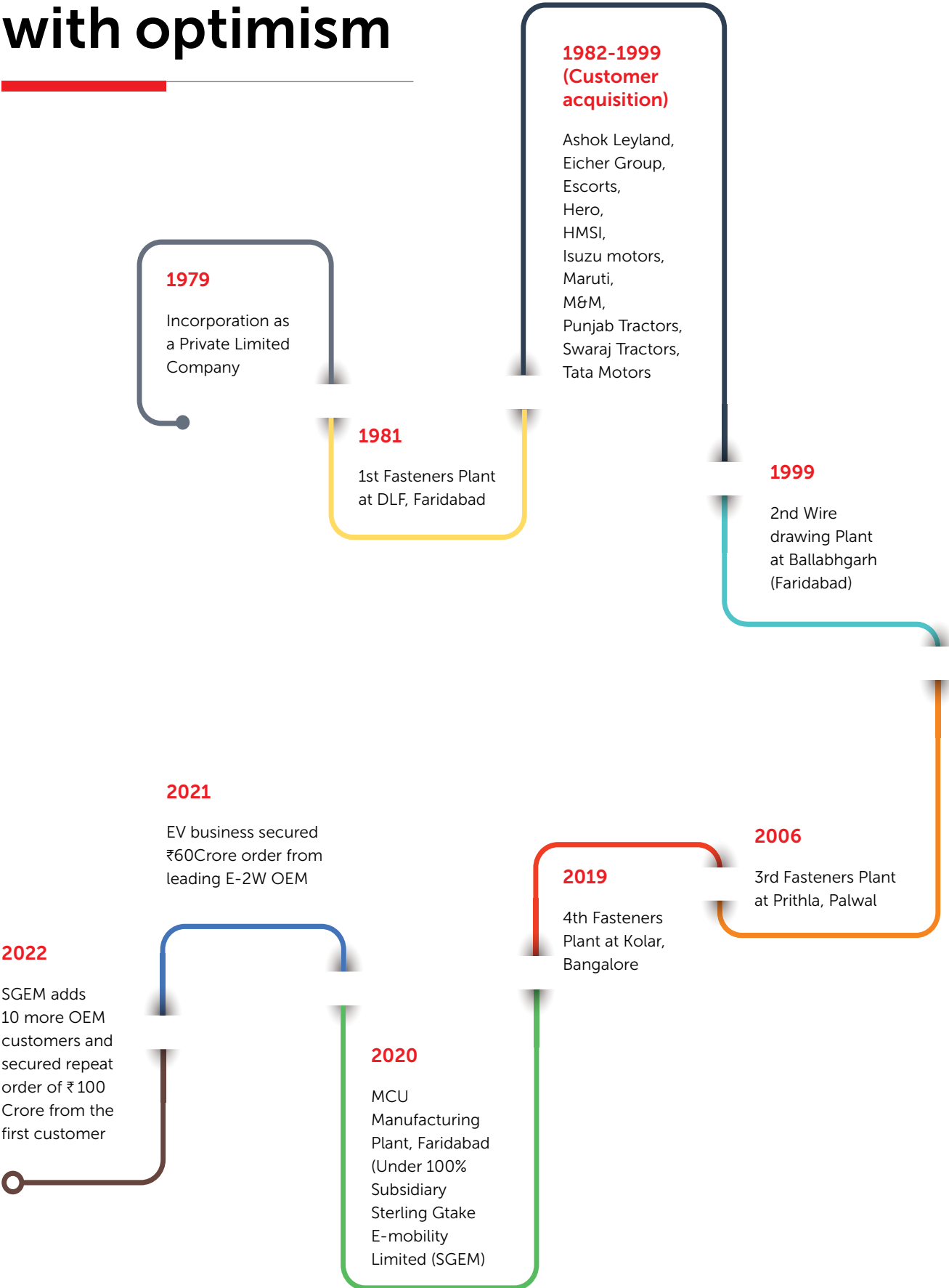
- Be the most trusted brand for our customers
- Maximize value for our shareholders
- Be respected in our community
- Bring pride to our people



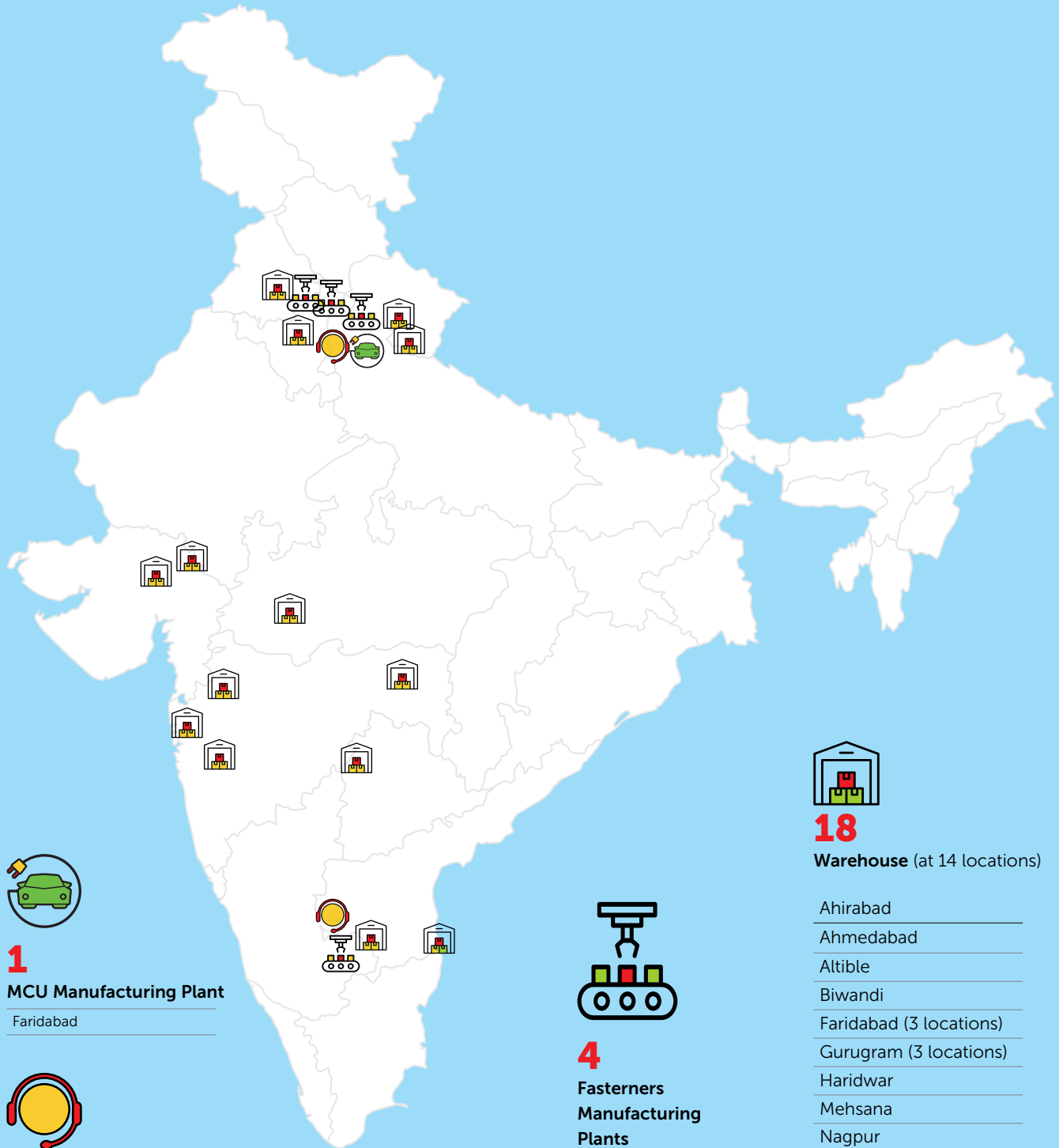
Philosophy

STL's 360-degree philosophy has defined a holistic approach towards manufacturing, quality control and human resource development. We achieve perfection and excellence in our output by envisioning the overall balance of all attributes, guaranteeing customer satisfaction.

Progressing with optimism



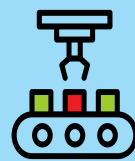
Our Manufacturing & Distribution Network



1
MCU Manufacturing Plant
 Faridabad



2
Tech center
 Faridabad
 Bangalore



4
Fasteners Manufacturing Plants
 DLF Plant, Faridabad, Haryana
 Wire Drawing Plant, Ballabgarh, Haryana
 Prithla Plant, Palwal, Haryana
 Kolar Plant, Bangalore

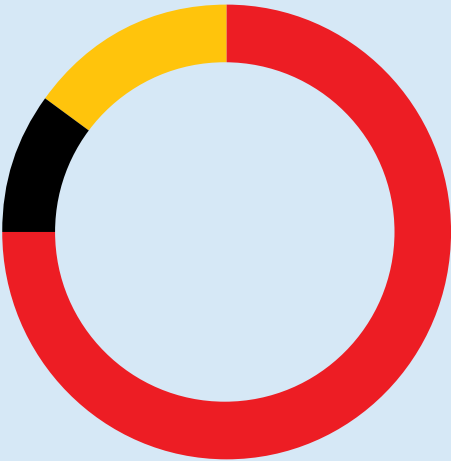


18
Warehouse (at 14 locations)

- _____
Ahirabad
- _____
Ahmedabad
- _____
Altible
- _____
Biwandi
- _____
Faridabad (3 locations)
- _____
Gurugram (3 locations)
- _____
Haridwar
- _____
Mehsana
- _____
Nagpur
- _____
Nasik
- _____
Pithampur
- _____
Pune
- _____
Puzhal
- _____
Udham Singh Nagar

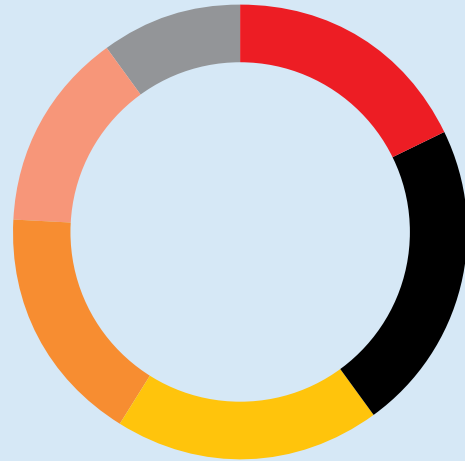
Well Diversified

Channel wise revenue mix



● OEM	75%
● Retail	15%
● Exports	10%

Segment-wise revenue mix



● PV	22%
● CV	19%
● 2W	18%
● Farm equipment & Off-road	16%
● Retail	15%
● Exports	10%



Sterling Tools limited - Kolar (Bangalore)

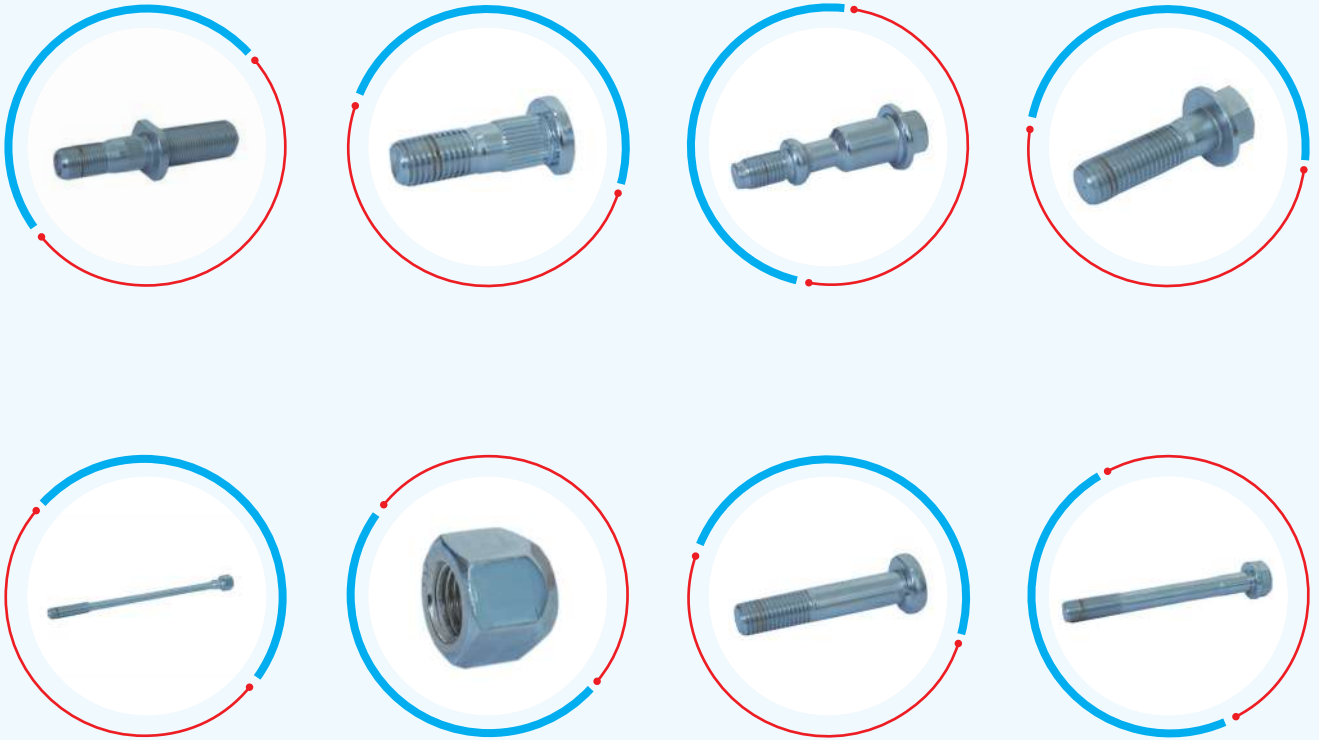
Offering Bespoke Products To Customers

Sterling's products are known for their high quality, superior fatigue resistance and durable strength. The wide range of products cater to a variety of global standards, including Indian, German, Japanese, American and British. We also offer customized products to suite the unique needs of customers, which are available in a variety of surface protection coatings.

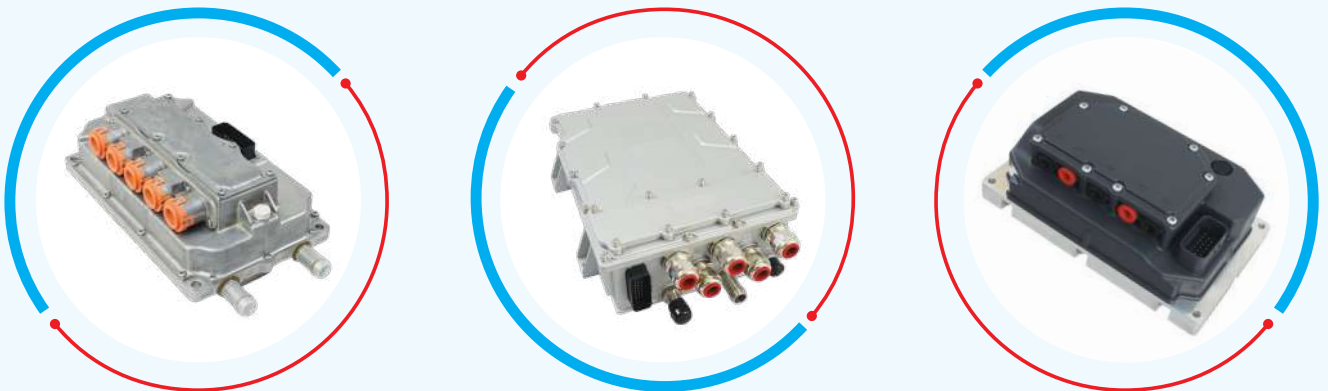


Our product suite

Fasteners



Motor Control Unit



Message From The Chairman & Managing Director



We consistently strive to be a future-ready company and our foray into electric vehicle component manufacturing endorse our belief. It would enable us to support our customers and communities, creating value for society.



Mr. Anil Aggarwal
Chairman & Managing
Director



Dear Shareholders,

I am delighted to write to you and present our performance in the financial year 2021-22. I hope all of you are safe and healthy in these uncertain times.

Prior to discussing about our performance, I would like to touch upon the general macro-economic scenario. Following an equally turbulent 2020-21, the year 2021-22 unleashed various challenges such as repeated waves of the pandemic, geopolitical tensions in Europe leading to high commodity and energy prices and unrestrained inflation.

The automotive industry was particularly impacted worldwide owing to the semiconductor shortage. While demand for semiconductors kept roaring, there was a shortage of supply, which resulted in unmet demand.

The headwinds during the fiscal had impacted us as well. The lack of semiconductor availability impacted our customers' production lines. The prices of energy, chemicals and conversion materials skyrocketed in Q4 of the fiscal, and we could not pass on the cost to our customers.

However, we did not let the challenges distract us and navigated the tough environment by bolstering our capabilities. We undertook a number of measures to improve our efficiencies. Our team worked diligently to ensure that we were able to optimise our

operational costs. Additionally, in order to ensure the steady supply of our products to the last mile, we kept a close watch on our supply chain focusing both on inbound and outbound logistics.

As a result, what seemed as a challenging year ended as a strong year for Sterling Tools. We recorded a revenue growth of 33% from ₹ 358.1 crore in FY2020-21 to ₹ 474.6 crore in FY2021-22. Our EBITDA grew by 9% to ₹ 73.3 crore in FY2021-22 from ₹ 67.5 crore in FY2020-21. Our PAT grew at ₹ 29.7 crore in FY2021-22 from ₹ 24.4 crore in FY2020-21 registering a growth of 22%. Our growth came both from our existing and new customers. These strong operating metrics have enabled us to keep our long-term debt at low levels building a strong balance sheet in the process.

With growing concerns around environmental degradation and climate change, there is a pressing need to switch to greener solutions. The mobility ecosystem is gearing towards reducing its dependence on fossil fuels; and as a result, the Electric Vehicle (EV) adoption is surging globally. Our management vision was to participate in the EV revolution in India and the world, which presents a large number of opportunities. With that modest vision, we established Sterling Gtake, a few years ago in technical collaboration with a Chinese major player.

Jiangsu Gtake Electric is one of the leading players in the electric vehicle space in China, to design, manufacture and supply motor control units (MCUs), a crucial unit of the powertrain. We are working towards adding more products for the EV powertrain and become a major player in the electric vehicle component space.

We consistently strive to be a future-ready company and our foray into electric vehicle component manufacturing endorse our belief. It would enable us to support our customers and communities, creating value for society. Our CSR initiatives focus on providing healthcare and education. We will continue to invest in many such initiatives in the coming years.

I would like to take this opportunity to thank our entire workforce whose passion and perseverance have helped us cross milestones and create sustainable value for all stakeholders.

On behalf of Sterling, I convey my deep appreciation to our valued shareholders, customers and all stakeholders for their unsparing support and trust in us.

Regards,

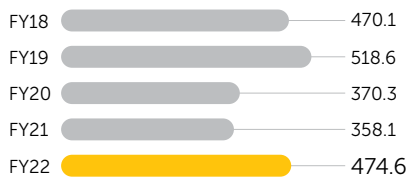
Anil Aggarwal
Chairman & Managing Director



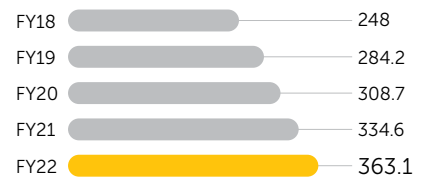
Robust Financial Performance

"Over the years, we have delivered consistent growth in revenue and profits across volatile business cycles. Going forward, we aim to deliver sustained high return by constantly striving for operational excellence and generating growth."

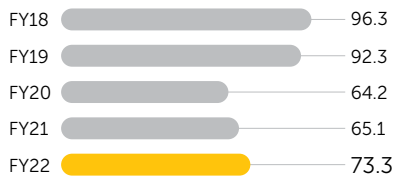
Revenue (including other income) (₹ Crore)



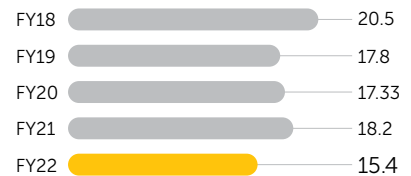
Net WORTH (₹ Crore)



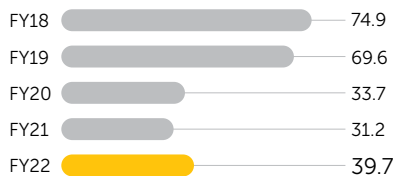
EBITDA (₹ Crore)



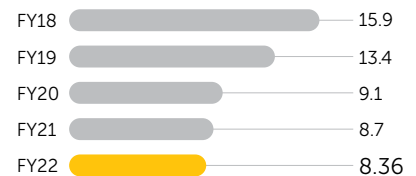
EBITDA MARGIN (%)



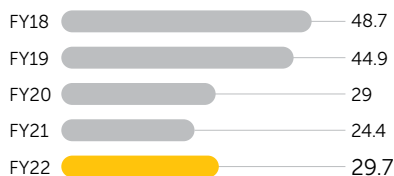
PBT (₹ Crore)



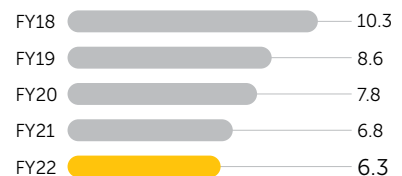
PBT MARGIN (%)



PAT (₹ Crore)



PAT MARGIN (%)



Enhancing Our Core Strengths

At STL, we leverage our 360-degree philosophy to deliver industry-leading quality products to our customers that exceed their expectations. Our manufacturing expertise, engineering capabilities and quality assurance procedures help us deliver value responsibly.



Sterling Tools limited - DLF plant



Manufacturing expertise

STL have equipped all its plants with the state of the art machinery to deliver best product to our customer. The focus of our manufacturing journey is Excellence, Durability, Sustainability and waste elimination throughout entire supply chain process.

The main processes are Cold Forging, Rolling, Heat Treatment and Surface Treatment. Our surface treatment process is equipped with online de-embrittlement process to ensure very high reliability. The special process are CNC, Grinding and Circular Rolling.

Our equipment are connected with latest Industry 4.0 standard practices which make the process control fully automatic and seamless.

Our manufacturing excellence has been acknowledged by ACMA with Manufacturing Excellence award.

Enhancing Our Core Strengths

Engineering capabilities

Over the years, we have built strong engineering capabilities and have deployed disruptive technologies and simulation software. We work concurrently with our customers to understand their needs and implement their feedback to increase the overall efficiency of our processes. We also undertake advanced product quality planning through cross functional teams and in-house testing facilities such as the SCHATZ torque testing machine, Instron Fatigue Machine etc to ensure customer satisfaction.



Quality assurance

Our focus on quality is evident from our attention to continually improve our processes, Quality management system and team skill development. In addition, our NABL certified laboratories are equipped with various high accuracy specialised instruments. This ensure unquestionable quality at every step.

In order to ensure consistent quality of the final product, we continue to embrace the power of several high accuracy specialised instruments. These include the Spectrometer, Torque tension meter, Fisher Scope for coating thickness checking, Contour Graph, Micro Vickers hardness tester, Microscope (with image analyzer software), Tri-roll gauges for thread checking, Torque wrench, Eddy Current tester, Universal tensile machine and the Charpy tester. By identifying potential problems and flaws in advance, we ensure that our fasteners are defect free.



All our facilities are certified to

**IATF 16949/ISO9001,
ISO 14001 and
ISO 45000**

Our Teams Demonstrate Our Intrinsic Growth Potential

We believe the skill and commitment of our people are the cornerstones of our success. We strive to build an open, diverse and inclusive workplace in which our employees can thrive and grow. We also constantly invest towards organising various training and development programmes for our employees in line with changing market dynamics. We also strive to attract and retain best industry talent as well as preparing leaders for tomorrow.

600+

Employees



Uplifting Communities, Elevating Lives

We aspire to be a socially responsible company, and we strongly believe that our long-term success depends on how effectively we contribute to our local communities and society at large. We strive to ensure strong corporate culture which emphasizes on integrating CSR values with our business objective. Our CSR activities focuses on areas of healthcare and education.





Impact created

Transformed the lives of
15
 deaf children through Cochlear Surgery conducted by Chiranjiv Medical Foundation

588
 Children supported under Childhood Cancer care through Cankids-in partnership with Safdarjung Hospital

1,365
 Families in Hisar (Haryana) benefitted from our knowledge programmes on Government Policies

Sponsored
 scholarships at Delhi University' leading colleges for young women from under-privileged section

1
 Government School in New Delhi transformed by providing new furniture, developing smart class rooms and internet facility

Board of Directors



Sh. Manohar Lal Aggarwal
Chairman-Emeritus



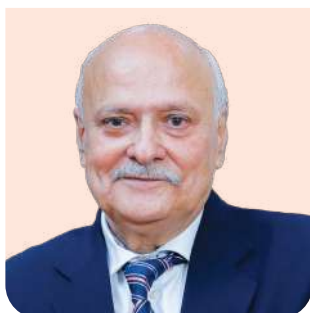
Sh. Anil Aggarwal
Chairman-cum- Managing Director



Sh. Atul Aggarwal
Whole Time Director



Dr. T.N. Kapoor
Independent Director



Sh. C.R. Sharma
Independent Director



Ms. Malini Sud
Independent Director



Sh. Shailendra Swarup
Independent Director



Sh. Rakesh Batra
Independent Director



Sh. Jaideep Wadhwal
Non- Executive Director



Sh. Akhill Aggarwal
Non- Executive Director

Corporate Information

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:

DLF Plant

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

Prithla Plant

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

Wire Drawing Plant

81, Sector 25, Ballabgarh Faridabad
(Haryana) Plot No. 109 P1, 109 P2, 110

Kolar Plant

Vemagal Industrial Area
Harjenahalli Village Kolar (District),
Karnataka-563102
E-mobility Unit : Heading

E-mobility Unit

Sterling Gtake E-mobility Limited
12/2, Delhi Mathura Road
Sector-27, Faridabad(Haryana)-121003

Bankers:

HDFC Bank Limited
Punjab National Bank
State Bank of India
Kotak Mahindra 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
Independent Director

Sh. C.R. Sharma
Independent Director

Ms. Malini Sud
Independent Director

Sh. Jaideep Wadhwa
Non- Executive Director

Sh. Akhill Aggarwal
Non- Executive Director

Sh. Shailendra Swarup
Independent Director

Sh. Rakesh Batra
Independent Director

Sh. Pankaj Gupta
Chief Financial Officer

Company Secretary & 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

Protiviti India Member Pvt Ltd

77° Town Centre, Ground Floor (East
Wing), Building 3 Block B, Divyasree
Technopolis Yemalur, Bengaluru, KA,
560037, India

Secretarial Auditors

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

Registrar & Transfer Agent

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

Board's Report

Dear Members,

Your Directors are pleased to present the 43rd Annual Report on the business and operations of your Company and Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2022.

Financial Summary & Highlights

The Company's performance for the Financial Year 2021-22 vis-à-vis 2020-21 is summarized as under:

(Amount in Lacs)

Particulars	Standalone		Consolidated	
	2021-2022	2020-2021	2021-2022	2020-2021
Revenue from Operations	47124.25	35528.99	50958.32	35548.05
Other Income	338.30	284.43	302.65	303.06
Total Revenue	47462.55	35813.42	51260.97	35851.11
Total Expenditure (excluding depreciation and finance cost)	40132.55	29062.39	44302.34	29368.65
Profit before interest, depreciation, taxes & exceptional item	7330	6751.03	6958.63	6482.46
Less: Interest	662.65	760.25	686.74	760.25
Depreciation	2700.77	2631.61	2733.55	2637.65
Exceptional items	-	242.18	-	-
Share of loss of investment accounted for using equity method	-	-	61.66	50.80
Profit Before Tax	3966.58	3116.99	3476.68	3033.76
Less: Current Tax	1040.72	770.66	1043.95	774.33
Deferred Tax	(46.95)	(95.48)	(120.83)	(91.48)
Profit for the Year	2972.81	2441.81	2553.56	2350.91
Add: Other Comprehensive Income	236.24	150.91	238.09	150.91
Total Comprehensive Income for the Year	3209.05	2592.72	2791.65	2501.82

* recommended a dividend of Re. 1 per share (50%) for the year ended March 31, 2022.

Impact of Covid-19

COVID-19 pandemic, continued to be a global challenge, creating disruption across the world. In the first three months of FY 2021-22, Second wave of the pandemic overwhelmed India's medical infrastructure. Through this trying period, hospitalization support was provided to the needy community through local hospitals in Faridabad by your Company. Amid the pandemic, the Company launched a Vaccination drive for its employees to ensure their safety.

Company operations also remained affected due to restricted movement, disrupted supply lines and temporary shutdown of some customer's locations in the first quarter.

Company's performance and Future outlook

Our strategic objective is to build a sustainable and resilient organization that remains relevant to the agenda of our customers, while creating growth opportunities for our employees, generating profitable returns for our investors and contributing to the communities that we operate in.

As mentioned earlier, First quarter of F.Y. 2021-22 was challenging wherein the operations of the Company were adversely impacted due to Pandemic but still the Company managed to do well in the rest part of the Year.

The highlights of the Company's performance (Standalone) during the Financial Year 2021-22 are as under:

- Revenue from Operations increased by 33% at ₹ 471.24 Crore
- Profit before tax increased by 27% at ₹ 39.66 Crore
- Cash Profit increased by 7.79% at ₹ 56.27 Crore

Management looks at the future with optimism and hopes to do better in times to come. The outlook of the Company as well as the Automobile Industry is provided in detail in Management Discussion and Analysis Report forming part of this Directors' Report.

Dividend

The Company has a robust track record of rewarding its shareholders with a generous dividend pay-out. In view of the strong operational and financial performance during the year under review, the Board of Directors is pleased to recommend a dividend of Re. 1 per share (50%) for the year ended March 31, 2022. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy. The Policy is available on the Company's website <http://stfasteners.com/wp-content/uploads/2022/05/Dividend-Distribution-Policy-.pdf>

As per the prevailing provisions of the Income Tax Act, 1961, the dividend, if declared, will be taxable in the hands of the shareholders at the applicable rates. For details, shareholders are requested to refer to the Notice of annual general meeting.

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, 2022, 99.74% of the Company's total paid-up Capital representing 35931619 shares are in dematerialized form. In view of numerous advantages offered by the Depository System, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the Depositories.

Capital Structure and Listing

As on 31st March, 2022, the Company has Authorised Share Capital of ₹ 10,00,00,000/- and Paid Up Share Capital of ₹ 7,20,48,422/-. The equity shares of the Company are listed with BSE Limited and National Stock Exchange of India Limited. There are no arrears on account of payment of listing fees to the said Stock Exchanges.

The Promoters and Persons acting in concert with them hold 65.77% share capital of the Company as on 31st March, 2022.

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 2021-2022.

Considering the unviability of this business, it was decided to close the operations of said Company and to terminate the Joint Venture Agreement. Accordingly, the Board of Directors vide its meeting held on 11th August, 2021 accorded their approval to close the operations of Joint Venture Company and then vide its meeting held on 08th

February, 2022 accorded its approval to terminate the Joint Venture Agreement with Fabory Masters in Fasteners Group B.V.

The Company has two subsidiaries:

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

The said company is funded 100% by Sterling Tools Limited and is termed as a Wholly Owned Subsidiary of our Company.

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. 47** 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 requirements 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 draft Annual Return in the prescribed form MGT-7 as on 31st March, 2022 is available on the Company's website at www.stlfasteners.com/investors/.

Directors and Key Managerial Personnel

Mr. Rahoul Kabir Bhandari (DIN: 00019495) vide his letter dated December 15, 2021 resigned from the Board of the Company as an Independent Director, due to time constraints arising on account of his pre-occupancy and other personal/Business Commitments, with effect of close of business hours of December 15, 2021.

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

Pursuant to the provisions of Section 149 of the Co. Act, 2013 the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Co. Act, 2013 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 Co. Act, 2013 the Key Managerial Personnel of the Company are Shri Anil Aggarwal, Chairman & Managing Director, Shri Atul Aggarwal, Whole Time Director, Shri Pankaj Gupta, Chief Financial Officer of the company and Ms. Vaishali Singh, the Company Secretary as at 31.03.2022. Further during the year under review, Shri Pankaj Gupta has been appointed as Chief Financial Officer of the Company w.e.f. 12th June, 2021 in place of Shri Atul Aggarwal who was handling this position temporarily till the said position gets filled up by an Independent qualified Professional.

Statement of Declaration Given by Independent Directors

All the independent directors have submitted a declaration pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013.

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 Co. Act, 2013 has been disclosed in **Annexure-II** attached to this Report.

Policy on Board Diversity

The Company recognizes and embraces the importance of a diverse Board in its success. We believe that a truly diverse Board will leverage differences in thoughts, perspectives, regional and industry experience, cultural and geographical background, age, ethnicity, race, gender, knowledge and skills including expertise in financial, global business, leadership, technology, mergers & acquisitions, Board service, strategy, sales and marketing, Environment, Social and Governance (ESG), risk and cybersecurity and other domains, which will ensure that STL retains its competitive advantage. The Board Diversity Policy adopted by the Board sets out its approach to diversity.

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

Particulars of loans, guarantees given and investments made during the year, as required under section 186 of the Companies Act, 2013 and schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, are provided in Notes 5 and 14 of the standalone financial statements.

Transactions with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in its ordinary course of business and on 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 Co. Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure-III** in Form AOC-2 and the same forms part of this report.

Audit Committee - Meetings of the Committee & Attendance of Members

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations, 2015. Members of the Audit Committee possess financial / accounting expertise / exposure. The purpose of this Committee is to ensure the objectivity,

credibility and correctness of the Company's financial reporting and disclosures process, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

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

- Shri. C. R. Sharma – Chairman (Non Executive Independent Director)
- Shri Rakesh Batra – Member (Non Executive Independent Director)
- Shri Shailendra Swarup – Member (Non Executive Independent Director)
- Shri Anil Aggarwal – Member (Managing Director)

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

Four meetings were conducted during the year in respect of which proper notices were given and the proceedings were properly recorded. For details of the meetings of the Audit Committee and attendance of the Members, please refer Page No. 51 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 Co. Act, 2013 and SEBI Listing Regulations, 2015.

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. However, as our commitment towards diversification, the Company has entered into a new Product Segment i.e. Motor Control Unit (MCU) for Electric Vehicles through one of its Wholly owned Subsidiary Company i.e. Sterling Gtake E-mobility Limited.

Credit Rating

The ICRA Limited ("ICRA"), the credit rating agency has reaffirmed the Long-Term Credit rating AA- Outlook Stable 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-IV** 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 Co. Act 2013, 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 Co. Act, 2013 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 Co. Act, 2013 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 Co. Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been given by way of **Annexure-V** to this Report.

Capital Expenditure

As on March 31, 2022, the Gross Fixed Assets including intangible assets stood at ₹ 47192.91 Lacs and Net Fixed Assets stood at ₹ 26563.55 Lacs. Additions during the year amounted to ₹ 4624.87 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-VI** 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 2015, a Management Discussion and Analysis Report is annexed to this report.

Director's Responsibility Statement

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

- (i) in the preparation of the accounts for the Financial Year ended 31st March, 2022, the applicable accounting standards have been followed and there are no material departures.
- (ii) the Directors have selected accounting policies in consultation with Statutory Auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year under review.
- (iii) the directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013. The directors have confirmed that there are adequate control & systems for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the Directors have prepared the accounts for the Financial Year ended 31st March, 2022 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, 2015.

Statutory Auditors

I) Re-appointment

M/s Walker Chandio & Co., LLP were appointed as Statutory Auditors of the Company for a term of 5 years at the Annual General Meeting held on 28th September, 2017 until the forthcoming Annual General Meeting of the Company. The Board of Directors have recommended the re-appointment of M/s Walker Chandio & Co., LLP for a second term of 5(Five) years as Statutory Auditors of the Company from the conclusion of the forthcoming Annual General Meeting of the Company until the conclusion of this 48th Annual General Meeting of the Company. M/s Walker Chandio & Co., LLP have also confirmed that they are not disqualified from continuing as Auditors of the Company if re-appointed. M/s Walker Chandio & Co.,

LLP, Chartered Accountants, holds Peer Review Certificate No. 014158 dated April 27, 2022, issued by the Institute of Chartered Accountants of India, which is valid for a period of three years (i.e. upto May 31, 2025).

Further consequent to amendment in Section 139 of Companies Act, 2013 vide Notification No. S.O. 1833(E) dated 7th May 2018, ratification of the appointment of Statutory Auditor in every Annual General Meeting is no longer required.

II) Report

The Auditors' Report and Notes on Accounts for the financial year 2021-2022 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 2021-2022, who had conducted the Secretarial Audit of the Company for the year 2021-2022.

The Secretarial Auditors' Report doesn't contain any qualification, reservation or adverse remarks. The said Secretarial Audit Report is annexed as **Annexure-VII** 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's cost records for the financial year 2021-2022.

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

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

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, 2022.

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 Chandio & Co., LLP., 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 for the North based manufacturing plants of the Company and M/s Protiviti India Member Pvt Ltd. for South based Manufacturing Plant 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, 2022, our internal financial controls were adequate and operating effectively.

Details in respect of Fraud, if any, Reported by the Auditors

M/s Walker Chandio & Co., LLP, Chartered Accountants, the Statutory Auditors of the Company have stated that during the course of their audit, there were no fraud by the Company or on the Company by its officers or employees, noticed or reported in the Independent Auditors' Report which forms part of this Report. Hence, there was no requirement to report the same to the Audit Committee or Board of Directors of the Company.

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.

Name of the companies which have become or ceased to be Company's subsidiaries, Joint venture or Associate Companies during the year

No Company has become or ceased to be Company's subsidiary or associate company during the financial year 2021-2022.

However, the Joint Venture Agreement with Fabory Masters in Fasteners Group B.V. is terminated on 08th February, 2022 and the said JV Company is now under Voluntary liquidation by the members of the said JV Company.

Proceedings pending , if any, under the Insolvency and Bankruptcy code, 2016

The Company has neither filed an application during the year under review nor are any proceedings pending under the Insolvency and Bankruptcy Code, 2016 as at March 31, 2022.

The details of difference between amount of the time of one time Settlement and the Valuation done while taking loan from the Bank or Financial institutions along with the reasons thereof

No such event has occurred during the year under review.

Quality Management System

Our manufacturing units are certified to the following standards:

- STL DLF, Prithla & Bangalore Plant are Certified to IATF 16949 : 2016.
- STL DLF, Prithla & Bangalore Plant are Certified to ISO 45001 : 2018.
- STL DLF, Prithla & Bangalore Plant are Certified to ISO 14001 : 2015.
- WDU plant is certified to ISO 9001:2015.
- Laboratory at DLF plant is certified to ISO 17025 for Chemical Testing, Mechanical Testing and Instrument Calibration. STL Tech Centre is also certified for Mechanical and Special testing as per ISO 17025.

Cash Flow Analysis

In compliance with the provisions of Regulation 34 of the Listing Regulations, 2015, the Cash Flow Statement for the year ended 31st March, 2022 is part of this Annual Report.

Sexual Harassment

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

During the year under review, no complaint was reported.

Significant and Material Orders passed by the Regulators or Courts

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

Risk Management

The Company has constituted Risk management committee and formulated an Risk Management policy to identify, assess and mitigation of various risks to our business, which is covered in detail in the Management Discussion and Analysis Report.

The Risk management committee at STL is constituted under the chairmanship of Mr. Rakesh Batra, Independent Director. The objective of the Committee is to define the framework for the identification, assessment, monitoring and mitigation of risks, oversee the risk management performance of the Management and to review the Risk management policy framework in line with the regulatory requirements. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Vigil Mechanism/Whistle Blower Policy

Pursuant to the provisions of Section 177(9) of the Co. Act, 2013 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 25th November, 2016. During the year under review, the revenue of the Subsidiary Company is ₹ 12.43 Lacs. And the Profit of the Subsidiary for the year is ₹ 7.59 Lacs.

II. Sterling Gtate E-Mobility Limited - Subsidiary Company:

The Subsidiary Company became a subsidiary on 12th March, 2020. During the year under review, the revenue of the Subsidiary Company is ₹ 3841.61 Lacs. and the loss of the Subsidiary for the year is ₹ 363.34 Lacs.

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

The Joint Venture Company was incorporated on 9th March, 2010 as a JV. During the year under review, the revenue of the JV Company is ₹ 174.44 lacs and the loss of the Company is ₹ 123.32 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

Our employees are our most important assets. We are committed to hiring and retaining the best talent. For this, we focus on promoting a collaborative, transparent and participative organization culture, and rewarding merit and sustained high performance. Our human resource

management focuses on allowing our employees to develop their skills, grow in their career and navigate their next.

STL goal has always been to create an open and safe workplace for every employee to feel empowered, irrespective of gender, sexual preferences, and other factors, and contribute to the best of their abilities.

Industrial relations remained cordial throughout the year under review.

The Company had a total of 554 permanent employees as on 31st March, 2022.

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: <https://stlfasteners.com/investors/>

Acknowledgements

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

Your Directors look forward to their continued support.

For and on behalf Board of Directors

Date:- 9th August, 2022
Place:- Faridabad

Anil Aggarwal
Chairman & Managing Director
DIN-00027214

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

Haryana Ispat Private Limited

(Information in respect of each subsidiary to be presented with the amount in ₹ 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	31st March, 2022
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	₹ 10.00
7.	Reserves & Surplus	₹ 254.55
8.	Total Assets	₹ 264.79
9.	Total Liabilities	₹ 264.79
10.	Investments	NIL
11.	Turnover/Other Income	₹ 12.43
12.	Profit before taxation	₹ 10.79
13.	Provision for taxation	₹ 3.19
14.	Profit after taxation	₹ 7.59
15.	Proposed Dividend	NIL
16.	Extent of Shareholding (in%)	100%

Sterling Gtake E-Mobility Limited

(Information in respect of each subsidiary to be presented with the amount in ₹ 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	31st March, 2022
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	₹ 845.60
7.	Reserves & Surplus	₹ (642.18)
8.	Total Assets	₹ 3196.66
9.	Total Liabilities	₹ 3196.66
10.	Investments	NIL
11.	Turnover	₹ 3841.61
12.	Profit before taxation	₹ (439.03)
13.	Provision for taxation	₹ (73.84)
14.	Profit after taxation	₹ (365.19)
15.	Proposed Dividend	NIL
16.	Extent of Shareholding (in %)	100%

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

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

Part "B": Associates and Joint Ventures

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

(All amounts in ₹ Lacs, unless otherwise stated)

S. No.	Name of Associates/Joint Venture	Sterling Fabory India Private Limited
1.	Latest audited Balance Sheet Date	31st March, 2022
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.	NIL
	Amount of Investment in Associates/Joint Venture	
	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	₹ 113.39
7.	Profit / Loss for the year	(123.33)
	Considered in Consolidation	(61.66)
	Not Considered in Consolidation	(61.66)

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 Board of Directors

Anil Aggarwal
Chairman & Managing Director
DIN: 058644

Atul Aggarwal
Director
DIN: 00027214

Place: Faridabad
Date:- 9th August, 2022

Pankaj Gupta
Chief Financial Officer

Vaishali Singh
Company Secretary
Membership no. A15108

Annexure-II 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 recommend to the Board the reward to be paid to Key Managerial Personnel and Senior Management linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- vi. To recommend to the Board all remuneration, in whatever form, payable to Senior Management.
- vii. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- viii. Ensure that level and composition of remuneration is reasonable and sufficient, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- ix. 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.
- x. To determine whether to extend or to continue the term of appointment of Independent Director, on the basis of the report of Performance Evaluation of Independent Director.
- xi. To perform such other functions as may be necessary or appropriate for the performance of its duties.
- xii. 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/Manager (including CEO/Manager, in case CEO/Manager is not part of the board) and should specifically include the company secretary and the Chief Financial Officer (CFO) but does not include administrative staff.

- "Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

- "Policy or This Policy" means, "Nomination and Remuneration Policy.

- "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

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

Guiding Principles

The Policy ensures that

- 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.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- 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:

- Directors (Executive and Non-executive);
- Key Managerial Personnel;
- Senior Management Personnel;

Constitution of the Nomination and Remuneration Committee:

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

Name	Designation
Shri. Chhotu Ram Sharma	Chairman
Shri. Rakesh Batra	Member
Shri . Shailendra Swarup	Member

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

Frequency of Meetings:

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

Committee Members' Interests:

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

Secretary:

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

Voting:

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

General Appointment Criteria:

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

Term / Tenure:

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

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

Evaluation:

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

Removal:

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

Retirement:

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

Criteria for Evaluation of the Board:

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

1. Executive Directors:

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

2. Non-Executive Director:

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

- (a) act objectively and constructively while exercising their duties;
- (b) exercise their responsibilities in a bona fide manner in the interest of the Company;
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) refrain from any action that would lead to loss of his independence
- (f) inform the Board immediately when they lose their independence,

- (g) assist the Company in implementing the best corporate governance practices.
- (h) strive to attend all meetings of the Board of Directors and the Committees;
- (i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) strive to attend the general meetings of the Company;
- (k) keep themselves well informed about the Company and the external environment in which it operates;
- (l) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
- (n) abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading etc.

Policy on Board diversity:

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

Remuneration:

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

General:

1. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person. Increments will be effective from the date of reappointment in respect of Managerial Person and 1st April in respect of other employees of the Company.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Managerial Person, KMP and Senior Management:

1. Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
2. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
3. Provisions for excess remuneration: If any Managerial Personnel 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

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

Annexure-III 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. 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 2021-2022.

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	1st April, 2020 to 31st March, 2023
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 ₹ 50 Lacs as well as get its Honda Vehicles serviced from SAPL upto an Annual transaction value of ₹ 25 Lacs/month
e)	Date of approval by the Board	26th 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	Sterling Fabory India Private Limited
b)	Nature of contracts / arrangements / transaction	Purchase of Material & Job work
c)	Duration of the contracts / arrangements / transaction	1st April, 2019 to 31st March, 2022
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 ₹ 3 Crore and to get the job work done upto ₹ 50 Lacs annually.
e)	Date of approval by the Board	7th February, 2019
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	Sale of Material & Job work
c)	Duration of the contracts / arrangements / transaction	1st April, 2019 to 31st March, 2022
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 ₹ 3 Crore and to do the job work done upto ₹ 1 Crore annually.
e)	Date of approval by the Board	7th 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 Technologies Private Limited
b)	Nature of contracts / arrangements / transaction	Lease Agreement
c)	Duration of the contracts / arrangements / transaction	1st February 2022 to 31st December, 2022
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Company has taken on lease 11,006 Sq. Ft. at ₹ 2.31 lacs. p.m.
e)	Date of approval by the Board	8th February, 2022
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 Gtack E-mobility Limited
b)	Nature of contracts / arrangements / transaction	To grant Unsecured Loan amounting ₹ 30 Crore and Corporate Guarantee not exceeding ₹ 75 Crore.
c)	Duration of the contracts / arrangements / transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Unsecured Loan amounting ₹ 30 Crore has been granted at annual interest rate of 7.6% p.a.
e)	Date of approval by the Board	11th August, 2021 and 8th February, 2022
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

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

Annexure-IV to Board's Report

Annual Report on CSR Activities for Financial Year 2021-22

1. Brief outline on CSR Policy of the Company:

The CSR Policy of Sterling Tools Limited is based on this belief that all are born with equal potential but not with equal opportunity. The vision of the Company is to focus on sustainable business practices including economic, environmental and social priorities that not only cover business, but also the communities around us. The CSR philosophy of STL is 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 needy communities at large.

STL conducts its CSR Programs mainly through its social development arm, Sterling Tools Foundation which has been promoted by STL in 2016 to develop the community in the areas of healthcare, sanitation, supporting education through scholarships/providing better infrastructure in form of smart classes/transforming the basic infrastructure of Government schools, rehabilitating the destitute and to run the programmes for educating the needy community of the Society about the various schemes/plans run by the Government including local and State Authorities.

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

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

Broadly, the Projects undertaken/to be undertaken are 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. Composition of CSR Committee:

SL. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Anil Aggarwal	CMD	1	1
2	Mr. Jaideep Wadhwa	Director	1	1
3	Mr. C.R. Sharma	Independent Director	1	0

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

www.stlfasteners.com

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Not Applicable

(₹ in Lacs)

6. Average net profit of the company as per section 135(5) ₹ 4679.20
7. (a) Two percent of average net profit of the company as per section 135(5) ₹ 93.58
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. NIL
- (c) Amount required to be set off for the financial year, if any NIL
- (d) Total CSR obligation for the financial year (7a+7b-7c). ₹ 93.58
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹ in Lacs)	Amount Unspent (₹ in Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
93.58	NIL	N.A.	N.A.	N.A.	N.A.

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
Not Applicable												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(₹ in Lacs)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project.	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR Registration number.
1.	Healthcare, Education, Sports & Covid Relief Related Activities	Healthcare, Education, Empowering Under privileged section of the society & Promoting Paralympic Sports (i)	Yes	Delhi	NCR	93.25	No	Sterling Tools Foundation	CSR00005129
2.	Improvement of Infrastructure of Govt. Hospital in Faridabad	Healthcare-supporting infrastructure of Government Hospital (i)	Yes	Haryana	Faridabad	0.33	Yes		
Total						93.58			

(d) Amount spent in Administrative Overheads	NIL
(e) Amount spent on Impact Assessment, if applicable	NIL
(f) Total amount spent for the Financial Year (8b+8c+8d+8e)	93.58
(g) Excess amount for set off, if any	N.A.

SL. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	Nil
(ii)	Total amount spent for the Financial Year	Nil
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

SL. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer.	
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (Asset-wise details).

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Not Applicable

A responsible statement of the CSR Committee that the implementation and new monitory of CSR Policy is in compliance with CSR Objectives & Policy of the Company.

The CSR Committee confirms that the implementation & monitory of the CSR Policy is in compliance with the CSR Objectives and Policy of your Company.

Sd/-

Anil Aggarwal
(Chairman & Managing Director and Chairman –
CSR Committee)

Annexure-V to Board's Report

Particular of Employees

The information required under Section 197 of the Co. Act, 2013 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	Chairman & Managing Director	53
Sh. Atul Aggarwal	Whole Time Director	52

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

b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% Increase in remuneration in the financial year
Sh. Anil Aggarwal, Chairman & MD	40.00
Sh. Atul Aggarwal, Whole Time Director	41.00
Ms. Vaishali Singh, Company Secretary	13.00

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

d. The number of permanent employees on the rolls of Company: 554

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

The average annual increase was around 8%.

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 Co. Act, 2013 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 ₹ 1,02,00,000/-.

S. No.	Name of Employees	Designation	Remuneration (₹)	Nature of employment (Contractual or otherwise)	Qualification and Experience	Date of Commencement of employment	Age	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
1	Shri Anil Aggarwal	Managing Director	216.10 Lacs	Otherwise	B.Com. and 46 Years	30.09.1994	64	N.A.	16.96	Yes
2	Shri Atul Aggarwal	Whole Time Director	212.58 Lacs	Otherwise	M.B.A. and 33 Years	30.09.1994	58	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 ₹ 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

(Anil Aggarwal)
 Chairman & Managing Director
 DIN: 00027214

Annexure-VI 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	1. 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 utilizing alternate sources of energy	2. Diesel fired Boiler changed to environmental friendly LPG fired Boiler. 1. Roof Top Solar power plant of 900 Kwp under installation. 2. Natural and forced air evaporation system installed instead of MEE in the ETP.
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. 3. Bulk LPG system installed to optimise the usage of LPG.

(B) Technology absorption-

1.	The efforts made towards technology absorption	The Phosphating plant with online Baking system installed in Bangalore Plant. Inhouse set-up for established for manufacturing and assembly for a critical engine component. It is under customer approval and validation. The new heat treatment facility installed at Bangalore with enhanced cleaning system suitable for higher grade fasteners. Efforts for Net shape forging continues
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. The new facility at Bangalore gives better part coverage to Bangalore plant and thereby mitigating supply risk for our customers.
3.	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	N.A.
	The details of technology imported	N.A.
	The year of import	N.A.
	Whether the technology been fully absorbed	N.A.
	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
	The expenditure incurred on Research and Development	No expense incurred for R&D activities

(C) Foreign exchange Earnings and Outgo-

1.	The Foreign Exchange earned in terms of actual inflows during the year	₹ 47,38,14,507/-
2.	The Foreign Exchange outgo during the year in terms of actual outflows	₹ 22,83,69,239/-

For and on behalf of Board of Directors

(Anil Aggarwal)
Chairman & Managing Director
DIN: 00027214

Annexure-VII to Board's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March 2022

[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 of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2022 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 31st March 2022 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 till 12th August 2021 and thereafter The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021(**No event took place under this Regulation during Audit period**);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**No event took place under this Regulation during Audit period**);
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**No event took place under this Regulation during Audit period**); and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**No event took place under this Regulation during Audit period**).
- vi. There were no specific laws applicable to the Company, as confirmed by the management of the Company, during the period under audit.

We have also examined 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 three clarificatory letters from National Stock Exchange (NSE) regarding Corporate Guarantee given to Sterling GTake E-mobility Limited and termination of Joint Venture Agreement with Fabory Masters in Fasteners Group B.V. which were 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. Further the Company had appointed Mr. Rakesh Batra (DIN:06511494) as an Independent Non-Executive Director in the Board Meeting held on 10th November 2020 for a period of Five Years w.e.f 10th November 2020 to 9th November 2025 and he was regularised as Director at the Annual General Meeting of the company held on 21st September 2021. Mr. Rahoul Kabir Bhandari (00019495) resigned as independent Director w.e.f 15th December 2021. 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.

We further report that the Board has appointed Mr. Pankaj Gupta as new Chief Financial Officer (CFO) with effect from 12th June 2021 pursuant to Section 203 of the companies Act, 2013.

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 departmental 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 and other applicable laws forming part of this report.

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 185(3) to read with 186 of the Companies Act, 2013, the company has given a Corporate Guarantee of ₹ 75 Crore in favour of Sterling GTake E-Mobility Limited, a Wholly Owned Subsidiary of the company, during the Audit period.
2. Pursuant to Sections 185(3) to read with 186 of the Companies Act, 2013, the company has given a loan of ₹20 Crore to Sterling GTake E-Mobility Limited, a Wholly Owned Subsidiary of the company, during the Audit period.

**For Dhananjay Shukla & Associates
Company Secretaries**

**Date: 9th August 2022
Place: Gurugram**

**Dhananjay Shukla
FCS:5886, CP No. 8271
UDIN: F005886D000770419**

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

'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. Further, the verification was done on test basis to ensure that correct facts are reflected in secretarial records and other relevant records. We believe that the processes and practices we followed and the audit evidences we have obtained are sufficient and appropriate to provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. We have not examined the compliance by the company with applicable financial laws like Direct tax and Indirect Tax Laws, since the same has been subject to review by the Statutory Financial Auditor or by other designated professionals.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Dhananjay Shukla & Associates
Company Secretaries**

**Date: 9th August 2022
Place: Gurugram**

**Dhananjay Shukla
FCS: 5886, CP No. 8271
UDIN: F005886D000770419**

Corporate Governance Report

1. Statement on Company's philosophy

The corporate governance philosophy at Sterling Tools Limited ("STL" or "the Company") believes in and adheres to good corporate practices, implements policies, guidelines and develops a culture of the best management practices and compliance with the law coupled with the highest standards of integrity, transparency, accountability and ethics in all business matters.

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

At STL, it is imperative that our Company affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders. We are committed to defining, following and practicing the highest level of corporate governance across all our business functions.

Our focus is not only to ensure compliance with the requirements as stipulated under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended from time to time, regarding corporate governance, but is also committed to sound corporate governance principles and practice and constantly strives to adopt emerging best corporate governance practices being followed worldwide.

Board of Directors

2.1 Composition of Board of Directors:

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

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

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

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

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

Name of the Directors	Category of directorship	No. of Directorship held in other companies	No. of Chairmanship/ Membership in Board Committee of other companies		Relationship between Directors inter-se
			Chairman	Member	
Shri Akhill Aggarwal	Non-Executive Non-Independent Director	Nil	Nil	Nil	Son of Shri Anil Aggarwal
Shri Shailendra Swarup	Non-Executive Independent Director	6	Nil	4	Nil
Shri Rakesh Batra	Non-Executive Independent Director	1	Nil	1	Nil

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

*Shri Rahoul Kabir Bhandari has Resigned from the position of Non-Executive Independent Director with effect from 15th December, 2021.

2.2 Directorships in Equity Listed Entities:

Name of the Equity Listed Entities wherein the Board of Directors held the directorships as on 31st March, 2022.

Name of the Director	Name of Listed Entity	Category
Shri Anil Aggarwal	Sterling Tools Limited	Chairman & Managing Director
Shri Atul Aggarwal	Sterling Tools Limited	Whole Time Director
	Delton Cables Limited	Non-Executive Independent Director
Dr. T. N. Kapoor	Sterling Tools Limited	Non-Executive Independent Director
	Omax Auto Limited	Non-Executive Independent Director
Shri C. R. Sharma	Sterling Tools Limited	Non-Executive Independent Director
Ms. Malini Sud	Sterling Tools Limited	Non-Executive Independent & Women Director
	The Hi-Tech Gears Limited	Non-Executive Independent & Women Director
Shri Jaideep Wadhwa	Sterling Tools Limited	Non-Executive Non-Independent Director
Shri Rakesh Batra	Sterling Tools Limited	Non-Executive Independent Director
	Minda Industries Limited	
Shri Akhill Aggarwal	Sterling Tools Limited	Non-Executive Non-Independent Director
Shri Shailendra Swarup	Sterling Tools Limited	Non-Executive Independent Director
	J K Paper Limited	
	Jagran Prakashan Limited	
	Gujarat Fluorochemicals Limited	
	Bengal & Assam Company Limited	
	Subros Limited	

2.3 Certificate from Practising Company Secretary

The Company has received a certificate from Santosh Kumar Pradhan, Practising Company Secretary to the effect that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director 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 2021-2022, the Board met 4 times—on 12th June, 2021, 11th August, 2021, 01st November, 2021 and 08th February, 2022.

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

Name of Director	No. of Board Meeting Attended	Whether Attended last AGM
Shri Anil Aggarwal	4	Yes
Shri Atul Aggarwal	4	Yes
Dr. T. N. Kapoor	4	No
Shri C. R. Sharma	4	Yes
Ms. Malini Sud	4	Yes
Shri Jaideep Wadhwa	4	Yes
Shri Rahoul Kabir Bhandari*	2	Yes
Shri Akhill Aggarwal	4	Yes

Name of Director	No. of Board Meeting Attended	Whether Attended last AGM
Shri Shailendra Swarup	4	No
Shri Rakesh Batra	4	Yes

*Resigned on 15th December 2021

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:

- Annual operating plans and budgets and any updates.
- Quarterly Results of the Company.
- Capital Budgets-Plant wise as well as Company as a whole.
- Minutes of Audit Committee, Investors' Grievance Committee, Share transfer Committee & Remuneration Committee.
- Information relating to the recruitment of Senior Officers just below the Board level.
- Certificates given by the Plant Heads / Admin. Heads detailing compliances with the various provisions of Factories Act, Safety, Health and Environmental norms etc.

- Details of any Joint Venture, Collaboration etc.
- Non-compliance of any statutory, regulatory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- 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 31.03.2022 are given as under:

Name of Director	No. of Equity Shares (Face Value ₹ 2/-)	% of Holding
Shri Anil Aggarwal	6110583	16.96
Shri Atul Aggarwal	9665367	26.83
Dr. T. N. Kapoor	Nil	Nil
Shri C. R. Sharma	Nil	Nil
Ms. Malini Sud	Nil	Nil
Shri Jaideep Wadhwa	13917	0.04
Shri Rakesh Batra	Nil	Nil
Shri Akhill Aggarwal	1660000	4.61

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 2021-22 on 03rd February, 2022 without the attendance of non-independent directors and members of management. The following points were discussed:

- To review the performance of the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors;
- To review Performance of Non-Independent Directors and the Board of Directors as a whole; and
- To assess the quality, quantity and timeliness of flow of information between the company management and Board that is necessary for 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 Eight 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. The Audit committee has been re-constituted on 11th August, 2021

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

- Shri C. R. Sharma – Chairman (Non-Executive Independent Director)
- Shri Rakesh Batra – Member (Non-Executive Independent Director)
- Shri Shailendra Swarup – Member (Non-Executive Independent Director)
- Shri Anil Aggarwal – Member (Managing Director)

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending the appointment, remuneration and terms of appointment of statutory auditors, including cost auditors of the Company;
- Approving payment to statutory auditors, including cost auditors, for any other services rendered by them;
- Reviewing with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgement by the management;
 - d. Significant adjustments made in financial statements arising out of audit findings;

- e. Compliance with listing and other legal requirements relating to financial statements;
- f. Disclosure of any related party transactions; and
- g. Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilised for the purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of the proceeds of public or right issue, and making appropriate recommendations to the board to take up steps in this matter.
- Reviewing and monitoring the auditors' independence and performance, and effectiveness of the audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, the performance of statutory auditors and internal auditors, adequacy of internal control systems;
- Formulating the scope, functioning, periodicity and methodology for conducting the internal audit;
- Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; Discussion with internal auditors of any significant findings and follow-up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Vigil Mechanism and Whistle Blower mechanism;
- Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- To review the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding INR100 crore or 10 per cent of the asset size of the subsidiary, whichever is lower. The thresholds would include existing loans/ advances/investments existing as on 1 April 2019.
- Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries.
- Reviewing the following information:
 - a) The Management Discussion and Analysis of financial condition and results of operations;
 - b) Statement of significant, related party transactions (as defined by the Audit Committee), submitted by management;
 - c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - d) Internal audit reports relating to internal control weaknesses;
 - e) Reviewing the appointment, removal and terms of remuneration of the Chief internal auditor / internal auditor(s); and
- statement of deviations:
 - a) quarterly statement of deviation(s) including the report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of

Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- b) annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Meetings of Audit Committee

During the Financial Year 2021-2022, the Audit Committee met 4 times – on 12th June, 2021, 11th August, 2021, 01st November, 2021 and 08th February, 2022. The attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri C. R. Sharma	4
Shri Rakesh Batra	2
Shri Shailendra Swarup	2
Shri Anil Aggarwal	4
Dr. T.N. Kapoor*	2
Ms. Malini Sud*	2

*With the reconstitution of Audit Committee on 11.08.2021, Dr. T.N. Kapoor and Ms. Malini Sud were no longer the member of the Audit Committee.

3.2 Nomination and Remuneration Committee:

The Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013 read with Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015. This Committee has been re-constituted on 11th August, 2021, which comprises of following Directors:

- Shri C. R. Sharma – Chairman (Non-Executive Independent Director)
- Shri Rakesh Batra – Member (Non-Executive Independent Director)
- Shri Shailendra Swarup – Member (Non-Executive Independent Director)

The Committee shall:

- 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.
- 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.
- Devising a policy on Board diversity.

- 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.
- 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.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- Ensure that level and composition of remuneration is reasonable and sufficient, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 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.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.
- To develop a succession plan for the Board and to regularly review the plan.

Meetings of Nomination and Remuneration Committee

During the Financial Year 2021-2022, the Committee met only once- on 03rd February, 2022, The attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri C. R. Sharma	1
Shri Rakesh Batra	1
Shri Shailendra Swarup	1

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

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

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

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

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.

Compensation to the Members of the Board

Executive Directors

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

Details of the remuneration paid to Executive Directors during the year 2021-2022 are given below:

(Amount in Lacs)

Name of the Director	Salary and other Allowances	Commission	Perquisites	Total
Shri Anil Aggarwal	180.72	32	3.38	216.10
Shri Atul Aggarwal	174.00	32	6.50	212.50

- The service contract of Executive Directors is for a period of five years from 1st April, 2021 to 31st March, 2026.
- 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 is ₹ 50000/- per meeting of Board of Directors as well as Committees.

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 2021-2022, the sitting fees paid to Independent directors is detailed below:

(Amount in Lacs)

Name of the Director	Board Meeting	Audit Committee	Stakeholders' Relationship Committee	Nomination & Remuneration Committee	C S R Committee	Risk Management Committee	Investment Committee	Independent Directors Meeting
Dr. T. N. Kapoor	2.00	1.00	0.00	0.00	0.00	0.00	0.00	0.50
Shri C. R. Sharma	2.00	2.00	1.00	0.50	0.00	0.00	0.00	0.50
Ms. Malini Sud	2.00	1.00	0.00	0.00	0.00	0.00	0.00	0.50
Shri Rahoul Kabir	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shri Bhandari Shailendra Swarup	2.00	1.00	1.00	0.50	0.00	0.00	0.00	0.50
Shri Rakesh Batra	2.00	1.00	0.00	0.50	0.00	1.00	1.50	0.50
TOTAL	11.00	6.00	2.00	1.50	0.00	1.00	1.50	3.00

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 ₹ 20 Lacs till 31st July, 2021 and w.e.f. 1st August, 2021, advisory fee of ₹ 50 Lacs was made to Shri Jaideep Wadhwa, Non-Executive Non-Independent Director during the financial year ending March 31, 2022.

During the year 2021-2022, the Company did not advance any loans to any of the Executive and/or Non-executive directors.

3.3 Stakeholders' Relationship Committee

The Committee has been re-constituted w.e.f 11th August, 2021 .This committee is headed by an Independent Director and comprises of following Directors:

- Shri Shailendra Swarup – Chairman (Non-Executive Independent Director)
- Shri C. R. Sharma – Member (Non-Executive Independent Director)
- Shri Atul Aggarwal – Member (Whole Time Director)

Terms of reference

- 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.
- 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 2021-2022 the Committee met 2 times-on 01st November, 2021 and 03rd February, 2022, to review the grievances / complaints received from Shareholders.

1. Number of shareholder's complaints received during the financial year 2021-2022	NIL
2. The number of shareholder's complaints solved to the satisfaction of shareholders.	NIL
3. Number of pending shareholders' complaints	NIL

3.4 Other Committees

3.4.1 Share Transfer Committee

The Share Transfer Committee comprises of following Directors:

- Shri Anil Aggarwal – Member (Chairman & Managing Director)
- Shri Atul Aggarwal – Member (Whole Time Director)

Meetings of Share Transfer Committee

The Committee meets at frequent intervals, to approve inter-alia, transfer / transmission of Shares, de-materialization of shares, issue of duplicate share certificate, Consolidation and Split of Share Certificate and any other powers / responsibilities entrusted by the Board. During the Financial Year 2021-2022 the committee met 12 (Twelve) times.

3.4.2 Corporate Social Responsibility Committee

The CSR Committee has been re-constituted on 11th August, 2021 and it comprises the followings as its Members:

- Shri Anil Aggarwal - Chairman (Chairman & Managing Director)
- Shri Jaideep Wadhwa - Member (Non- Executive Director)
- Shri C.R. Sharma - Member (Non- Executive Independent Director)

Terms of reference:

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

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

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

Meetings of Corporate Social Responsibility Committee

During the Financial Year 2021-2022, the Committee met once on 08th March, 2022. The attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri C. R. Sharma	0
Shri Anil Aggarwal	1
Shri Jaideep Wadhwa	1

3.4.3 Management Committee

The Management Committee of the Company comprises the followings:

- Shri Anil Aggarwal - Chairman (Chairman & Managing Director)
- Shri Atul Aggarwal - Member (Whole Time Director)
- Shri 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 2021-2022, the Committee met Six times on 29th May, 2021, 29th June, 2021, 10th August, 2021, 22nd October, 2021, 07th February, 2022 and 30th March, 2022. The attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri Anil Aggarwal	6
Shri Atul Aggarwal	6
Shri Jaideep Wadhwa	5

3.4.4 Investment Committee

The Investment Committee of the Company comprises the followings:

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

Meetings of Investment Committee

During the Financial Year 2021-2022, the Committee met twice on 27th May, 2021 and 09th June, 2021. The Attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri Atul Aggarwal	2
Shri Jaideep Wadhwa	2
Shri Rakesh Batra	2
Shri Akhill Aggarwal	2

3.4.5 Risk Management Committee

The Risk Management Committee of the Company comprises the followings:

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

Terms of reference:

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

- 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.
- To monitor and approve the risk management framework and associated practices of the Company
- To periodically assess risks /to the effective execution of business strategy by reviewing key leading indicators in this regard
- 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.
- 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.
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken

Meetings of Risk Management Committee

During the Financial Year 2021-2022, the Committee met Twice on 02nd November, 2021 and 01st February, 2022. The attendance of each Member of the Committee is given below:

Name of Directors	No. of Meetings attended
Shri Rakesh Batra	2
Shri Anil Aggarwal	0
Shri Atul Aggarwal	0
Shri Jaideep Wadhwa	1
Shri Pankaj Gupta	2

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 **Annexure-II** 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:

- The optimum combination of Executive Directors, Non-Executive Directors and Independent Directors.
- The recommendatory requirement for each of the directors to possess functional diversity.
- 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.
- Review of the policy at such intervals including the assessment of the effectiveness of the policy.

Code of conduct

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

The Members of the Board of Directors and Senior Management personnel have affirmed the compliance with the Code applicable to them during the year ended March 31, 2022. The Annual Report of the Company contains a certificate by the Managing Director & CEO in this regard.

Code of conduct for Insider Trading

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

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

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

Prevention of Sexual Harassment Policy

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

1.	Number of complaints filed during the financial year 2021-2022	NIL
2.	Number of complaints disposed of during the financial year 2021-2022	NIL
3.	Number of complaints pending as on end of the financial year 2021-2022	NIL

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism

and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website viz. http://stlfasteners.com/wp-content/uploads/2017/02/STL_POLICY_WHISTLE_BLOWER.pdf.

Policy on disclosure of material events

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

Business Responsibility Policy

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

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

Compliance Officer

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

5A DLF Industrial Estate, Faridabad-121003

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

Email: csec@stlfasteners.com

Role of the Company Secretary in the overall governance process

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

5. General Meeting Information

5.1 Annual General Meeting (AGM)

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

Financial Year	Date	Time	Venue	Special Business
2020-21	21.09.2021	10:00 A.M.	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	Approving remuneration of cost auditors, Regularization of Directors and Remuneration of Non-Executive Director.
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 & Payment of Remuneration to 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.

5.2 Special Resolutions passed at the last 3 AGMs:

Financial Year	Time	Special Business
21.09.2021	10:00 A.M.	Approval of remuneration payable to Shri Jaideep Wadhwa (DIN No. 00410019), Non-Executive Non-Independent Director, during the Financial Year ending March 31, 2022 which is expected to exceed 50% of the total annual remuneration payable to all Non-Executive Directors for the said year
25.09.2020	10:30 A.M.	<ol style="list-style-type: none"> Approval of remuneration payable to Shri 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. Re-appointment and payment of remuneration to Chairman & Managing Director and Whole Time Director.
27.09.2019	10:00 A.M.	Approval of remuneration payable to Shri Jaideep Wadhwa (DIN No. 00410019), Non-Executive Non-Independent Director, during the Financial Year ending March 31, 2020 which is expected to exceed 50% of the total annual remuneration payable to all Non-Executive Directors for the said year

5.3 Special Resolution passed through Postal Ballot in last year:

During the year, the Company has not passed any special resolutions through Postal ballot.

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 22nd September, 2022.

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

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

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

7. General Shareholder Information

(i) Annual General Meeting

Date	:	Thursday, 22nd September, 2022
Time	:	10:00 A.M.
Venue	:	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2022 read with January 13, 2021, circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

(ii) Financial Year

Financial Year	:	2021-2022 (1st April, 2021 to 31st March, 2022)
	:	1st April to 31st March

(iii) Dividend Announcement

The Board of Directors of Sterling Tools Limited has proposed a dividend of ₹ 1 per equity share (50%) for the financial year ended 31st March, 2022, subject to approval by the shareholders of the Company at the ensuing Annual General Meeting. Dividend paid in the previous year was ₹ 1 per equity share (50%).

(iv) Dates of Book Closure

The Register of Members and Share Transfer Books of the company will remain closed from Friday, 16th September, 2022 to Thursday 22nd September, 2022 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 30th September, 2022 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 15th September, 2022 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 15th September, 2022.

(vi) Listing on Stock Exchange

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

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

(vii) Company's ISIN No. : INE334A01023

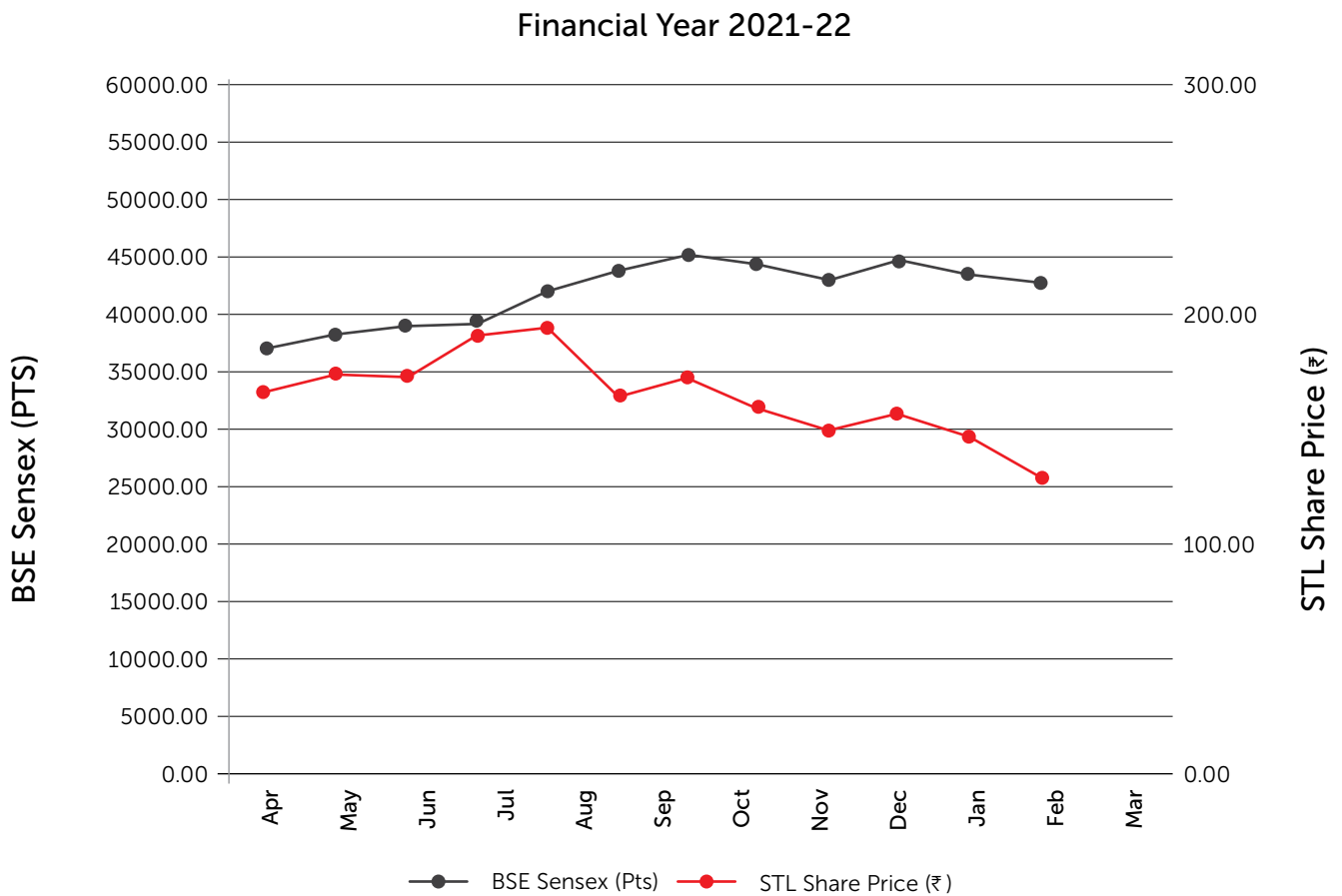
Stock Code

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

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

(viii) Market Share price data on BSE during the financial year 2021-2022

Month	High	Low
April 2021	216.00	172.50
May 2021	227.00	163.00
June 2021	225.00	177.80
July 2021	251.60	176.00
August 2021	257.00	188.00
September 2021	214.90	190.00
October 2021	224.00	191.65
November 2021	208.00	177.00
December 2021	193.00	171.00
January 2022	201.00	171.00
February 2022	190.00	130.70
March 2022	164.20	134.55

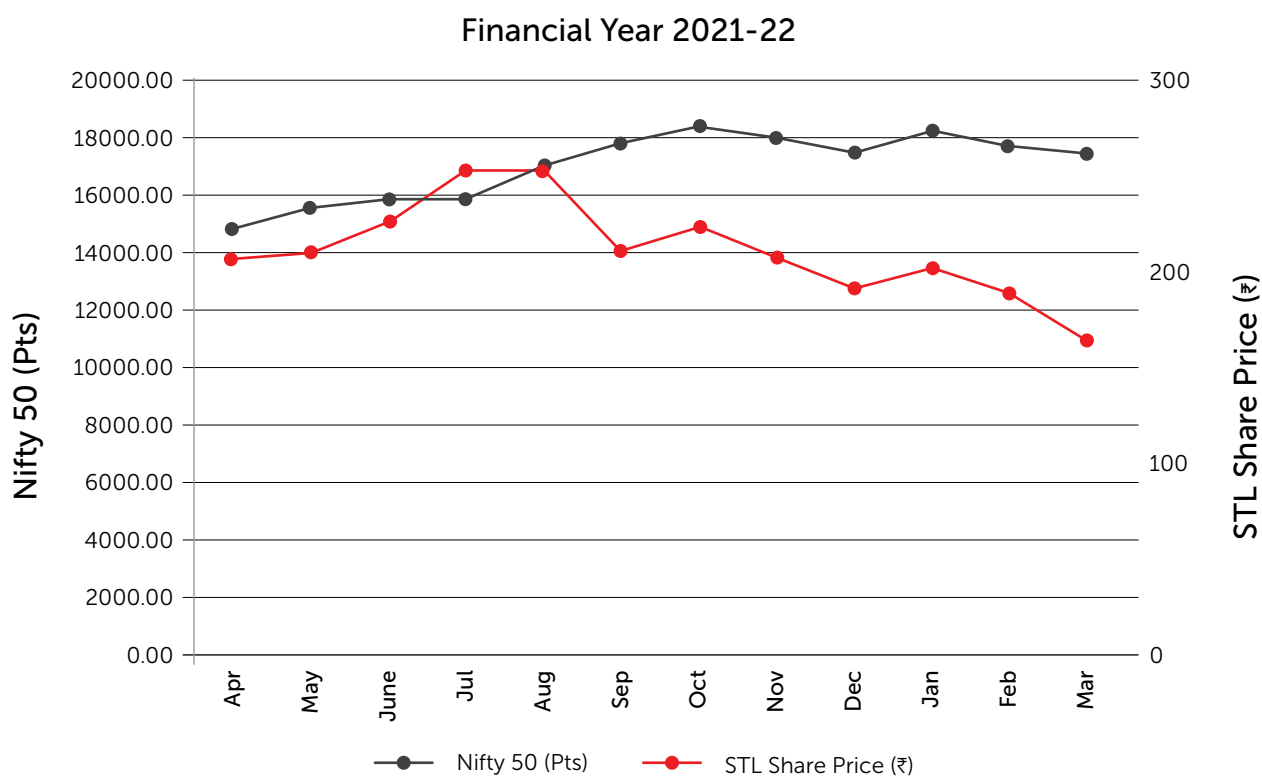
Stock Price Performance-STL Vs BSE Sensex Financial Year 2021-2022


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

(ix) Market Share price data on NSE during the financial year 2021-2022

Month	High	Low
April 2021	206.95	172.80
May 2021	209.95	182.00
June 2021	226.70	181.15
July 2021	251.45	181.10
August 2021	254.05	187.55
September 2021	210.90	190.10
October 2021	225.00	192.00
November 2021	208.00	176.85
December 2021	191.85	170.90
January 2022	202.15	172.05
February 2022	189.95	129.95
March 2022	164.80	134.15

Stock Price Performance-STL Vs NIFTY 50 Financial Year 2021-2022



Note: Based on the Monthly highest data of STL (₹ Per Share) and NIFTY 50 (Pts.)

(x) Registrar and Transfer Agent : **MAS Services Limited**

T-34, 2nd Floor, Okhla Industrial Area,

Phase-II, New Delhi-110020

- (xi) **Share Transfer System** : The shares of the Company are compulsorily traded in dematerialised form. Shares received in physical mode are processed and approved by the Share Transfer Committee within a period of 15 days from the date of receipt provided the documents lodged are being valid and complete in all respects.

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

- (xii) **Distribution of shareholding as on 31st March, 2022.**

Nominal Value of each share – ₹ 2/-

Number of Share Holders	% To Total	Share Holding of Nominal Value of ₹	No. of shares	Amount in ₹	% To Total
17711	98.279	1 TO 5000	2645221	5290442	7.342
174	0.965	5001 TO 10000	623308	1246616	1.730
74	0.410	10001 TO 20000	541012	1082024	1.501
15	0.083	20001 TO 30000	199614	399228	0.554
2	0.011	30001 TO 40000	40000	80000	0.111
8	0.044	40001 TO 50000	181963	363926	0.505
16	0.088	50001 TO 100000	580397	1160794	1.611
21	0.116	100001 AND ABOVE	31212696	62425392	86.643
18021	100.000	TOTAL	36024211	72048422	100.00

- (xiii) **Shareholding Pattern:**

	As on 31st March 2022		As on 31st March 2021	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Promoters	23693030	65.770	23693030	65.770
Mutual Funds	2361956	6.560	2840931	7.886
NRIs and OCBs	1957307	5.430	1954440	5.425
Body Corporate	198174	0.550	219244	0.609
Indian Public	7813744	21.69	7316566	20.310
Total	36024211	100.000	36024211	100.000

Face value of ₹ 2/-.

- (xiv) **Dematerialisation of Shares** : The Shares of the Company are in Compulsory Demat segment as on 31st March, 2022.

The summarised position of shareholders in Physical and Demat segment as on 31st March, 2022 is as under:

Type of shareholding	No. of shareholders	Physical Shares	Demat Shares
Equity	18021	92592	35931619
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, 2022, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.
- (xvi) **Shares in the suspense account** : The Company doesn't hold any shares in unclaimed suspense Account.
- (xvii) **Commodity Price Risk / Foreign Exchange Risk and Hedging activities** : The Company is exposed to foreign exchange risk on account of import and export transactions entered. The Company is proactively mitigating these risks by entering into commensurate hedging transactions as per the Company's Enterprise Risk Management Policy.

- (xviii) **Plant Locations** : (i) 5A, DLF Industrial Estate, Faridabad 121 003, Haryana.
 : (ii) 81, Sector-25, Ballabgarh, Faridabad, Haryana.
 : (iii) 49 KM Stone, Delhi Mathura Road, Village-Prithla, Distt.-Palwal.
 : (iv) Plot No. 109-110 Vemagal Industrial Area District Kolar, Bangalore, Karnataka
- (xix) **Address for correspondence** : Investors and Shareholders are requested to send all correspondence to the Registrar & Transfer Agent at the address given above.
- (xx) **Electronic Clearing Services (ECS)** : The Company is availing of the ECS facility to distribute dividend in main cities to those Members who have opted for it.

8. Statutory Auditors and their Fee:

Statutory Auditors and their Fee: M/s Walker Chandio & Co., LL.P., the Chartered Accountants are the Statutory Auditors of the company. During the Financial Year 2021-22, the total fees paid by the Company to them is as below:

Statutory Audit	₹ 25.00 Lacs
Reimbursement of Expenses	₹ 00.86 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 stable 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 2021-22 were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Regulations. There were no materially significant related party transactions made by the Company with Promoters, Directors, KMPs or other designated persons which may have a potential conflict with the interest of the Company at large. The Related Party Transaction Policy is available on the website of the Company <http://www.stlfasteners.com/new/news.asp>.

10.2 Statutory Compliance, Penalties and Strictures

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

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

Mr. Ashish Gera has signed the audit report for 2021-22 on behalf of firm and there is no Audit Qualification by the Statutory Auditors.

b. Presentation by Internal Auditors

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

10.7 Subsidiary Companies

The Company has two subsidiaries:

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

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

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

10.8 The Board has accepted all the recommendations of the Committees of the Board during the financial year 2021-2022.

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 31-03-2022 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 31-03-2022.

Date: 30.04.2022

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 31st March 2022.

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.

**Date: 01.08.2022
Place: Ghaziabad**

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


Santosh Kumar Pradhan
FCS No.: 6973
C P No.: 7647
P.R.C. No. 1388/2021
UDIN: F006973D000719652

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 - 110025 (hereinafter referred to as the Company), produced before me by the Company for the purpose of issuing the Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of the Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identifications Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its Officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 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. Anil Aggarwal	00027214	30/09/1994
3.	Mr. Atul Aggarwal	00125825	30/09/1994
4.	Mr. Jaideep Wadhwa	00410019	07/02/2019
5.	Mr. Shailendra Swarup	00167799	17/12/2019
6.	Mr. Chhotu Ram Sharma	00522678	28/06/2006
7.	Mrs. Malini Sud	01297943	15/09/2014
8.	Mr. Akhill Aggarwal	01681666	02/08/2019
9.	Mr. Rakesh Batra	06511494	10/11/2020



706, 8th Floor, K. M. Trade Tower, Hotel Radisson Blu
Kaushambi, Ghaziabad U.P.- 201010
Tel.: +91-120-4727777, E-mail : info@kritiadvisory.com

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.

Place: Ghaziabad
Date: 01.08.2022

For Santosh Kumar Pradhan
(Company Secretaries)




Santosh Kumar Pradhan
(Proprietor)

FCS-6973

C.P. No. 7647

P.R.C. No. 1388/2021

UDIN: F006973D000719621

Business Responsibility Report

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:** 2021-22
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 31-03-2022)

1. **Paid-up capital:** 720.48 Lacs
2. **Total turnover:** 47124.25 Lacs
3. **Total profit after taxes:** 2972.81 Lacs
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**

The Company's total spending on CSR for FY 2021-2022 is ₹ 93.58 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. Empowering Under privileged section of the society

Section C: Other Details

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

Yes. The Company has 2 Domestic Subsidiaries as on March 31, 2022.- Haryana Ispat Private Limited and Sterling GTAKE E-Mobility Limited.

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

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

3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]

No.

Section D: BR Information

1. Details of Directors responsible for BR

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

DIN	Name	Designation
00027214	Mr. Anil Aggarwal	Chairman & Managing Director

(b) Details of the BR Head

S. No.	Particulars	Details
1	DIN	00027214
2	Name	Mr. Anil Aggarwal
3	Designation	Chairman & 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

S. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
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.

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

As a part of Secretarial Audit by the Secretarial Auditor

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

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

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

3. Governance related to BR

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

The Company assesses the BR Report / performance on Annually basis.

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

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

Section E: Principle-wise performance

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

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

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

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

From	Received during the year 2021-22	Resolved during the year 2021-22
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. Last year the carbon footprint reduced by almost 5 %
- STL adhere to the Green Guideline norms framed by customers.

Environmental friendly coating is done on the product

- Meeting the REACH guideline
- Eliminate the use of MEE in waste water management process by energy and environmental friendly natural process

Though we are making same family line of fasteners, however following two product family line whose design has incorporated social and environmental concern, risk and opportunities

- Zinc Flack coated parts – Hazard free coating
- Part where end pointing 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):

- Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
- Reduction during usage by consumers (energy, water) has been achieved since the previous year?
- 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: -

- Constantly encourages the use of biodegradable / reusable materials for packing and storing of materials.
- Vehicles are permitted inside the factory, only if they comply with the pollution control norms.
- Specifically focused on the storage, handling and disposal of hazardous chemicals.
- Specialised agencies are employed to treat the chemical wastes.
- 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 hereunder: -

- 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 including alternate application of the item. We are working on improving the Tool life as well as the life of Oil and Chemical dump frequency.

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

3.1 Please indicate the Total number of employees 554

3.2 Please indicate the Total number of employees hired on temporary / contractual / casual basis. 885

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	No of complaints pending as on end of the financial year
1	Permanent Employees	100%, yes, all categories
2	Permanent Women Employees	of employees are given training on safety &
3	Casual / Temporary / Contractual Employees	skill up-gradation on periodic basis
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' policy include to encourage and motivate employees as well as other stakeholders to actively participate in protecting / restoring environment. Best practices are shared to all the stakeholders, not only to protect the environment but to restore it. The policy covers only the Company.

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 reduction emission and protect environment. Two of Company' plants have a vast area under green belt with natural flora. 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 our plants 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

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
- 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.

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 & Analysis Report

Global Economic Review

The cumulative losses to global activity, relative to its pre-pandemic trend, are projected to continue growing over the projection horizon, notably among the Emerging Market and Developing Economies (EMDEs), due to more than two years of unfavourable shocks. In sophisticated economies, rising energy costs, less favourable financial conditions, and supply chain disruptions are dismal indicators, which the Ukraine conflict has exacerbated.

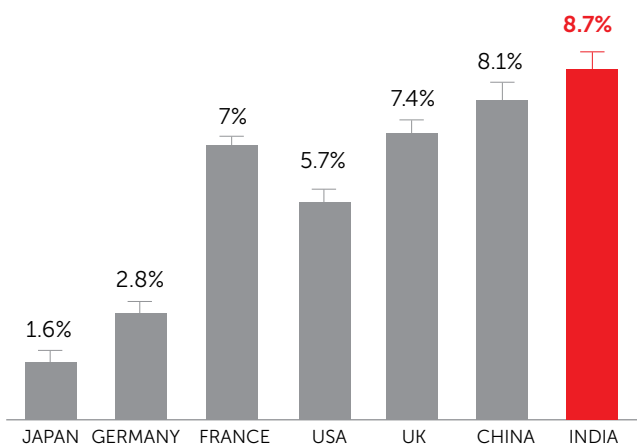
As a result, growth in these economies is likely to decelerate from 5.1 per cent in 2021 to 2.6 per cent in 2022, which is 1.2 percentage points lower than initially estimated¹.

Global Economic Outlook

As a result of several hurdles like unusually high commodity prices and extended monetary tightening, the global GDP is forecast to expand modestly to a sluggish 3% in 2023. Global growth is predicted to remain around 3% in 2024 as activity returns to its desirable potential. The total losses to international migration, compared to the pre-pandemic levels, are expected to climb much more, particularly among EMDE commodity importers².

Indian Economic Review

India's recovery accelerated after the second wave of the pandemic, A widespread vaccination coverage and thereby a faster resumption of the economy and businesses helped in boosting the output with several sectors demonstrating a



Source: IMF projection, NSO

steady step-up to the pre-pandemic levels. India, therefore, registered a growth of 8.7% and has retained its position as the fastest growing economy.

The Russia-Ukraine face-off towards the end of the fiscal, however, slowed India's growth. While inflationary pressures did persist in India throughout the year, they were exacerbated post the Ukraine war with escalating commodity and crude oil prices.

Indian Economic Outlook

India is anticipated to be the fastest expanding major economy in FY23 with an expected GDP growth of 7.5 per cent, as per the World Bank reports. This is likely to be supported by a recovery in demand, large Government capital spending, and rising capex. The several structural reforms announced in the 2022 Union Budget and the massive expenditure for India's infrastructure growth has helped boost the economy, providing it with promising prospects in the longer term. In addition, simplification of labour standards, privatisation of underperforming state-owned firms, and likely modernisation and integration of the logistics industry would all act as tailwinds to the economy³.

Indian Auto Industry Overview

The Indian automotive industry was negatively impacted by the second wave of the pandemic, and its lingering impacts. While the sector was expected to post a recovery in fiscal 2021-22, after witnessing a challenging period in FY20 and FY21, it instead experienced a contraction of -6% in FY22⁴. Sales of all four segments remained low.

A global chip shortage due to supply constraints came as a major issue in the second half of 2021, which impacted sales. Towards the end of the fiscal the Russia-Ukraine crisis and another lockdown in China further worsened the scenario. The two-wheeler segment was the worst hit by the pandemic, reporting its lowest wholesales figures in the last 10 years. In addition to the chip shortage, the industry saw a steady rise in raw material costs leading to the original equipment manufacturers (OEMs) being forced to increase prices of the vehicles while waiting periods were on an average above 90 days. At present too, supply chain and high input costs weigh heavy on the automobile industry.

The one silver lining was that automobile exports from India increased to 36,91,583 units in April-Nov 2021 from 22,77,990 units during the same period in 2020⁵.

¹ <https://thedocs.worldbank.org/en/doc/18ad707266f7740bced755498ae0307a-0350012022/related/Global-Economic-Prospects-June-2022-Executive-Summary.pdf>

² <https://openknowledge.worldbank.org/bitstream/handle/10986/37224/9781464818431.pdf>

³ <https://openknowledge.worldbank.org/bitstream/handle/10986/37224/9781464818431.pdf>

⁴ SIAM

⁵ <https://www.team-bhp.com/news/indian-vehicle-exports-62-april-november-2021>

Although uncertainties prevail in the near term, with the easing of the demand and supply-side issues, India's automotive market is positioned for high single to double-digit expansion across segments, from commercial vehicles (CVs) and tractors to passenger vehicles and two-wheelers. While the two-wheeler and tractor segments are anticipated to profit from a revival in the rural economy, the CVs are anticipated to benefit from a robust replacement demand.

Passenger vehicle (PV) sales, which have remained range bound due to semiconductor issues, are anticipated to develop quickly and will be the first to reach the peak volume

Segment	Number of Vehicles		
	2019-20	2020-21	2021-22
Passenger Vehicles	2,773,519	2,711,457	3,069,499
Commercial Vehicles	717,593	568,559	716,566
Three-Wheelers	637,065	2,19,446	260,995
Two-Wheelers	17,416,432	15,120,783	13,466,412
Quadricycle	942	-12	124
Grand Total	21,545,551	18,620,233	17,513,596

Domestic Sales

The total number of passenger vehicles wholesaled in FY22 went up by 13% from 2,711,457 to 3,069,499 units. Sales of passenger cars fell from 1,541,866 to 1,467,056 units, while utility vehicle sales rose from 1,060,750 to 1,489,178 units, compared to the previous year. From April 2021 to March 2022, 113,265 vans were sold, compared to 108,841 from April 2020 to March 2021.

Overall, sales of commercial vehicles expanded from 568,559 to 716,566. From April 2021 to March 2022, sales of medium and heavy commercial vehicles climbed from 160,688 to 240,577 units, while sales of light commercial vehicles rose from 407,871 to 475,989 units.

From April 2021 to March 2022, two-wheeler sales fell to 13,466,412 units, compared to the previous year's volume of 15,120,783.

Compared to the previous year, three-wheeler sales grew from 219,446 to 260,995 units during the year.

Exports

Passenger vehicle exports increased from 404,397 to 577,875 units from April 2021 to March 2022, commercial vehicle exports increased from 50,334 to 92,297 units, three-wheeler exports was up from 393,001 to 499,730 units, and two-wheeler exports rose from 3,282,786 to 4,443,018 units - over the same period last year⁶.

Global Automobile Fastener industry

The pandemic had hindered the growth of the global automobile fastener industry. The supply chain disruptions, interruptions in large scale manufacturing and travel

levels of FY19 as automakers begin sourcing chips from multiple vendors. Additionally, the industry's persistent efforts to domesticate automobiles and parts will help in overcoming any further downturn.

Production

From April 2021 to March 2022, the industry produced 22,933,230 vehicles, comprising passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycles compared to 22,655,609 units from April 2020 to March 2021.

restrictions resulted in a slowdown of the market. However, with the reducing trajectory of the virus, the automobile fastener industry showed considerable recovery in 2021-22. The size of the global automotive fasteners market is anticipated to grow from an estimated USD 23 Billion in 2021 to over USD 27 Billion in 2028, at a CAGR of 2.60 per cent.

Indian Fastener Industry – Opportunities

- The Government has proposed ₹ 57,000 crore as aid under the Production-Linked Incentive (PLI) plan, which is anticipated to enhance opportunities for end product and component makers. Moreover, replacement of old vehicles with new ones is expected to increase in the years ahead due to the implementation of policies like 'Green Tax' on polluting cars and the Vehicle Scrappage Policy.
- India is continually emerging as a global hub for auto component sourcing with industry exports contributing to a significant amount of its annual production.
- The China Plus One strategy will enable auto and auto component industries to take advantage of the global market while leaving imprints on the global value chain.
- The Union Budget 2022 declared a Minimum Support Price payment of ₹ 2.73 Lacs crore for the farming sector, which will drive the demand for new vehicles in the rural markets. This will be beneficial for the OEMs as a large portion of new vehicle sales, in the entry-level segments of four-wheeler and two-wheeler markets, occur in the rural areas.

Indian Fastener Industry – Risks

- Covid-19 has hampered many units which prompted them to limit output, lockdown/close teams/slash working hours, and forced lay-offs.

⁶ <https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=9>

- Many OEM's limited their output as a consequence of the slowdown in the auto industry, such as Maruti, Tata Motors, and Ashok Leyland, among others. As a result, many auto component units are unable to meet essential obligations such as energy bills and wage payments, among others.
- The market's growth is hampered by a lack of product diversification and the price elasticity of raw materials.
- Spurious and low-quality fasteners hurt longevity and can lead to catastrophic mishaps.
- Steel prices in India are controlled by supply and demand, as well as worldwide pricing.
- The cost of raw materials required to produce automobile fasteners is rising, thus reducing profitability.

Electric Vehicle (EV) Industry overview

The electric vehicle industry in India ended the fiscal FY22 on a high note as the total registered EV volumes (all segments) reported strong growth at 4.3 Lacs units compared to 1.3 Lacs units in FY21 i.e. 3X growth. The EV industry in India is less than 10-year-old and cumulative EV sales till FY 22 has been 1 million vehicles. Large pie of market has been dominated by Passenger Electric three wheelers (~59.4%) followed by E-Two wheelers (32.8%) and balance is E3W cargo, E-car and E bus. About 50% of EV vehicles in India are registered in four states i.e. Uttar Pradesh, Maharashtra, Karnataka and Tamilnadu. The major players in EV space are some of reputed auto companies as well as the start-ups e.g. Hero Electric, Okinawa, Ampere vehicles, Ather energy, Pure energy, OLA for E2W; YC Electric, Mahindra Electric in E3W; E-buses have players like TATA, Leyland, PMI Electro Mobility, JBM, Olectra.

- Rising fuel prices, incentives from Central and State governments, resumption of normal economic activities, e-commerce growth and revival of the gig economy will propel the growth of EVs and sales momentum is expected to continue in FY23 as well.
- Revenue of the electric vehicle (EV) components' market in India is likely to grow at a compound annual growth rate of 76% to ₹725 Billion in fiscal 2027 from ₹43 Billion in FY 22. Among the key auto segments, two-wheelers and passenger vehicles are seen driving the transition and commercial vehicles and other auto segment will see far lower penetration due to unfavourable economics.

Company Overview

Sterling Tools Limited is a manufacturer of high-tensile cold forged fasteners for the automotive industry, with a presence in all segments of the industry, including passenger vehicles, commercial vehicles, two-wheelers, farm equipment, and off-road vehicles. Sterling Gtake E-Mobility Limited, a subsidiary, manufactures Motor Control Units (MCUs) for electric cars.

As a result, the company's performance is principally linked to the expansion of the vehicle, agriculture, and farm equipment industries.

Total revenue of SGEM (100% subsidiary of STL in EV space) for the year ended March 31, 2022, is ₹ 38.4 crore, an incredible journey for a company that was only registered in Jan 2020 and that has operated in the shadow of the COVID pandemic for its entire existence. In July 2021, it has bagged an order worth ₹ 60 crore from a leading electric two-wheeler maker for high-speed electric two-wheeler application and has also secured a follow-up order for ₹ 100 crore from the same customer. It has also secured orders from 10 other EV OEMs. Electronics and Pure EV component sales now constitute around 10 % of STL's consolidated revenues and this is expected to increase to 15-20% in the near future.

SGEM's product portfolio covers the entire spectrum of applications from 1 KW to 200 KW and 48V to 700V. SGEM is in advanced stages of discussions with an additional 30 automobile (EV) OEMs for their MCU requirements for different vehicle segments.

Company Outlook

The Company recovered strongly from the slowdown in the automobile industry during the pandemic in the Financial Year 2020-21. The management continues to be focused on cutting costs without sacrificing product quality or employee safety. Even during these challenging times, the Company has been able to sustain profitability because of its fiscal restraint, new client acquisition and well-planned infrastructure. The Company is upbeat that it will be able to capitalise on future opportunities and overcome future obstacles to satisfy its shareholders' expectations for long-term development and profitability.

Risks and Concerns

Although most of the Company's supplies are to OEMs in India, any variables impacting the growth of the automobile industry would affect it. Downturns in the economy, changes in Government policies and legislation, economic development, competition from domestic and international companies, cost inflation in manufacturing input costs, and financial risks associated with fluctuations in foreign currency rates and rising interest rates are all examples of such exigencies.

The management addresses the risks mentioned above by frequently evaluating risk factors on the basis of its Risk Management Policy. The risks and concerns are also communicated to the Board of Directors regularly. Corrective actions and mitigating measures are undertaken as needed.

Internal Control System & their adequacy

Your Company has an excellent internal control system, with established procedures for all corporate activities and production plants. Internal control systems are intended to offer reasonable confidence about the efficacy and efficiency of operations, the sufficiency of asset protections, the dependability of financial controls, and adherence to applicable laws and regulations.

Internal control mechanisms are implemented in the form of numerous policies and procedures established by the management, including all key and significant activities such as revenue management, manufacturing operations, purchasing, finance, human resources, and safety, among others. Internal auditors check compliance with these rules and processes, which are reviewed regularly. The Company is continuing its efforts to integrate all of its procedures and controls with industry best practices. Internal controls are evaluated as part of the internal audit process, which is carried out for each operational unit and all significant company operations.

The focus of these reviews is on:

- Identifying weaknesses and areas of improvement;
- Complying with defined policies and processes;
- Safeguarding of tangible and intangible assets;
- Managing business and operational risks; and
- Complying with applicable statutes;

The Board's Audit Committee controls the internal control environment's adequacy by reviewing audit results regularly and monitoring the execution of internal audit recommendations through reports.

In their report, your Company's Statutory Auditors concluded that it has appropriate internal controls over financial reporting.

A CEO and CFO Certificate would confirm the existence of effective Internal Control Systems and processes in the Company in the Corporate Governance Report.

Financial Performance w.r.t. Operational Performance

- Your Company's revenue (without excise duty/taxes) from operations Increased from ₹ 35,528.99 Lacs to ₹ 47,124.25 Lacs.
- Operating profit, excluding other income, was ₹ 6991.70 Lacs for 2021-2022 increased by 8.12% compared to ₹ 6466.60 Lacs for 2020-2021.
- Operating profit was 14.84% for 2021-2022 as against 18.20% for 2020-2021.
- Finance costs were ₹ 662.65 Lacs for the year 2021-2022 as against ₹ 760.25 Lacs for the year 2020-2021.
- Paid-up equity share capital as of March 31, 2022, stood at ₹ 720.48 Lacs.
- Earnings Per Share (EPS) was ₹ 8.25 for 2021-2022 as against ₹ 6.78 for the year 2020-2021.
- Cash Earnings Per Share (CEPS) was ₹ 15.62 for 2021-2022 as against ₹ 13.82 for 2020-2021.

Key Financial Ratios

Particulars	FY2022	FY2021	YOY change(%)	Remarks
Debtors Turnover Ratio	11.12	10	11	*
Inventory Turnover Ratio	1.79	1.44	25	**
Current Ratio	2.15	2.05	5	*
Operating Profit Margin (%)	14.84%	18.20%	(18)	*
Net Profit Margin (%)	6.31%	6.87%	(8)	*
Return on Net Worth (%)	8.19%	7.30%	12	*
Interest Coverage Ratio	7.28	5.71	27	***
Debt Equity Ratio	0.30	0.31	(4)	*

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

** Increase in Revenue and operations has resulted in an improvement of ratio

*** Increase in profit along with better interest rate has resulted in increase of ratio

Cautionary Statement

Statements in this Management Discussion and Analysis Report outlining the Company's aims, plans, estimates, and expectations may be considered "forward-looking statements" under the laws and regulations. Actual outcomes may differ from what has been said or indicated. Economic developments in the country, industry demand and supply circumstances, changes in government regulations, tax laws, and other variables such as litigation and labour relations are all critical elements that might impact the Company's success.

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 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow 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 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act.

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

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Company's revenue is derived primarily from manufacturing and sale of hi-tensile cold forged fasteners recognised in accordance with the accounting policy described in Note 1(C) (12) to the accompanying standalone financial statements. Refer Note 29 and 48 for details of revenue recognised during the year from a large number of customers across geographies.</p> <p>In accordance with the principles of Ind AS 115, Revenue from Contracts with Customers, ('Ind AS 115') revenue from the sale of products is recognised by the Company when the performance obligation is satisfied, i.e., when the 'control' of the goods underlying the particular performance obligation is transferred to the customer. The performance obligations are generally considered to be satisfied by the management at the time of delivery of goods to the customer/carrier in accordance with the terms and conditions included in the revenue contracts.</p>	<p>Our audit procedures for testing revenue recognition included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Understood the revenue recognition process and assessed the appropriateness of the revenue recognition policies adopted by the Company in accordance with principles enunciated under Ind AS 115; • Evaluated the design and implementation of Company's key financial controls in respect of revenue recognition and tested the operating effectiveness of such controls for a sample of transactions; • Performed substantive testing of revenue transactions recorded during the year using statistical sampling by verifying the underlying supporting documents including customer contracts, customer's purchase orders, sales order, invoices and proof of delivery;

Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2022 (cont'd)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition from sale of products also involves determination of variable consideration on account of volume discounts and other rebate programs run by the Company, which requires estimates to be made by the management at each period end.</p> <p>Further, the Company and its external stakeholders focus on revenue as a key performance measure, which could be an incentive or external pressures to meet expectations resulting in revenue being overstated or recognized before control has been transferred.</p> <p>The above factors and the amounts involved, required considerable audit efforts in testing revenue recorded during the year, and therefore, we have identified revenue recognition as a key audit matter in the current year audit.</p>	<ul style="list-style-type: none"> • Performed testing of samples of revenue transactions recorded for specified period before and after year-end by verifying underlying documents as above to determine whether revenue was recognised in the correct period; • Obtained confirmations for invoices outstanding at the year-end on a sample basis and reviewed the reconciling items, if any; • Tested manual journal entries posted to revenue; • Assessed the adequacy of the disclosures made by the management in accordance with the applicable accounting standards.

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

6. The 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 standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation 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 Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. 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, the Board of Directors are 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone 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.

Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2022 (cont'd)

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, specified under section 143(10) of the Act 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 system with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 2020 ('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, to the extent applicable.
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;

Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2022 (cont'd)

- 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 2022 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 Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate report in Annexure II wherein we have expressed an 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 2022;
 - 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 2022;
 - 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 2022;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 53(vi) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 53(vii) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (iv)(a) and (iv)(b) above contain any material misstatement.
 - v. The final dividend paid by the Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- As stated in note 52 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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

Rajni Mundra
Partner

Place: Mumbai
Date: 18 May 2022

Membership No.: 058644
UDIN: 22058644AJDZIE5269

Annexure I referred to in Paragraph 16 of 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 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically 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 held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company. However, for title deeds of the undermentioned immovable properties in the nature of land, which have been mortgaged as security for loans or borrowings taken by the Company, confirmations with respect to title of the Company have been directly obtained by us from the respective lenders:

(₹ in Lacs)

Description of property	Situated at/location	Gross carrying value as at 31 March 2022
Land	Plot No. 4, 5A, 52, 53, 54 and 54A DLF Industrial Estate, Phase-I, Delhi - Mathura Road, Faridabad, Haryana	195.95
Land	Prithla Village, Faridabad	206.13
Land	Plot No 109-110, Vemgal Industrial Area, District Kolar, Karnataka	980.37

- (d) The Company has not revalued its property, plant and equipment, right of use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- (b) The Company has a working capital limit in excess of ₹ 5 crore sanctioned by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, except for the following:

(₹ in Lacs)

Name of the banks	Working capital limit sanctioned	Nature of current assets offered as security	Quarter ended	Amount disclosed as per statement	Amount as per books of accounts	Difference	Remarks/ reason, if any
HDFC Bank, Punjab National Bank and State Bank of India	12,000.00	Pari-passu charge on current assets	30 June 2021	15,075.26	14,993.09*	82.17	As stated in note 24 of the standalone financial statements, the variance is not material.
HDFC Bank, Punjab National Bank, Kotak Mahindra Bank and State Bank of India	12,000.00	Pari-passu charge on current assets	30 September 2021	16,173.22	16,191.99*	(18.77)	As stated in note 24 of the standalone financial statements, the variance is not material.

Annexure I referred to in Paragraph 16 of 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 2022 (cont'd)

(₹ in Lacs)

Name of the banks	Working capital limit sanctioned	Nature of current assets offered as security	Quarter ended	Amount disclosed as per statement	Amount as per books of accounts	Difference	Remarks/ reason, if any
HDFC Bank, Punjab National Bank, Kotak Mahindra Bank and State Bank of India	12,000.00	Pari-passu charge on current assets	31 December 2021	14,289.88	14,289.88*	0.42	As stated in note 24 of the standalone financial statements, the variance is not material.
HDFC Bank, Punjab National Bank, Kotak Mahindra Bank and State Bank of India	12,000.00	Pari-passu charge on current assets	31 March 2022	14,464.30	14,464.30#	11.77	As stated in note 24 of the standalone financial statements, the variance is not material.

* Per books of accounts which were subject to review

Per books of accounts which were subject to audit

- (iii) (a) The Company has provided loans and guarantee to a subsidiary and others during the year as per details given below:

(₹ in Lacs)

Particulars	Guarantees	Loans
Aggregate amount provided/granted during the year:		
- Subsidiary	5,000.00	2,000.00
- Others	-	28.33
Balance outstanding as at balance sheet date in respect of above cases:		
- Subsidiary	5,000.00	2,000.00
- Others	-	10.06

- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided and terms and conditions of the guarantees provided are, prima facie, not prejudicial to the interest of the Company. Further, the Company has not made any security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and the payment of the interest has not been stipulated and accordingly, we are unable to comment as to whether the repayments/receipts of principal interest are regular.
- (d) In the absence of stipulated schedule of repayment of principal and payment of interest, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of such principal amounts and interest.
- (e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan.
- (f) The Company has granted loan which is repayable on demand, as per details below:

(₹ in Lacs)

Particulars	All parties	Promoters	Related parties
Aggregate of loans			
- Repayable on demand (A)	2,000.00	Nil	2,000.00
Total (A)	2,000.00	Nil	2,000.00
Percentage of loans to the total loans	100.00%	Nil	100.00%

- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments, as applicable. Further, 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.

Annexure I referred to in Paragraph 16 of 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 2022 (cont'd)

- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. 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 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) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with 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 became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

(₹ in Lacs)

Name of the statute	Nature of dues	Gross amount*	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
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)
Income-tax Act, 1961	Demand under the Income-tax Act, 1961	155.68	Nil	Assessment year 2020-21	Commissioner of Income-tax (Appeals)

* Excluding interest, if any.

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

Annexure I referred to in Paragraph 16 of 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 2022 (cont'd)

- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint venture.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries or joint venture.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistleblower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi) (a),(b) and (c) of the Order are not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is

Annexure I referred to in Paragraph 16 of 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 2022 (cont'd)

not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxii) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

Rajni Mundra
Partner

Place: Mumbai
Date: 18 May 2022

Membership No.: 058644
UDIN: 22058644AJDZIE5269

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 2022

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 2022, we have audited the internal financial controls with reference to standalone 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 standalone 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 Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone 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 standalone 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 standalone 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone 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 standalone 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 standalone financial statements .

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial

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 2022 (cont'd)

statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company

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

Place: Mumbai
Date: 18 May 2022

Rajni Mundra
Partner
Membership No.: 058644
UDIN: 22058644AJDZIE5269

Standalone Balance Sheet

as at 31 March 2022
(All amounts in Lacs of Indian Rupees, unless otherwise stated)

(₹ in Lacs)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	26,524.53	24,400.72
(b) Capital work-in-progress	3	104.04	-
(c) Right-of-use assets	42	56.87	77.09
(d) Other intangible assets	4	39.02	55.40
(e) Financial assets			
(i) Investments	5	3,625.51	3,301.06
(ii) Other financial assets	6	411.24	424.40
(f) Income-tax assets (net)	7	8.63	80.13
(g) Other non-current assets	8	808.89	748.18
Total non-current assets		31,578.73	29,086.98
Current assets			
(a) Inventories	9	10,236.60	10,940.51
(b) Financial assets			
(i) Investments	10	769.72	1,275.48
(ii) Trade receivables	11	4,154.87	4,155.80
(iii) Cash and cash equivalents	12	76.31	195.98
(iv) Bank balances other than (iii) above	13	1,769.34	2,471.21
(v) Loans	14	2,024.37	35.94
(vi) Other financial assets	15	386.76	296.06
(c) Other current assets	16	3,723.55	3,242.96
Total current assets		23,141.52	22,613.94
TOTAL ASSETS		54,720.25	51,700.92
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	720.48	720.48
(b) Other equity	18	35,591.47	32,742.67
Total equity		36,311.95	33,463.15
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	4,261.29	3,774.83
(iia) Lease liabilities	42	15.54	32.58
(iib) Other financial liabilities [other than those specified in item (b)]	20	33.26	28.05
(b) Provisions	21	125.13	144.39
(c) Deferred tax liabilities (net)	22	1,636.78	1,604.28
(d) Other non-current liabilities	23	1,586.63	1,614.27
Total non-current liabilities		7,658.63	7,198.40
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	6,491.39	6,687.58
(iia) Lease liabilities	42	45.35	49.29
(ii) Trade payables			
A) Total outstanding dues of micro enterprises and small enterprises; and	25	800.81	809.31
B) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,795.63	2,181.47
(iii) Other financial liabilities [other than those specified in item (c)]	26	596.43	426.04
(b) Other current liabilities	27	965.60	746.73
(c) Provisions	21	54.46	40.30
(d) Current tax liabilities (net)	28	-	98.65
Total current liabilities		10,749.67	11,039.37
Total liabilities		18,408.30	18,237.77
TOTAL EQUITY AND LIABILITIES		54,720.25	51,700.92

Note 1 to 53 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 Registration No. 001076N/N500013

Rajni Mundra
Partner
Membership no. 058644

For and on behalf of the 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: Mumbai
Date: 18 May 2022

Place: Faridabad
Date: 18 May 2022

Standalone Statement of Profit and Loss for the year ended 31 March 2022

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

(₹ in Lacs)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
Revenue from operations	29	47,124.25	35,528.99
Other income	30	338.30	284.43
Total income		47,462.55	35,813.42
Expenses			
Cost of materials consumed	31	19,316.71	13,653.62
Changes in inventories of finished goods and work-in-progress	32	(329.84)	(1,525.82)
Employee benefits expense	33	4,160.11	3,607.90
Finance costs	34	662.65	760.25
Depreciation and amortisation expenses	35	2,700.77	2,631.61
Other expenses	36	16,985.57	13,326.69
Total expenses		43,495.97	32,454.25
Profit before exceptional items and tax		3,966.58	3,359.17
Exceptional items	37	-	242.18
Profit before tax		3,966.58	3,116.99
Tax expense:			
Current tax		1,040.72	770.66
Deferred tax		(46.95)	(95.48)
Total tax expense		993.77	675.18
Profit for the year		2,972.81	2,441.81
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		(7.76)	54.11
(b) Changes in fair value of equity investment through other comprehensive income		323.45	147.56
(ii) Income-tax relating to items that will not be reclassified to profit or loss		(79.45)	(50.76)
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income-tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year (net of tax)		236.24	150.91
Total comprehensive income for the year		3,209.05	2,592.72
Earnings per equity share			
Basic and diluted (₹)	38	8.25	6.78
[nominal value of share ₹ 2 (31 March 2021: ₹ 2)]			

Note 1 to 53 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 Registration No. 001076N/N500013

Rajni Mundra
Partner
Membership no. 058644

Place: Mumbai
Date: 18 May 2022

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

Anil Aggarwal
Managing Director
DIN no. 00027214

Pankaj Gupta
Chief Financial Officer

Place: Faridabad
Date: 18 May 2022

Atul Aggarwal
Director
DIN no. 00125825

Vaishali Singh
Company Secretary
Membership no. A15108

Standalone Statement of Changes in Equity for the year ended 31 March 2022

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

(A) Equity share capital

Particulars	Note	Number (Lacs)	Amount
Balance as at 1 April 2020	17	360.24	720.48
Changes in equity share capital during the year		-	-
Balance as at 31 March 2021	17	360.24	720.48
Changes in equity share capital during the year		-	-
Balance as at 31 March 2022	17	360.24	720.48

(B) Other equity

Particulars	Note	Reserves and surplus				Equity instruments through other comprehensive income	Total
		Capital reserve	Securities premium	General reserve	Retained earnings		
Balance as at 1 April 2020	18	6.65	4,735.69	2,786.46	22,217.80	403.35	30,149.95
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
Balance as at 31 March 2021	18	6.65	4,735.69	2,786.46	24,700.10	513.77	32,742.67
Profit for the year		-	-	-	2,972.81	-	2,972.81
Other comprehensive income							
Remeasurement of defined benefit obligation (net of tax)		-	-	-	(5.81)	-	(5.81)
Changes in fair value of equity investment through other comprehensive income (net of tax)		-	-	-	-	242.05	242.05
Final dividend paid on equity shares		-	-	-	(360.25)	-	(360.25)
Balance as at 31 March 2022	18	6.65	4,735.69	2,786.46	27306.85	755.82	35,591.47

Note 1 to 53 form an integral part of these standalone financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

For and on behalf of the 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: Mumbai
Date: 18 May 2022

Place: Faridabad
Date: 18 May 2022

Standalone Statement of Cash Flows for the year ended 31 March 2022

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

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A Cash flow from operating activities		
Net profit before tax	3,966.58	3,116.99
Adjustments for:		
Depreciation and amortisation expenses	2,700.77	2,631.61
Unrealised foreign exchange loss	2.71	7.65
Interest on delayed payment of advance taxes	-	20.35
Loss on disposal of property, plant and equipment (net)	1.80	89.91
Finance costs	632.06	713.37
Interest on lease liabilities	6.78	10.29
Interest income	(173.06)	(223.70)
Amortisation of grant income	(219.20)	(233.95)
Gain on sale of mutual fund	(7.73)	(6.91)
Gain on fair value of mutual fund	(20.19)	(11.89)
Income from investment in equity instruments	(64.90)	-
Liabilities no longer required, written back	(7.91)	(15.84)
Gain on fair value of forward contracts	(15.27)	(5.84)
Bad debts written off	1.08	12.79
Provision for loss allowance	-	32.05
Provision for impairment in the value of investments	-	242.18
Allowance for expected credit loss	102.66	-
Operating profit before working capital changes	6,906.18	6,379.06
(Increase)/decrease in financial assets	(155.20)	882.80
(Increase) in other assets	(457.91)	(1,499.95)
(Decrease)/increase in financial liabilities	(376.31)	1,189.29
Decrease/(increase) in inventories	703.91	(4,996.61)
Increase in other liabilities	410.42	792.83
(Decrease)/increase in provisions	(12.85)	14.41
Net cash generated from operations	7,018.24	2,761.83
Income-tax paid (net)	(1,067.84)	(828.27)
Net cash from operating activities (A)	5,950.40	1,933.56
B Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work- in progress and payment for capital advances)	(4,827.18)	(1,587.79)
Proceeds from disposal of property, plant and equipment	47.55	19.95
Proceeds from maturity of/(investment in) fixed deposit	700.56	(2,448.91)
Redemption of/(investment in) mutual funds	577.42	(692.61)
Loan given to subsidiary	(2,000.00)	-
Interest received	174.36	225.25
Dividend on investment in equity instruments	0.71	-
Gain on sale of equity instruments	61.78	-
Investment in equity instruments	(42.35)	(596.80)
Net cash used in investing activities (B)	(5,307.15)	(5,080.91)

Standalone Statement of Cash Flows for the year ended 31 March 2022

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

(₹ in Lacs)		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C Cash flows from financing activities		
Proceeds from non-current borrowings	2,589.50	625.00
Repayment of non-current borrowings	(1,726.80)	(2,058.08)
Final dividend paid	(360.25)	-
(Repayment of)/proceeds from current borrowings (net)	(572.42)	4,529.80
Repayment of lease liabilities	(69.75)	(77.04)
Interest paid	(623.20)	(725.62)
Net cash (used in)/from financing activities (C)	(762.92)	2,294.06
Net decrease in cash and cash equivalents (A+B+C)	(119.67)	(853.29)
Cash and cash equivalents at the beginning of the year	195.98	1,049.27
Cash and cash equivalents at the end of the year	76.31	195.98
Components of cash and cash equivalents (refer note 12):		
Balances with scheduled banks in current accounts	73.43	192.39
Cash on hand	2.88	3.59
	76.31	195.98

Standalone Statement of Cash Flows

for the year ended 31 March 2022
(All amounts in Lacs 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 2020	135.68	6,835.67	575.72	-
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)	-
Closing balance as on 31 March 2021	81.87	5,390.33	5,105.53	-
Add: Non cash changes due to-				
- Recognition of lease liabilities	32.63	-	-	-
- Interest expense	6.78	369.09	261.09	-
- Fair value changes	-	1.88	-	-
- Final dividend	-	-	-	360.25
Less: Non cash changes due to-				
- Adjustment in lease liabilities on modification	9.36	-	-	-
Add: Cash inflows during the year				
- Proceeds from non-current borrowings	-	2,589.50	-	-
- Proceeds from current borrowings	-	-	(572.42)	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings	-	(1,726.80)	-	-
- Repayment of lease liabilities	(69.75)	-	-	-
- Interest paid	-	(362.11)	(261.09)	-
- Final dividend paid	-	-	-	(360.25)
Closing balance as on 31 March 2022	60.89	6,261.89	4,533.11	-

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 53 form an integral part of these standalone financial statements.

As per our report of even date attached.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

For and on behalf of the 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: Mumbai
Date: 18 May 2022

Place: Faridabad
Date: 18 May 2022

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

1. Company information and significant accounting policies

A. Corporate information

Sterling Tools Limited (the 'Company') 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 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

On 23 March 2022, the Ministry of Corporate Affairs ('MCA') amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April 2022, as below:

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company is in the process of evaluation, however, does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its standalone financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company is in the process of evaluation, however, does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 109 – Annual improvements to Ind AS

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to de-recognise a financial liability. The Company is in the process of evaluation, however, does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 106 – Annual improvements to Ind AS

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company is in the process of evaluation, however, does not expect the amendment to have any significant impact in its standalone financial statements.

(2) Statement of compliance

These standalone 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 standalone financial statements of Sterling Tools Limited as at and for the year ended 31 March 2022 were approved and authorised for issue by Board of Directors on 18 May 2022.

(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 standalone 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.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

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

(5) Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All financial information presented in Indian Rupees has been rounded to the nearest Lacs (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.

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

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

(1) Property, plant and equipment

1.1 Initial recognition and measurement

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

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

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

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

1.2 Subsequent costs

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

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

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 2022

(All amounts in Lakh of 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.

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.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

(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 standalone 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.

(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.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

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 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.

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

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

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.

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.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

(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.

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.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

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 Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

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

Impairment of financial assets

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

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

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

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

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 standalone 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 standalone 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.

(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

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

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 analysing 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.

Estimate and judgments are continuously evaluated. They are based on historical experience and other factors including expectations 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 2022

(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	Computers	Total
Gross block									
As at 1 April 2020	2,058.87	6,387.95	30,163.36	249.55	497.86	461.18	1,035.72	173.81	41,028.30
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)
Balance as at 31 March 2021	2,058.87	6,504.54	31,315.82	290.65	492.27	493.08	1,043.72	254.63	42,453.58
Additions	-	973.15	3,511.63	72.08	132.27	19.31	57.36	19.46	4,785.26
Disposals/ adjustments	-	-	(108.18)	-	(55.18)	(7.11)	-	-	(170.47)
Balance as at 31 March 2022	2,058.87	7,477.69	34,719.27	362.73	569.36	505.28	1,101.08	274.09	47,068.37
Accumulated depreciation									
As at 1 April 2020	-	1,395.90	13,429.76	108.47	203.16	231.76	422.33	68.95	15,860.33
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)
Balance as at 31 March 2021	-	1,598.78	15,197.42	130.84	217.09	295.79	493.29	119.65	18,052.86
Charge for the year	-	205.63	2,131.20	24.09	59.86	63.31	67.36	60.65	2,612.10
Adjustments for disposals	-	-	(93.08)	-	(21.53)	(6.51)	-	-	(121.12)
Balance as at 31 March 2022	-	1,804.41	17,235.54	154.93	255.42	352.59	560.65	180.30	20,543.84
Net block as at 31 March 2021	2,058.87	4,905.76	16,118.40	159.81	275.18	197.29	550.43	134.98	24,400.72
Net block as at 31 March 2022	2,058.87	5,673.28	17,483.73	207.80	313.94	152.69	540.43	93.79	26,524.53

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.
- All the title deeds of the immovable properties are held in the name of the Company.

3. Capital work-in-progress

Particulars	Amount
Balance as at 1 April 2020	63.62
Additions	-
Capitalised during the year	63.62
Balance as at 31 March 2021	-
Additions	3,355.50
Capitalised during the year	3,251.46
Balance as at 31 March 2022	104.04

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

3. Capital work-in-progress (Contd..)

Ageing schedule of capital work-in-progress is as follows:

Particulars	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
- Projects in progress	104.04	-	-	-	104.04
- Projects temporarily suspended	-	-	-	-	-
					104.04
As at 31 March 2021					
- Projects in progress	-	-	-	-	-
- Projects temporarily suspended	-	-	-	-	-
					-

There are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

4. Other intangible assets

Particulars	Computer Software	Total
Gross block		
As at 1 April 2020	76.26	76.26
Additions	38.20	38.20
Balance as at 31 March 2021	114.46	114.46
Additions	10.08	10.08
Balance as at 31 March 2022	124.54	124.54
Accumulated amortisation		
As at 1 April 2020	38.90	38.90
Charge for the year	20.16	20.16
Balance as at 31 March 2021	59.06	59.06
Charge for the year	26.46	26.46
Balance as at 31 March 2022	85.52	85.52
Net block as at 31 March 2021	55.40	55.40
Net block as at 31 March 2022	39.02	39.02

5. Non-current financial assets - investments

Particulars	As at 31 March 2022	As at 31 March 2021
Unquoted investments		
Investment in equity instruments in subsidiaries (carried at cost)		
100,000 equity shares (31 March 2021: 100,000 equity shares) of ₹ 10 each fully paid up in Haryana Ispat Private Limited	1,198.50	1,198.50
8,456,000 equity shares (31 March 2021: 8,446,000 equity shares) of ₹ 10 each fully paid up in Sterling Gtake E-mobility Limited	845.60	844.60
Investment in equity instrument in joint venture (carried at cost)		
3,405,000 equity shares (31 March 2021: 3,405,000 equity shares) of ₹ 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)	(570.43)
	117.82	117.82
Investment in equity instruments (carried at fair value through other comprehensive income)		
9,922 equity shares (31 March 2021: 9,922 equity shares) of ₹ 10 each fully paid up in Altigreen Propulsion Labs Private Limited	1,463.59	1,140.14
	3,625.51	3,301.06
Aggregate amount of unquoted investments	4,195.94	3,871.49
Aggregate amount of impairment in the value of investments	570.43	570.43

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

5. Non-current financial assets - investments (Contd..)

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 2022	As at 31 March 2021	
Sterling Fabory India Private Limited	India	50	50	Equity method in accordance with Ind AS 28 'Investments 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'.

6. Non-current financial assets - others

Particulars	As at 31 March 2022	As at 31 March 2021
<i>(Unsecured, considered good)</i>		
Security deposits	411.24	424.40
	411.24	424.40

7. Income-tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Prepaid taxes (net of provision for tax)*	8.63	80.13
	8.63	80.13

*Refer note 28 for movement of taxes

8. Other non-current assets

Particulars	As at 31 March 2022	As at 31 March 2021
<i>(Unsecured and considered good)</i>		
Capital advances	764.42	681.03
Advances other than capital advances:		
- Prepaid expenses	24.31	35.68
- Balances with statutory authorities	20.16	31.47
	808.89	748.18

9. Inventories

Particulars	As at 31 March 2022	As at 31 March 2021
<i>(Valued at lower of cost and net realisable value)</i>		
Raw material	4,079.86	5,221.86
Work in progress	1,090.06	1,424.44
Finished goods	4,073.52	3,409.30
Stores, spares and consumables [includes goods in transit of ₹ 10.51 Lacs (31 March 2021: ₹0.27 Lacs)]	993.16	884.91
	10,236.60	10,940.51

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

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

10. Current financial assets - investments

Particulars	As at 31 March 2022	As at 31 March 2021
Quoted investment		
Investment in mutual funds (carried at fair value through profit or loss) *		
1,020,458.68 units (31 March 2021: 1,020,458.68 units) in IDFC Arbitrage Fund	287.25	274.57
3,934.25 units (31 March 2021: nil units) in Kotak Liquid Fund -Direct Plan - Growth Option	169.29	-
85,464.09 units (31 March 2021: nil units) in ICICI Prudential Liquid Fund -Direct Plan - Growth Option	269.43	-
Nil units (31 March 2021: 24,741.21 units) in HDFC Liquid Fund -Direct Plan - Growth Option	-	1,000.91
Investment in equity instruments (carried at fair value through profit or loss)**		
1,295 equity shares (31 March 2021: nil equity share) in SBI Life Insurance Company Limited	14.52	-
248 equity shares (31 March 2021: nil equity share) in Coforge Limited	11.05	-
17,610 equity shares (31 March 2021: nil equity share) in IDFC First Bank Limited	6.99	-
89 equity shares (31 March 2021: nil equity share) in Larsen & Toubro Infotech Limited	5.48	-
41 equity shares (31 March 2021: nil equity share) in Ultratech Cement Limited	2.71	-
467 equity shares (31 March 2021: nil equity share) in Deepak Fertilisers and Petrochemicals Corporation Limited	2.62	-
18 equity shares (31 March 2021: nil equity share) in Schaeffler India Limited	0.35	-
14 equity shares (31 March 2021: nil equity share) in Oil India Limited	0.03	-
	769.72	1,275.48
Aggregate amount of quoted investments and market value thereof	769.72	1,275.48

*Includes investment in mutual funds which are monitored through Aventus Absolute Return Strategy.

**Includes investment in equity instruments which are monitored through Aventus Absolute Return Strategy.

11. Current financial assets - trade receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables		
Trade receivables - considered good, unsecured	4,154.87	4,155.80
Trade receivables - credit impaired	139.49	36.83
	4,294.36	4,192.63
Less: allowance for expected credit loss	(139.49)	(36.83)
	4,154.87	4,155.80

Movement in the allowance for expected credit loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning of the year	36.83	36.83
Add: Allowance provided during the year	102.66	-
Less: Amounts written off during the year	-	-
Balance at the end of the year	139.49	36.83

- All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.
- Refer note 24 for information on trade receivables pledged as security by the Company.
- There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

11. Current financial assets - trade receivables (Contd..)

Ageing schedule of trade receivables is as follows:

As at 31 March 2022	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	3,332.50	807.22	4.26	9.74	0.93	0.22	4,154.87
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	36.83	36.83
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	1.45	96.16	5.05	-	-	102.66

As at 31 March 2021	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	3,339.82	801.50	2.92	1.58	5.83	4.15	4,155.80
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	36.83	36.83
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-

12. Current financial assets - cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with scheduled banks in current accounts	73.43	192.39
Cash on hand	2.88	3.59
	76.31	195.98

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

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

13. Current financial assets - Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Unpaid dividend accounts (earmarked balances with banks)*	20.99	22.30
Balances with banks in deposit accounts with original maturity of more than three months but residual maturity of less than twelve months**	1,748.35	2,448.91
	1,769.34	2,471.21

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

**Includes fixed deposits with banks amounting to ₹ 521.10 Lacs (31 March 2021 - nil), which are monitored through Aventus Absolute Return Strategy, where the Company is the sole beneficial owner of the said fixed deposits.

14. Current financial assets - loans

Particulars	As at 31 March 2022	As at 31 March 2021
<i>(Unsecured and considered good)</i>		
Loans receivable	10.06	20.33
Loan to related party	2,000.00	-
Interest accrued but not due	14.31	15.61
	2,024.37	35.94

Details of loans or advances to specified persons:

Type of borrower	As at 31 March 2022		As at 31 March 2021	
	Outstanding amount of loan or advance in the nature of loan	% to the total loans and advances in the nature of loans	Outstanding amount of loan or advance in the nature of loan	% to the total loans and advances in the nature of loans
Related party - subsidiary				
- repayable on demand	2,000.00	99.50%	-	-

15. Current financial assets - others

Particulars	As at 31 March 2022	As at 31 March 2021
<i>(Unsecured and considered good)</i>		
Export incentive receivable	15.89	104.13
Less: Provision for loss allowance	-	(32.05)
	15.89	72.08
Derivatives designated as hedges		
- Foreign exchange forward contracts	15.27	-
Interest accrued but not due on fixed deposits with banks	109.62	82.46
Receivable from portfolio management services*	80.12	-
Security deposits	24.83	-
Gratuity recoverable	1.41	7.09
Others	139.62	134.43
	386.76	296.06

*During the year, the Company has availed the services of Aventus Capital Public Markets Alternate Strategies LLP for managing its investment portfolio. This amount represents the surplus cash and bank balances lying with the portfolio management services.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

15. Current financial assets - others (Contd..)

Movement in the allowance for expected credit loss

(₹ in Lacs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning of the year	32.05	-
Add: provision created during the year	-	32.05
Less: Amounts written off during the year	(32.05)	-
Balance at the end of the year	-	32.05

16. Other current assets

Particulars	As at 31 March 2022	As at 31 March 2021
Advances other than capital advances:		
Prepaid expenses	36.59	46.15
Balance with government authorities	2,241.11	1,693.98
Surplus of plan assets over obligation (refer note 39)	23.54	-
Advance to suppliers	1,422.31	1,502.83
	3,723.55	3,242.96

17. Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised:		
50,000,000 equity shares (31 March 2021: 50,000,000 equity shares) of ₹ 2/- each	1,000.00	1,000.00
Issued, subscribed and paid up:		
36,024,211 equity shares (31 March 2021: 36,024,211 equity shares) of ₹ 2/- each	720.48	720.48
	720.48	720.48

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

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	Number	Amount	Number	Amount
Equity shares outstanding as at the beginning of the year	3,60,24,211	720.48	3,60,24,211	720.48
Add: Equity shares issued during the year	-	-	-	-
Equity shares outstanding as at the end of the year	3,60,24,211	720.48	3,60,24,211	720.48

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share (31 March 2021: ₹ 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 2022, the amount of per share final dividend recognised as distributions to equity shareholders is ₹ 1 per share (31 March 2021: nil per share) amounting to ₹ 360.25 Lacs (previous year - nil).

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.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

17. Equity share capital (Contd..)

c. Shareholders holding more than 5% shares in the Company*

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% holding	No. of Shares	% holding
Mr. Manohar Lal Aggarwal, Promoter	38,55,080	10.70%	38,55,080	10.70%
Mr. Anil Aggarwal, Promoter	61,10,583	16.96%	81,10,583	22.51%
Mr. Atul Aggarwal, Promoter	96,65,367	26.83%	96,65,367	26.83%
L&T Mutual Fund Trustee Limited	23,61,956	6.56%	23,61,956	6.56%
Meidoh Company Limited	18,01,211	5.00%	18,01,211	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.

e. Details of equity shares held by promoter in the Company as at the end of the year:

Particulars	As at 31 March 2022			As at 31 March 2021		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
Mr. Manohar Lal Aggarwal	3,855,080	10.70%	-	3,855,080	10.70%	-
Mr. Anil Aggarwal	6,110,583	16.96%	-8.44%	8,110,583	22.51%	-
Mr. Atul Aggarwal	9,665,367	26.83%	-	9,665,367	26.83%	-
Mr. Akhill Aggarwal	1,660,000	4.61%	4.22%	660,000	1.83%	-
Mr. Anish Agarwal	1,701,000	4.72%	4.22%	701,000	1.95%	-
Ms. Promila Aggarwal	701,000	1.95%	-	701,000	1.95%	-

18. Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Capital reserve	6.65	6.65
Security premium	4,735.69	4,735.69
General reserve	2,786.46	2,786.46
Retained earnings*	27,306.85	24,700.10
Equity instruments through other comprehensive income	755.82	513.77
Total	35,591.47	32,742.67

i) Capital reserve

Capital reserves represents proceeds of forfeited shares.

ii) Security premium

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

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.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

18. Other equity (Contd..)

iv) Retained earnings

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

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.

* during the year, the Company has paid a dividend of ₹ 1 per share (previous year - nil) aggregating to ₹ 360.25 Lacs (previous year - nil). This includes payments to the following related parties and their relatives - Mr. Anil Aggarwal - ₹ 81.11 Lacs (previous year - nil), Mr. Atul Aggarwal - ₹ 96.65 Lacs (previous year - nil), Mr. Akhill Aggarwal - ₹ 6.60 Lacs (previous year - nil), Mr. Anish Aggarwal - ₹ 7.01 Lacs (previous year - nil), Mr. Manohar Lal Aggarwal - ₹ 38.55 Lacs (previous year - nil) and Ms. Promila Aggarwal - ₹ 7.01 Lacs (previous year - nil).

19. Non current financial liabilities - Borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
Indian rupee loan from banks (secured)		
Term loans	6,219.58	5,356.88
Less: Current maturities of long-term borrowings (refer note 24)	(1,958.29)	(1,582.05)
	4,261.29	3,774.83

- 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 Plot No 109-110, Vemgal Industrial Area, District Kolar, Bangalore, Karnataka and hypothecation of plant and machinery and other property, plant and equipment.
- 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%	520.00	August 2019	Monthly	June 2024	28
7.20%	402.27	January 2020	Monthly	December 2024	33
6.75%	2,400.00	December 2019	Monthly	November 2024	32
6.75%	153.70	September 2021	Monthly	September 2026	54
6.75%	782.34	October 2021	Monthly	September 2026	54
6.75%	78.27	November 2021	Monthly	September 2026	54
6.75%	797.22	December 2021	Monthly	September 2026	54
6.75%	276.30	February 2022	Monthly	September 2026	51
6.75%	356.95	March 2022	Monthly	September 2026	51
6.75%	447.92	November 2020	Monthly	September 2025	42

- c) There has been no default in servicing of loan during the year.
- d) The term loans have been used for the specific purpose for which they were availed.

20. Non-current financial liabilities - others

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposits	33.26	28.05
	33.26	28.05

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

21. Provisions

Particulars	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Provisions for employee benefit obligations (refer note 39)	125.13	54.46	144.39	40.30
	125.13	54.46	144.39	40.30

22. Deferred tax liabilities (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax liability		
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,636.24	1,673.74
Fair value of forward exchange contracts	3.84	-
Fair value of investments in equity instruments	254.19	172.79
Sub-total (a)	1,894.27	1,846.53
Deferred tax assets		
Employee benefits	77.32	79.48
Provision for impairment in the value of investment	143.57	143.57
Allowance for expected credit loss	35.11	9.27
Provision for loss allowance	-	8.07
Effective interest rate adjustment	0.47	0.66
Impact of difference between right-of-use assets and lease liabilities	1.02	1.20
Sub-total (b)	257.49	242.25
Net deferred tax liability [(a) - (b)]	1,636.78	1,604.28

Movement in deferred tax balances

Particulars	As at 01 April 2021	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2022
Deferred tax liabilities				
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,673.74	(37.50)	-	1,636.24
Fair value of forward exchange contracts	-	3.84	-	3.84
Fair value of investments in equity instruments	172.79	-	81.40	254.19
Sub- total (a)	1,846.53	(33.66)	81.40	1,894.27
Deferred tax assets				
Employee benefits	79.48	(4.11)	1.95	77.32
Provision for impairment in the value of investment	143.57	-	-	143.57
Allowance for expected credit loss	9.27	25.84	-	35.11
Provision for loss allowance	8.07	(8.07)	-	-
Effective interest rate adjustment	0.66	(0.19)	-	0.47
Impact of difference between right-of-use assets and lease liabilities	1.20	(0.18)	-	1.02
Sub- total (b)	242.25	13.29	1.95	257.49
Net deferred tax liabilities [(a)-(b)]	1,604.28	(46.95)	79.45	1,636.78

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

22. Deferred tax liabilities (net) (Contd..)

Particulars	As at 1 April 2020	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2021
Deferred tax liabilities				
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,712.36	(38.62)	-	1,673.74
Fair value of forward exchange contracts	(17.71)	17.71	-	-
Fair value of investments in equity instruments	135.65	-	37.14	172.79
Sub- total (a)	1,830.30	(20.91)	37.14	1,846.53
Deferred tax assets				
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
Provision for loss allowance	-	8.07	-	8.07
Effective interest rate adjustment	0.98	(0.32)	-	0.66
Impact of difference between right-of-use assets and lease liabilities	1.13	0.07	-	1.20
Sub- total (b)	181.30	74.57	(13.62)	242.25
Net deferred tax liabilities [(a)-(b)]	1,649.00	(95.48)	50.76	1,604.28

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
Current year	1,086.11	957.14
Earlier years	(45.39)	(186.48)
	1,040.72	770.66
Deferred tax expense		
Origination and reversal of temporary differences	(46.95)	(95.48)
	(46.95)	(95.48)
Total income tax expense	993.77	675.18

ii) Income-tax recognised in other comprehensive income

	31 March 2022			31 March 2021		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
Remeasurement of defined benefit plans	(7.76)	1.95	(5.81)	54.11	(13.62)	40.49
Changes in fair value of equity investment through other comprehensive income	323.45	(81.40)	242.05	147.56	(37.14)	110.42
	315.69	(79.45)	236.24	201.67	(50.76)	150.91

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

22. Deferred tax liabilities (net) (Contd..)

iii) Reconciliation of effective tax rate

	31 March 2022		31 March 2021	
	Rate	Amount	Rate	Amount
Profit before tax		3,966.58		3,116.99
Tax using the Company's domestic tax rate of 25.17% (31 March 2021 - 25.17%)	25.17%	998.31	25.17%	784.48
Tax effect of:				
- Corporate social responsibility expenditure		23.55		29.10
- Tax adjustment for earlier years		(45.39)		(186.48)
- Others		17.30		48.08
At the effective income tax rate		993.77		675.18

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

(b) Basis of computing Company's domestic tax rate:

Particulars	31 March 2022	31 March 2021
Base rate	22.00%	22.00%
Add: Surcharge @ 10%	2.20%	2.20%
	24.20%	24.20%
Add: Health and Education cess @ 4%	0.97%	0.97%
	25.17%	25.17%

23. Other non-current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred grant income [refer note (a) below]	1,550.88	1,580.02
Others	35.75	34.25
	1,586.63	1,614.27
(a) Movement of deferred grant income:		
Opening balance	1,798.31	1,501.01
Add: Grant received during the year	200.00	531.25
Less: Released to statement of profit and loss	(219.20)	(233.95)
	1,779.11	1,798.31
Deferred grant income:		
- Current	228.23	218.29
- Non-current	1,550.88	1,580.02
	1,779.11	1,798.31

During the year, the Company has received subsidy amounting to ₹ 200.00 Lacs, for the construction of Effluent Treatment Plant (ETP), vide order no. CI/58/SPI/2013, under the Investment Policy of 2014-19. The aforesaid subsidy has been recognised as government grant by setting up a deferred grant income, which is amortized over the life of asset in accordance with Ind AS 20, 'Accounting for Government Grants and Disclosure of Government Assistance'.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

24. Current financial liabilities - borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
Loans repayable on demand from banks (secured and carried at amortised cost)		
- Cash credit facilities	2,033.10	3,105.53
- Working capital demand loan	2,500.00	2,000.00
Current maturities of long-term borrowings (refer note 19)	1,958.29	1,582.05
	6,491.39	6,687.58

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 Plot No 109-110, Vemgal Industrial Area, District Kolar, Bangalore, Karnataka.
- The outstanding balance of cash credit facilities is repayable on demand and the rate of interest ranges between 7.00% to 7.60% (31 March 2021: 7.00% 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 5.0% to 5.9% (31 March 2021: 6.6% to 6.8%) per annum.
- The cash credit facilities and working capital demand loans have been used for the specific purpose for which they are taken as at the year end.
- Details of quarterly statements of current assets filed by the Company with banks and reasons of material discrepancies:

For the year ended 31 March 2022:

Quarter ended	Name of bank	Particulars of securities provided	Amount as per books of account	Amount as reported in the quarterly statement	Amount of difference	Remarks
30 June 2021	HDFC Bank, Punjab National Bank and State Bank of India	Pari-passu charge on current assets	14,993.09	15,075.26	(82.17)	Variance is not material
30 September 2021	HDFC Bank, Punjab National Bank, Kotak Mahindra Bank and State Bank of India	Pari-passu charge on current assets	16,191.99	16,173.22	18.77	Variance is not material
31 December 2021	HDFC Bank, Punjab National Bank, Kotak Mahindra Bank and State Bank of India	Pari-passu charge on current assets	14,289.46	14,289.88	(0.42)	Variance is not material
31 March 2022	HDFC Bank, Punjab National Bank, Kotak Mahindra Bank and State Bank of India	Pari-passu charge on current assets	14,452.53	14,464.30	(11.77)	Variance is not material

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

24. Current financial liabilities - borrowings (Contd..)

For the year ended 31 March 2021:

Quarter ended	Name of bank	Particulars of securities provided	Amount as per books of account	Amount as reported in the quarterly statement	Amount of difference	Remarks
30 June 2020	Punjab National Bank and State Bank of India	Pari-passu charge on current assets	7,526.14	7,282.48	243.66	Variance is primarily on account of netting-off of advance from customers against the trade receivables in the quarterly statement submitted to the banks.
30 September 2020	Punjab National Bank and State Bank of India	Pari-passu charge on current assets	10,184.15	9,813.26	370.89	Variance is primarily on account of netting-off of advance from customers against the trade receivables in the quarterly statement submitted to the banks.
31 December 2020	HDFC Bank, Punjab National Bank and State Bank of India	Pari-passu charge on current assets	11,731.10	11,820.93	(89.83)	Variance is not material
31 March 2021	HDFC Bank, Punjab National Bank and State Bank of India	Pari-passu charge on current assets	15,146.13	15,240.14	(94.01)	Variance is not material

25. Current financial liabilities - trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
A) Total outstanding dues of micro enterprises and small enterprises; and	800.81	809.31
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,795.63	2,181.47
	2,596.44	2,990.78

- A) 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 2022	As at 31 March 2021
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year		
- Principal amount	800.81	809.31
- 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	-	-

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

25. Current financial liabilities - trade payables (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
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.

B) Ageing schedule of trade payables is as follows:

As at 31 March 2022	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	800.81	-	-	-	-	800.81
Total outstanding dues of creditors other than micro enterprises and small enterprises	557.25	987.47	233.63	6.93	10.33	0.01	1,795.63
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-

As at 31 March 2021	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	809.31	-	-	-	-	809.31
Total outstanding dues of creditors other than micro enterprises and small enterprises	711.24	1,083.92	367.88	12.09	6.34	-	2,181.47
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

26. Current financial liabilities - others

Particulars	As at 31 March 2022	As at 31 March 2021
Creditors for capital goods	173.77	18.18
Interest accrued but not due on borrowings	42.31	33.45
Unclaimed dividends*	20.99	22.30
Employee related payables	359.36	352.11
	596.43	426.04

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

27. Other current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Advances received from customers	202.49	193.64
Deferred grant income [refer note 23(a)]	228.23	218.29
Statutory dues payable	534.88	334.80
	965.60	746.73

28. Current tax liabilities (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for tax (net of advance tax)	-	98.65
	-	98.65

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

Particulars	As at 31 March 2022	As at 31 March 2021
Prepaid taxes (refer note 7)	8.63	80.13
Provision for tax (refer note 28)	-	(98.65)
Net position [asset/(liability)]	8.63	(18.52)

a. Income-tax assets

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	80.13	-
Transfer from current tax liabilities	19.03	168.68
Refunds received	(90.53)	(88.55)
	8.63	80.13

b. Current tax liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	98.65	55.78
Provision for tax	1,086.11	957.14
Interest on taxes	-	20.35
Prepaid taxes paid during the year	(1,158.40)	(916.82)

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

28. Current tax liabilities (net) (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
Tax earlier years	(45.39)	(186.48)
Transferred to income-tax assets	19.03	168.68
	-	98.65
Net position	8.63	(18.52)

29. Revenue from operations

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products		
- Finished goods	46,196.14	34,808.92
Other operating income		
- Sale of scrap	639.70	416.49
- Export incentives	69.21	69.63
- Amortisation of grant income	219.20	233.95
Total	47,124.25	35,528.99

30. Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income from:		
- fixed deposits with banks carried at amortised cost	99.19	207.18
- security deposit with electricity department carried at amortised cost	18.26	16.52
- loan to subsidiary carried at amortised cost	55.62	-
Other non operating income		
Liabilities no longer required, written back	7.91	15.84
Gain on fair value of forward contracts measured at fair value through profit or loss	15.27	5.84
Income from investment in equity instruments carried at fair value through profit or loss		
- gain on sale of equity instruments	61.78	-
- dividend income	0.71	-
- gain on fair value of equity instruments	2.41	-
Income from mutual funds carried at fair value through profit or loss		
- gain on sale of mutual fund	7.73	6.91
- gain on fair value of mutual fund	20.19	11.89
Miscellaneous income	49.23	20.25
	338.30	284.43

31. Cost of materials consumed

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw material at the beginning of the year	5,221.86	1,970.21
Add: purchases during the year	18,174.71	16,905.27
Less: Raw material at the end of the year	4,079.86	5,221.86
Total cost of materials consumed	19,316.71	13,653.62

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

32. Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Inventories at the beginning of the year		
- Finished goods	3,409.30	2,287.60
- Work-in-progress	1,424.44	1,020.32
	4,833.74	3,307.92
Inventories at the end of the year		
- Finished goods	4,073.52	3,409.30
- Work-in-progress	1,090.06	1,424.44
	5,163.58	4,833.74
Increase in inventories	(329.84)	(1,525.82)

33. Employee benefits expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salary, wages and bonus	3,727.63	3,173.20
Contribution to provident and other funds	337.15	326.12
Staff welfare expenses	95.33	108.58
	4,160.11	3,607.90

34. Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense on financial liabilities measured at amortised cost	632.06	713.37
Interest on lease liabilities	6.78	10.29
Interest on delayed payment of advance taxes	-	20.35
Other finance cost	23.81	16.24
	662.65	760.25

35. Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on property, plant and equipment	2,612.10	2,544.43
Depreciation on right-of-use assets	62.21	67.02
Amortisation on other intangible assets	26.46	20.16
	2,700.77	2,631.61

36. Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Consumption of stores and spares	3,961.47	2,932.15
Job work charges	1,739.29	1,592.88
Consumption of packing materials	916.71	630.77
Power and fuel	3,866.64	3,072.80
Rent (refer note 42)	45.11	23.20

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

36. Other expenses (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Repairs and maintenance		
- Building	326.61	123.76
- Plant and machinery	1,386.69	1,001.47
Security charges	84.89	78.41
Insurance	176.68	131.19
Legal and professional charges	353.63	339.69
Rates and taxes	24.46	27.75
Provision for loss allowance	-	32.05
Sales promotion	70.46	112.26
Freight outward	1,469.40	1,185.30
Travelling and conveyance	107.87	41.18
Contract labour charges	1,617.97	1,190.54
Payment to auditors (refer details below)	25.86	21.36
Commission to director	64.00	75.00
Corporate social responsibility expenses (refer note 44)	93.58	115.62
Allowance for expected credit loss	102.66	-
Bad debts written off	1.08	12.79
Loss on foreign exchange fluctuation (net)	12.94	12.22
Loss on disposal of property, plant and equipment (net)	1.80	89.91
Miscellaneous expenses	535.77	484.39
	16,985.57	13,326.69

Payments to statutory auditors as*

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(a) Auditor	25.00	21.00
(b) For reimbursement of expenses	0.86	0.36
	25.86	21.36

*excluding applicable taxes

37. Exceptional items

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Provision for impairment in the value of investments	-	242.18
	-	242.18

The Company has investment (gross) of ₹ 688.25 Lacs in its joint venture company, Sterling Fabory India Private Limited. The management performed an impairment assessment in the previous year and recorded a provision for impairment in the value of investments in the above mentioned joint venture company.

38. Earnings per share

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit for the year attributable to equity shareholders (A)	2,972.81	2,441.81
Weighted average number of equity shares outstanding during the year (B) (nos. in Lacs)	360.24	360.24
Nominal value per share (₹)	2.00	2.00
Basic and diluted earnings per equity share (face value of share- ₹ 2 each) (A/B) (₹)	8.25	6.78

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

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 ₹ 215.39 Lacs (31 March 2021: ₹ 191.24 Lacs) for provident fund contributions and ₹ 11.59 Lacs (31 March 2021: ₹ 11.41 Lacs) 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.

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 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of obligation at the beginning of the year	38.71	36.98	645.54	595.88
Included in profit or loss:				
Current service cost	-	-	57.18	56.98
Interest cost	2.62	2.47	41.14	38.32
Total amount recognised in profit or loss	2.62	2.47	98.32	95.30
Included in other comprehensive income:				
Remeasurement loss/(gain) arising from:				
- demographic assumptions	1.35	-	-	-
- financial assumptions	1.35	-	(19.39)	(5.86)
- experience adjustment	(4.03)	(0.74)	30.90	2.99
Total amount recognised in other comprehensive income	(1.33)	(0.74)	11.51	(2.87)
Other	-	-	(4.07)	(1.36)
Less: Benefits paid	-	-	71.70	41.41
Present value of obligation at the end of year	40.00	38.71	679.60	645.54

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

39. Employee benefits (Contd..)

Change in the fair value of plan assets

	Gratuity (funded portion)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Fair value of plan asset at the beginning of the year	633.34	525.76
Included in profit or loss:		
Expected return on plan assets	45.94	36.36
Contributions paid	97.20	63.49
Benefits paid	71.70	41.41
Others	(4.07)	(1.36)
Included in other comprehensive income:		
Actuarial (gain)/loss	(2.43)	(50.50)
Fair value of plan asset at the end of the year	703.14	633.34

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

Category of assets (% allocation)	31 March 2022		31 March 2021	
	(%)	Amount	(%)	Amount
Insurance policies	100	703.14	100	633.34

Net defined benefit liability recognised in the balance sheet

	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Present value of unfunded/funded obligation at the end of the year	40.00	38.71	679.60	645.54
Fair value of plan asset as at the end of the year	-	-	703.14	633.34
Net defined benefit liability/(asset)	40.00	38.71	(23.54)	12.20

B) Actuarial assumptions

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

	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Discount rate (per annum)	7.11%	6.77%	7.11%	6.77%
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 standalone financial statements for the year ended 31 March 2022

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

39. Employee benefits (Contd..)

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 2022		31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	627.54	739.38	593.34	705.80
Salary escalation rate (1% movement)	742.46	624.03	707.98	590.10

	Gratuity (unfunded)			
	31 March 2022		31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	38.65	38.65	38.71	38.71
Salary escalation rate (1% movement)	38.65	38.65	38.71	38.71

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.

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

Particulars	31 March 2022	31 March 2021
Less than 1 year	51.64	54.14
Between 1-2 years	45.53	33.58
Between 3-5 years	181.81	144.60
Over 5 years	533.77	509.06
Total	812.75	741.38

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 12.52 years (31 March 2021: 13.01 years).

Expected contribution to post-employment benefit plans in the next year is nil (31 March 2021: ₹ 6.09 Lacs).

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

39. Employee benefits (Contd..)

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

Particulars	31 March 2022	31 March 2021
Less than 1 year	40.00	40.00
Between 1-2 years	-	-
Between 2-5 years	-	-
Over 5 years	-	-
Total	40.00	40.00

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 1 year (31 March 2021: 1 year).

Expected contribution to post-employment benefit plans in the next year is ₹ 19.32 Lacs (31 March 2021: ₹ 19.35 Lacs).

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

Particulars	31 March 2022	31 March 2021	31 March 2020	31 March 2019	31 March 2018
Defined benefit obligation	679.60	645.54	595.88	564.16	505.87
Experience gain/(loss) adjustments on liabilities	(30.90)	(2.99)	36.53	(9.99)	(31.80)

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

Particulars	31 March 2022	31 March 2021	31 March 2020	31 March 2019	31 March 2018
Defined benefit obligation	40.00	38.71	36.98	54.69	53.72
Experience gain/(loss) adjustments on liabilities	4.03	0.74	22.20	3.00	(38.46)

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 ₹ 41.39 Lacs (31 March 2021: ₹ 43.72 Lacs) 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) ₹ 820.37 Lacs (₹ 2,232.86 Lacs as at 31 March 2021).

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

41. Contingent liabilities, contingent assets and commitments (Contd..)

- (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

Particulars	As at 31 March 2022	As at 31 March 2021
Contingent liabilities		
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)	153.55	129.39
Demand under Income-tax Act, 1961		
- Assessment year: 2013-14	0.62	0.62
- Assessment year: 2016-17	3.56	3.56
- Assessment year: 2018-19	51.78	51.78
- Assessment year: 2020-21	155.68	-
iv) Corporate guarantee given on behalf of subsidiary company	5,000.00	-
Other commitments		
i) Export Promotion Capital Goods (EPCG) - export obligation	13,997.16	18,608.27

- a) Service tax demand amounting to ₹ 106.04 Lacs 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. During the year, the Company had filed an appeal against the aforesaid order with the Commissioner Appeals, however, the Company has received an unfavourable order from the Commissioner Appeals vide order dated 25 February 2022. The Company will, however, file an appeal against the said demand/order with Customs Excise and Service Tax Appellate Tribunal ('CESTAT') and remains confident of getting a relief against the said order.

Excise duty demand amounting to ₹ 181.40 Lacs 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.

- b) Interest amounting to ₹ 153.55 Lacs (31 March 2022 - ₹ 129.39 Lacs) 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.

Note:

It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

C. Contingent assets - Nil

42. Lease related disclosures as lessee

Lease liabilities are presented in the balance sheet as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Current	45.35	49.29
Non-current	15.54	32.58
Total	60.89	81.87

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

42. Lease related disclosures as lessee (Contd..)

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation expense of right-of-use assets	62.21	67.02
Interest expense on lease liabilities	6.78	10.29
Rent expense*	45.11	23.20
Total	114.10	100.51

*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 are as follows:

Particulars	Amount
Balance as at 1 April 2020	131.17
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
Balance as at 31 March 2021	77.09
Add: Addition on account of new leases entered during the year	32.63
Add: Adjustment due to modification in leases	9.36
Less: Amortisation expenses charged on right-of-use assets	62.21
Balance as at 31 March 2022	56.87

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
Plant, offices and equipments	20	1 - 5 years	20

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

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 ₹ 45.11 Lacs (31 March 2021 - ₹ 23.20 Lacs).

At 31 March 2022 and 31 March 2021, the Company is not committed to any liability towards short-term leases.

Total cash outflow for leases for the year ended 31 March 2022 was ₹ 114.86 Lacs (31 March 2021 - ₹ 100.24 Lacs) [including ₹ 45.11 Lacs (31 March 2021 - ₹ 23.20 Lacs) paid towards the aforementioned short-term leases].

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

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 Gtake E-Mobility Limited
Key management personnel (KMP)	Mr. Anil Aggarwal – Chairman & Managing Director Mr. Atul Aggarwal – Whole Time Director Mr. Akhill Aggarwal – Director 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 Mr. Rakesh Batra - Independent Director Mr. Rahoul Kabir Bhandari - Independent director (till 15 December 2021)
Enterprise over which KMP exercise control and/or significant influence	Sterling Technologies Private Limited Sterling Automobiles Private Limited Jaycee Automobiles Private Limited Sterling Tools Foundation
Relative of KMP with whom transactions have occurred	Mr. Anish Agarwal (Son of Mr. Anil Aggarwal)
Joint venture company	Sterling Fabory India Private Limited

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Transaction with subsidiary company		
a) Investment made		
Sterling Gtake E-Mobility Limited	1.00	544.60
	1.00	544.60
b) Loan given		
Sterling Gtake E-Mobility Limited	2,000.00	-
	2,000.00	-
c) Interest income		
Sterling Gtake E-Mobility Limited	55.62	-
	55.62	-
d) Corporate guarantee given on behalf of subsidiary company		
Sterling Gtake E-Mobility Limited	5,000.00	-
	5,000.00	-
ii) Transaction with enterprises over which KMP has control and/or significant influence		
a) Repairs and maintenance		
Sterling Automobiles Private Limited	1.77	1.50
Jaycee Automobiles Private Limited	-	2.43
	1.77	3.93

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

43. Related party disclosures (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
b) Insurance/warranty		
Jaycee Automobiles Private Limited	-	1.53
Sterling Automobiles Private Limited	2.70	2.12
	2.70	3.65
c) Rent paid		
Sterling Technologies Private Limited	51.22	36.00
	51.22	36.00
d) Purchase of asset		
Sterling Automobiles Private Limited	20.19	60.26
	20.19	60.26
e) Corporate social responsibility expenses		
Sterling Tools Foundation	93.25	115.62
	93.25	115.62
iii) Transaction with joint venture company		
Sale of goods	-	3.48
Purchase of material	-	1.34
Purchase of goods	9.16	-
Purchase of assets	8.75	-
	17.91	4.82
iv) Transaction with KMP and their relatives		
Remuneration paid		
Mr. Anil Aggarwal	184.10	116.71
Mr. Atul Aggarwal	180.58	112.96
Mr. Anish Agarwal	34.37	18.56
	399.05	248.23
Commission paid		
Mr. Anil Aggarwal	32.00	37.50
Mr. Atul Aggarwal	32.00	37.50
	64.00	75.00
Compensation to KMP *		
- Short-term employee benefits	391.96	274.86
- Defined contribution plans	36.72	29.81
	428.68	304.67
Director sitting fees		
Dr. Triloki Nath Kapoor	3.50	4.50
Ms. Malini Sud	3.50	3.25
Mr. Chotu Ram Sharma	6.00	5.00
Mr. Shailendra Swarup	5.00	1.50
Mr. Rakesh Batra	6.50	1.00
Mr. Rahoul Kabir Bhandari	1.00	1.00
	25.50	16.25
Legal and professional charges		
Mr. Jaideep Wadhwa	70.00	110.00
	70.00	110.00
Reimbursement of expenses		
Mr. Jaideep Wadhwa	3.27	5.98
	3.27	5.98

* 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 2022

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

43. Related party disclosures (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
v) Closing balances		
Remuneration payable		
Mr. Anil Aggarwal	0.29	5.22
Mr. Atul Aggarwal	0.46	5.33
Mr. Anish Agarwal	-	1.52
	0.75	12.07
Commission payable		
Mr. Anil Aggarwal	26.31	21.66
Mr. Atul Aggarwal	23.15	20.86
	49.46	42.52
Legal and professional charges payables		
Mr. Jaideep Wadhwa	-	4.63
	-	4.63
Outstanding payables		
Sterling Automobiles Private Limited	2.79	0.12
	2.79	0.12
Loan to related party		
Sterling Gtake E-Mobility Limited	2,000.00	-
	2,000.00	-
Corporate guarantee on behalf of subsidiary company		
Sterling Gtake E-Mobility Limited	5,000.00	-
	5,000.00	-
Security deposits		
Sterling Technologies Private Limited	24.00	24.00
	24.00	24.00
Investments		
Haryana Ispat Private Limited	1,198.50	1,198.50
Sterling Gtake E-Mobility Limited	845.60	844.60
Sterling Fabory India Private Limited	117.82	117.82
	2,161.92	2,160.92

III 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 ('CSR')

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) Details of CSR expenditure of the Company are as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gross amount required to be spent (i.e. 2% of average net profits under section 198 of Companies Act, 2013 of last three years) (A)	93.58	115.62
Shortfall of the previous year (B)	-	-
Total (A+B)	93.58	115.62
Amount spent during the year [refer note (b) below]	93.58	115.62
Shortfall/(surplus) for the year	-	-

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

44. Corporate social responsibility ('CSR') (Contd..)

b) Details of CSR expenses incurred:

Amount spent during the year ended 31 March 2022:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total
(i)	Construction/ acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	93.58	Others	93.58

Amount spent during the year ended 31 March 2021:

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

The aforesaid CSR expenditure amounting to ₹ 93.25 Lacs (31 March 2021 - ₹ 115.62 Lacs) pertains to contribution to Sterling Tools Foundation (entity over which KMP exercise control), with the main objective of working in areas focused on health, education, empowering under-privileged section of the society and to support the destitute.

- c) The Company does not have any provisions for corporate social responsibility expenses for current year and previous year.
- d) The Company does not have any excess amount spent during the current and the previous year and accordingly, no such carry forward of the excess amount.
- e) The Company does not have any ongoing projects as at 31 March 2022 and 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 2022

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

45. Fair value measurements (Contd..)

As at 31 March 2022

Particulars	Carrying amount					Fair value			
	FVOCI	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Non-current investments	1,463.59	-	-	-	1,463.59	-	-	1,463.59	1,463.59
Current investments	-	769.72	-	-	769.72	769.72	-	-	769.72
Other forward exchange contracts	-	15.27	-	-	15.27	-	15.27	-	15.27
Financial assets not measured at fair value									
Non-current investments	-	-	2,161.92	-	2,161.92				
Loans	-	-	2,024.37	-	2,024.37				
Other financial assets	-	-	782.74	-	782.74				
Trade receivables	-	-	4,154.87	-	4,154.87				
Cash and cash equivalents	-	-	76.31	-	76.31				
Other bank balance	-	-	1,769.34	-	1,769.34				
	1,463.59	784.99	10,969.55	-	13,218.13				
Financial liabilities not measured at fair value									
Borrowings	-	-	-	10,752.68	10,752.68				
Lease liabilities	-	-	-	60.89	60.89				
Trade payables	-	-	-	2,596.43	2,596.43				
Other financial liabilities	-	-	-	629.68	629.68				
	-	-	-	14,039.68	14,039.68				

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
Financial assets measured at fair value									
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
Financial assets not measured at fair value									
Non-current investments	-	-	2,160.92	-	2,160.92				
Loans	-	-	35.94	-	35.94				
Other financial assets	-	-	720.46	-	720.46				
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				
	1,140.14	1,275.48	9,740.31	-	12,155.93				
Financial liabilities not measured at fair value									
Borrowings	-	-	-	10,462.40	10,462.40				
Lease liabilities	-	-	-	81.87	81.87				
Trade payables	-	-	-	2,990.78	2,990.78				
Other financial liabilities	-	-	-	454.09	454.09				
	-	-	-	13,989.14	13,989.14				

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

45. Fair value measurements (Contd..)

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 2022 and 31 March 2021.

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 quoted equity instruments measured at fair value through profit or loss	The fair value of investment in equity instruments is determined using quoted prices 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"> - the long-term growth rate would be higher (lower); - the discount rate were lower (higher).

Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of short-term trade and other receivables, trade payables, cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

For other financial liabilities/ assets that are not measured at fair value, the carrying amounts are considered equal to their respective fair values.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

45. Fair value measurements (Contd..)

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.

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.

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 2022	31 March 2021
Financial assets for which loss allowance is measured using 12 months expected credit loss model:		
Non-current investments	3,625.51	3,301.06
Other non-current financial assets	411.24	424.40
Current investments	769.72	1,275.48
Cash and cash equivalents	76.31	195.98

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

45. Fair value measurements (Contd..)

Particulars	31 March 2022	31 March 2021
Other bank balances	1,769.34	2,471.21
Current loans	2,024.37	35.94
Other current financial assets	386.76	296.06
	9,063.25	8,000.13
Financial assets for which loss allowance is measured using life time expected credit loss:		
Trade receivables	4,154.87	4,155.80
	4,154.87	4,155.80

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 2022	4,098.56	42.62	15.88	84.54	52.76	4,294.36
Gross carrying amount as 31 March 2021	4,007.58	133.74	1.32	1.60	48.39	4,192.63

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 2022, the Company has a working capital of ₹ 12,391.85 Lacs (31 March 2021 - ₹ 11,574.57 Lacs) including cash and cash equivalents of ₹ 76.31 Lacs (31 March 2021 - ₹ 195.98 Lacs).

(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 2022	As at 31 March 2021
Non- derivative financial liabilities		
Floating-rate borrowings		
- Expiring within one year	5,508.61	3,894.47
- Expiring beyond one year	-	-

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

45. Fair value measurements (Contd..)

(ii) Maturities of financial liabilities

The following are the contractual maturities of non-derivative financial liabilities, based on contractual cash flows:

31 March 2022

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
Non-derivative financial liabilities						
Non current borrowings (including current maturities of non-current borrowings)	593.13	584.71	576.29	567.86	4,633.56	6,955.55
Lease liabilities	12.79	12.79	10.57	9.47	15.79	61.41
Other non-current financial liabilities						
- Security deposits	-	-	-	-	33.26	33.26
Current borrowings						
- Working capital loans	4,533.10	-	-	-	-	4,533.10
Trade payables	2,596.43	-	-	-	-	2,596.43
Creditors for capital expenditure	173.77	-	-	-	-	173.77
Interest accrued but not due	42.31	-	-	-	-	42.31
Employee related payables	359.36	-	-	-	-	359.36
Unclaimed dividend	20.99	-	-	-	-	20.99
Total	8,331.88	597.50	586.86	577.33	4,682.61	14,776.18

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	
Non-derivative financial liabilities						
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
Total	9,117.89	474.63	467.76	443.41	4,229.76	14,733.45

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.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

45. Fair value measurements (Contd..)

(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 2022			
	EURO	JPY	USD	GBP
Financial assets				
Trade receivables	679.72	-	12.10	9.47
Derivatives assets (INR in Lacs)	15.27	-	-	-
Financial liabilities				
Trade payables	4.95	0.08	53.87	-
Net exposure to foreign currency risk - assets / (liabilities)	690.04	(0.08)	(41.77)	9.47

Particulars	As at 31 March 2021			
	EURO	JPY	USD	GBP
Financial assets				
Trade receivables	548.42	-	34.18	3.70
Financial liabilities				
Trade payables	-	10.93	120.68	1.78
Net exposure to foreign currency risk - assets / (liabilities)	548.42	(10.93)	(86.50)	1.92

Sensitivity analysis

A strengthening/weakening 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.

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
31 March 2022		
INR/EUR	34.50	(34.50)
INR/USD	(2.09)	2.09
INR/GBP	0.47	(0.47)
INR/JPY	(0.01)	0.01

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

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

45. Fair value measurements (Contd..)

(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 2022	31 March 2021
Financial assets:		
Fixed rate instruments		
- Fixed deposits	1,748.35	2,448.91
Total	1,748.35	2,448.91
Variable-rate instruments		
- Rupee term loans	6,219.58	5,356.88
- Working capital facilities	4,533.10	5,105.53
Total	10,752.68	10,462.41

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.

5% movement	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
31 March 2022		
Rupee term loans	(70.71)	70.71
Working capital facility	(58.84)	(58.84)
Cash flow sensitivity (net)	(129.55)	129.55

5% movement	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
31 March 2021		
Rupee term loans	(61.98)	61.98
Working capital facility	(51.49)	51.49
Cash flow sensitivity (net)	(113.47)	113.47

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.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

46. Capital management (Contd..)

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 2022	31 March 2021
Total borrowings	10,794.98	10,495.86
Less: Cash and cash equivalents	76.31	195.98
Net debt	10,718.67	10,299.88
Total equity	36,311.95	33,463.15
Net debt to equity ratio	0.30	0.31

47. Accounting ratios

Additional regulatory information with respect to the specified ratios as required by paragraph 6(L)(xiv) of the general instructions for preparation of balance sheet to Schedule III to the Act:

Ratio	Numerator	Denominator	As at 31 March 2022	As at 31 March 2021	% variance	Reason for variance
Current ratio	Current assets	Current liabilities	2.15	2.05	5%	Not applicable, refer note below
Debt equity ratio	Net debt = Total borrowings - cash and cash equivalents	Total equity	0.30	0.31	-4%	Not applicable, refer note below

Ratio	Numerator	Denominator	For the year ended 31 March 2022	For the year ended 31 March 2021	% variance	Reason for variance
Debt service coverage ratio	Earning available for debt service = Net profit after taxes + Non-cash operating expenses/income (net) + interest expenses + provision for impairment in the value of investments	Debt service = Interest and lease payments + principal repayments of long-term borrowings	2.50	2.07	21%	Not applicable, refer note below
Return on equity ratio	Net profit after taxes	Average shareholder's equity	9%	8%	12%	Not applicable, refer note below
Inventory turnover ratio	Cost of goods sold	Average inventories	1.79	1.44	25%	Increase in revenue and operations has resulted in an improvement in the ratio
Trade receivables turnover ratio	Net sales	Average trade receivables	11.12	10.00	11%	Not applicable, refer note below
Trade payables turnover ratio	Cost of goods sold + consumption of stores and spares + job work charges + consumption of packing materials + power and fuel	Average trade payables	10.55	8.01	32%	Increase in revenue and operations alongwith quicker payment to vendors has resulted in an improvement in the ratio

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

47. Accounting ratios (Contd..)

Ratio	Numerator	Denominator	For the year ended 31 March 2022	For the year ended 31 March 2021	% variance	Reason for variance
Net capital turnover ratio	Net sales	Working capital = current assets - current liabilities	3.73	3.01	24%	Not applicable, refer note below
Net profit ratio	Net profit after taxes	Revenue from operations	6%	7%	-8%	Not applicable, refer note below
Return on capital employed	Earnings before interest and taxes + provision for impairment in the value of investments	Capital employed = Tangible net worth + total debt + deferred tax liabilities	10%	10%	3%	Not applicable, refer note below
Return on investment	Income generated from invested fund	Average invested fund in treasury investments	5.40%	4.78%	13%	Not applicable, refer note below

Note:

Reasons for variance in the ratios are required to be furnished when variance is more than 25%.

48. 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.

Description	Year ended 31 March 2022	Year ended 31 March 2021
Revenue by geography	Fasteners	Fasteners
Domestic	41,407.41	32,453.34
Export	4,788.73	2,355.58
	46,196.14	34,808.92
Customer wise		
Related party	-	3.48
Non-related party	46,196.14	34,805.44
	46,196.14	34,808.92
Revenue by time		
Revenue recognised at point in time	46,196.14	34,808.92
	46,196.14	34,808.92

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

48. Disclosures pursuant to Ind AS 115, Revenue from Contracts with Customers, are as follows: (Contd..)

(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 2022	Year ended 31 March 2021
Amounts included in contract liabilities at the beginning of the year	193.64	23.95
Performance obligations satisfied in previous years	-	-
	193.64	23.95

(c) Assets and liabilities related to contracts with customers

Description	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Contract assets related to sale of goods	-	-	-	-
Contract liabilities related to sale of goods				
Advance from customers	-	202.49	-	193.64
Security deposit	33.26	-	28.05	-

(d) Significant changes in contract assets and liabilities

Changes in balance of contract liabilities during the year:

Description	31 March 2022	31 March 2021
Opening balance of contract liabilities	221.69	50.34
Amount of revenue recognised against opening contract liabilities	(193.64)	(23.95)
Addition in balance of contract liabilities for current year	207.70	195.30
Closing balance of contract liabilities	235.75	221.69

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 2022	Year ended 31 March 2021
Contract price	47,473.34	35,791.38
Less: Discounts and freight	1,277.20	982.46
Revenue from operations as per Statement of Profit and Loss	46,196.14	34,808.92

(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 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.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

48. Disclosures pursuant to Ind AS 115, Revenue from Contracts with Customers, are as follows: (Contd..)

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.

49. 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:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Haryana Ispat Private Limited (subsidiary)	Sterling Gtate E-mobility Limited (subsidiary)	Haryana Ispat Private Limited (subsidiary)	Sterling Gtate E-mobility Limited (subsidiary)
Investments				
Investments at the beginning of the year	1,198.50	844.60	1,198.50	300.00
Investments at the end of the year	1,198.50	845.60	1,198.50	844.60
Loan given				
Loan outstanding at the beginning of the year	-	-	-	-
Loan outstanding at the end of the year	-	2,000.00	-	-
Corporate guarantee on behalf of subsidiary company				
Corporate guarantee at the beginning of the year	-	-	-	-
Corporate guarantee at the end of the year	-	5,000.00	-	-

50. 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 ₹ 45.88 Lacs (31 March 2021 - ₹ 81.04 Lacs). The carrying value of such inventories carried at fair value less costs to sell amounts to ₹ 793.06 Lacs (31 March 2021 - ₹ 548.24 Lacs).

51. The Company continues to closely monitor the impact of COVID - 19 pandemic and currently believes that there is no material impact on its operations and financial performance including recoverability of its assets.

52. The Board of Directors have recommended a final dividend of ₹ 1 per share (face value of ₹ 2 per share) for the financial year 2021-22, which is subject to the approval of the members at the ensuing Annual General Meeting.

Summary of significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2022

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

53. Other statutory information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (ii) The Company has not been declared wilful defaulter by any bank or financial institutions or other lenders.
- (iii) The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- (iv) The Company does not have any charges or satisfaction which is yet to be registered with Registrars of Companies ('ROC') beyond the statutory period.
- (v) The Company has complied with number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (viii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the current and preceding year in the tax assessments under the Income-tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961).
- (ix) The Company has not traded or invested in crypto currency or virtual currency during the current and the preceding financial year.

As per our report of even date attached.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

For and on behalf of the 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: Mumbai
Date: 18 May 2022

Place: Faridabad
Date: 18 May 2022

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 2022, 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 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group and its joint venture, as at 31 March 2022, 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 Group and its joint venture 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 consolidated 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 together with 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 of the subsidiaries and joint venture, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter

Revenue recognition

The Holding Company's revenue is derived primarily from manufacturing and sale of hi-tensile cold forged fasteners recognised in accordance with the accounting policy described in note 1(C)(12) to the accompanying consolidated financial statements. Refer note 29 and 47 for details of revenue recognised during the year from a large number of customers across geographies.

In accordance with the principles of Ind AS 115, Revenue from Contracts with Customers, ('Ind AS 115') revenue from the sale of products is recognised by the Holding Company when the performance obligation is satisfied, i.e., when the 'control' of the goods underlying the particular performance obligation is transferred to the customer. The performance obligations are generally considered to be satisfied by the management at the

How our audit addressed the key audit matter

Our audit procedures for testing revenue recognition included, but were not limited to the following:

- Understood the revenue recognition process and assessed the appropriateness of the revenue recognition policies adopted by the Holding Company in accordance with principles enunciated under Ind AS 115;
- Evaluated the design and implementation of Holding Company's key financial controls in respect of revenue recognition and tested the operating effectiveness of such controls for a sample of transactions;
- Performed substantive testing of revenue transactions recorded during the year using statistical sampling by verifying the underlying supporting documents including customer contracts, customer's purchase orders, sales order, invoices and proof of delivery;

Independent Auditor’s Report to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2022 (cont’d)

Key audit matter	How our audit addressed the key audit matter
<p>time of delivery of goods to the customer/carrier in accordance with the terms and conditions included in the revenue contracts. Revenue recognition from sale of products also involves determination of variable consideration on account of volume discounts and other rebate programs run by the Holding Company, which requires estimates to be made by the management at each period end.</p> <p>Further, the Holding Company and its external stakeholders focus on revenue as a key performance measure, which could be an incentive or external pressures to meet expectations resulting in revenue being overstated or recognized before control has been transferred.</p> <p>The above factors and the amounts involved, required considerable audit efforts in testing revenue recorded during the year, and therefore, we have identified revenue recognition as a key audit matter in the current year audit.</p>	<ul style="list-style-type: none"> • Performed testing of samples of revenue transactions recorded for specified period before and after year-end by verifying underlying documents as above to determine whether revenue was recognised in the correct period; • Obtained confirmations for invoices outstanding at the year-end on a sample basis and reviewed the reconciling items, if any; • Tested manual journal entries posted to revenue; • Assessed the adequacy of the disclosures made by the management in accordance with the applicable accounting standards.

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 are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation

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 Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. 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 Group 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of 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.

Independent Auditor's Report to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2022 (cont'd)

9. Those respective 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 consolidated 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 specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system 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 Board of Directors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
 - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities 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 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.

Independent Auditor's Report to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2022 (cont'd)

Other Matter

15. We did not audit the financial statements of two subsidiaries, whose financial statements reflects total assets of ₹ 3,461.45 Lacs and net assets of ₹ 467.97 Lacs as at 31 March 2022, total revenues of ₹ 3,854.03 Lacs and net cash outflows amounting to ₹ 310.56 Lacs 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 ₹ 61.66 Lacs for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of the joint venture, whose financial statements has not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries and joint venture, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above 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 has 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. 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. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies and the joint venture company.

17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered

under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and joint venture, we report, to the extent applicable, that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- 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 2022 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' wherein we have expressed an 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 and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries and joint venture:

Independent Auditor's Report to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2022 (cont'd)

- 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 Holding Company, its subsidiary companies and joint venture company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2022. Further, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and joint venture company, during the year ended 31 March 2022;
- iv. a. The respective managements of the Holding Company, its subsidiary companies and joint venture company have represented to us and the other auditors of such subsidiaries and joint venture respectively that, to the best of their knowledge and belief, as disclosed in note 52(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies or its joint venture company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, or its joint venture company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b. The respective managements of the Holding Company, its subsidiary companies and joint venture company have represented to us and the other auditors of such subsidiaries and joint venture respectively that, to the best of their knowledge and belief, as disclosed in the note 52(vi) to the accompanying consolidated financial statements, no

funds have been received by the Holding Company or its subsidiary companies or its joint venture company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, or its joint venture company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries and joint venture, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The final dividend paid by the Holding Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 51 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

Further, the subsidiary companies and joint venture company have not declared or paid any dividend during the year ended 31 March 2022

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

Rajni Mundra
Partner

Place: Mumbai
Date: 18 May 2022

Membership No.: 058644
UDIN: 22058644AJDZBC6016

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 2022

List of entities included in the consolidated financial statements

- a. Haryana Ispat Private Limited, subsidiary;
- b. Sterling Gtake E-mobility Limited, subsidiary; and
- c. Sterling Fabory India Private Limited, joint venture.

Annexure II to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2022

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 2022, 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 Consolidated Financial Statements

3. The audit of internal financial controls with reference to financial statements of the aforementioned joint venture, 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 consolidated 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated 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 consolidated 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 Consolidated Financial Statements

6. A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that internal financial controls with reference to consolidated 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 consolidated financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated 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 ₹ 3,461.45 Lacs and net assets of ₹ 467.97 Lacs as at 31 March 2022, total revenues of ₹ 3,854.03 Lacs and net cash outflows amounting to ₹ 310.56 Lacs 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 Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajni Mundra
Partner

Place: Mumbai
Date: 18 May 2022

Membership No.: 058644
UDIN: 22058644AJDZBC6016

Consolidated Balance Sheet

as at 31 March 2022

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

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	27,946.91	25,584.70
(b) Capital work-in-progress	3	104.04	34.67
(c) Right-of-use assets	41	56.87	77.09
(d) Other intangible assets	4	43.87	60.82
(e) Financial assets			
(i) Investments	5	1,578.78	1,316.98
(ii) Other financial assets	6	413.78	426.94
(f) Income-tax assets (net)	7	13.98	80.56
(g) Other non-current assets	8	844.53	755.58
Total non-current assets		31,002.76	28,337.34
Current assets			
(a) Inventories	9	11,611.55	10,968.68
(b) Financial assets			
(i) Investments	10	769.72	1,275.48
(ii) Trade receivables	11	4,732.99	4,163.29
(iii) Cash and cash equivalents	12	82.40	512.63
(iv) Bank balances other than (iii) above	13	2,219.34	2,720.11
(v) Loans	14	24.74	35.94
(vi) Other financial assets	15	400.46	305.65
(c) Other current assets	16	4,147.95	3,310.95
Total current assets		23,989.15	23,292.73
TOTAL ASSETS		54,991.91	51,630.07
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	720.48	720.48
(b) Other equity	18	34,857.86	32,426.79
Total equity attributable to owners of the Holding Company		35,578.34	33,147.27
Non-controlling interest		-	0.67
Total equity		35,578.34	33,147.94
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	4,261.29	3,774.83
(i.a) Lease liabilities	41	15.54	32.58
(ii) Other financial liabilities [other than those specified in item (b)]	20	33.26	28.05
(b) Provisions	21	204.53	148.98
(c) Deferred tax liabilities (net)	22	1,648.54	1,689.54
(d) Other non-current liabilities	23	1,586.63	1,614.27
Total non-current liabilities		7,749.79	7,288.25
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	6,680.99	6,687.58
(i.a) Lease liabilities	41	45.35	49.29
(ii) Trade payables			
A) Total outstanding dues of micro enterprises and small enterprises; and	25	801.77	809.32
B) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,383.10	2,243.73
(iii) Other financial liabilities [other than those specified in item (c)]	26	648.46	507.39
(b) Other current liabilities	27	1,012.02	755.14
(c) Provisions	21	92.09	40.36
(d) Current tax liabilities (net)	28	-	101.07
Total current liabilities		11,663.78	11,193.88
Total liabilities		19,413.57	18,482.13
TOTAL EQUITY AND LIABILITIES		54,991.91	51,630.07

Note 1 to 52 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 Registration No. 001076N/N500013

Rajni Mundra
Partner
Membership no. 058644

For and on behalf of the 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: Mumbai
Date: 18 May 2022

Place: Faridabad
Date: 18 May 2022

Consolidated Statement of Profit and Loss

for the year ended 31 March 2022
(All amounts in Lacs of Indian Rupees, unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
Revenue from operations	29	50,958.32	35,548.05
Other income	30	302.65	303.06
Total income		51,260.97	35,851.11
Expenses			
Cost of materials consumed	31	23,432.91	13,694.87
Changes in inventories of finished goods and work-in-progress	32	(1,029.22)	(1,549.20)
Employee benefits expense	33	4,455.96	3,790.72
Finance costs	34	686.74	760.25
Depreciation and amortisation expenses	35	2,733.55	2,637.65
Other expenses	36	17,442.69	13,432.26
Total expenses		47,722.63	32,766.55
Profit before tax and share of loss of investment accounted for using equity method and tax		3,538.34	3,084.56
Share of loss of investment accounted for using equity method		(61.66)	(50.80)
Profit before tax		3,476.68	3,033.76
Tax expense:	22		
Current tax		1,043.95	774.33
Deferred tax		(120.83)	(91.48)
Total tax expense		923.12	682.85
Profit for the year		2,553.56	2,350.91
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		(5.53)	54.11
(b) Changes in fair value of equity investment through other comprehensive income		323.45	147.56
(ii) Income-tax relating to items that will not be reclassified to profit or loss		(79.83)	(50.76)
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income-tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year (net of tax)		238.09	150.91
Total comprehensive income for the year		2,791.65	2,501.82
Profit for the year attributable to			
a) Owners of the Holding Company		2,553.70	2,351.18
b) Non-controlling interest		(0.14)	(0.27)
		2,553.56	2,350.91
Other comprehensive income attributable to			
a) Owners of the Holding Company		238.09	150.91
b) Non-controlling interest		-	-
		238.09	150.91
Total comprehensive income attributable to			
a) Owners of the Holding Company		2,791.79	2,502.09
b) Non-controlling interest		(0.14)	(0.27)
		2,791.65	2,501.82
Earnings per equity share			
Basic and diluted (₹) [nominal value of share ₹ 2 (31 March 2021: ₹ 2)]	37	7.09	6.53

Note 1 to 52 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 Registration No. 001076N/N500013

Rajni Mundra
Partner
Membership no. 058644

Place: Mumbai
Date: 18 May 2022

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

Anil Aggarwal
Managing Director
DIN no. 00027214

Pankaj Gupta
Chief Financial Officer

Place: Faridabad
Date: 18 May 2022

Atul Aggarwal
Director
DIN no. 00125825

Vaishali Singh
Company Secretary
Membership no. A15108

Consolidated Statement of Cash Flows for the year ended 31 March 2022

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A Cash flow from operating activities		
Net profit before tax	3,476.68	3,033.76
Adjustments for:		
Share of loss for investment in joint venture	61.66	50.80
Depreciation and amortisation expenses	2,733.55	2,637.65
Unrealised foreign exchange loss	1.51	7.65
Interest on delayed payment of advance taxes	0.50	20.35
Loss on disposal of property, plant and equipment (net)	3.72	89.91
Finance costs	640.60	713.37
Interest on lease liabilities	6.78	10.29
Interest income	(136.68)	(242.32)
Amortisation of grant income	(219.20)	(233.95)
Gain on sale of mutual fund	(7.73)	(6.91)
Gain on fair value of mutual fund	(20.19)	(11.89)
Income from investment in equity instruments	(64.90)	-
Liabilities no longer required, written back	(7.91)	(15.84)
Gain on fair value of forward contracts	(15.27)	(5.84)
Bad debts written off	1.08	12.79
Provision for loss allowance	-	32.05
Provision for warranty	112.68	-
Allowance for expected credit loss	102.66	-
Operating profit before working capital changes	6,669.54	6,091.87
(Increase)/decrease in financial assets	(699.43)	864.64
(Increase) in other assets	(814.03)	(1,564.09)
Increase in financial liabilities	151.06	1,228.08
(Increase) in inventories	(642.87)	(5,024.78)
Increase in other liabilities	448.43	799.14
(Decrease)/increase in provisions	(10.93)	19.08
Net cash generated from operations	5,101.77	2,413.94
Income-tax paid (net)	(1,078.93)	(831.76)
Net cash from operating activities (A)	4,022.84	1,582.18
B Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work- in progress and payment for capital advances)	(5,179.21)	(1,749.26)
Proceeds from disposal of property, plant and equipment	53.82	19.95
Proceeds from maturity of/(investment in) fixed deposit	499.46	(2,697.81)
Redemption of/(investment in) mutual funds	577.42	(692.61)
Dividend on investment in equity instruments	0.71	-
Gain on sale of equity instruments	61.78	-
Interest received	107.11	244.25
Investment in equity instruments	(42.35)	(56.47)
Net cash used in investing activities (B)	(3,921.26)	(4,931.95)

Consolidated Statement of Cash Flows for the year ended 31 March 2022

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C Cash flows from financing activities		
Proceeds from non-current borrowings	2,589.50	625.00
Repayment of non-current borrowings	(1,726.80)	(2,058.08)
Final dividend paid	(360.25)	-
(Repayment of)/proceeds from current borrowings (net)	(382.82)	4,529.80
Repayment of lease liabilities	(69.75)	(77.04)
Interest paid	(581.69)	(725.62)
Net cash (used in)/from financing activities (C)	(531.81)	2,294.06
Net decrease in cash and cash equivalents (A+B+C)	(430.23)	(1,055.71)
Cash and cash equivalents at the beginning of the year	512.63	1,568.34
Cash and cash equivalents at the end of the year	82.40	512.63
Components of cash and cash equivalents (refer note 12):		
Balances with scheduled banks in current accounts	77.44	231.92
Cash on hand	4.96	5.71
Balances with banks in deposit accounts with original maturity upto three months	-	275.00
	82.40	512.63

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

	Lease liabilities	Non-current borrowings including current maturities of long term borrowings	Current borrowings	Dividend
Opening balance as on 1 April 2020	135.68	6,835.67	575.72	-
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)	-
Closing balance as on 31 March 2021	81.87	5,390.33	5,105.53	-
Add: Non cash changes due to-				
- Recognition of lease liabilities	32.63	-	-	-
- Interest expense	6.78	313.48	325.24	-
- Fair value changes	-	1.88	-	-
- Final dividend	-	-	-	360.25

Consolidated Statement of Cash Flows for the year ended 31 March 2022

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

	Lease liabilities	Non-current borrowings including current maturities of long term borrowings	Current borrowings	Dividend
Less: Non cash changes due to-				
- Adjustment in lease liabilities on modification	9.36	-	-	-
Add: Cash inflows during the year				
- Proceeds from non-current borrowings	-	2,589.50	-	-
- Proceeds from current borrowings	-	-	(382.82)	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings	-	(1,726.80)	-	-
- Repayment of lease liabilities	(69.75)	-	-	-
- Interest paid	-	(256.45)	(325.24)	-
- Final dividend paid	-	-	-	(360.25)
Closing balance as on 31 March 2022	60.89	6,311.94	4,722.71	-

The consolidated 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 52 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 Registration No. 001076N/N500013

For and on behalf of the 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: Mumbai
Date: 18 May 2022

Place: Faridabad
Date: 18 May 2022

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022
(All amounts in Lacs of Indian Rupees, unless otherwise stated)

(A) Equity share capital

Particulars	Note	Number (Lacs)	Amount
Balance as at 1 April 2020	17	360.24	720.48
Changes in equity share capital during the year		-	-
Balance as at 31 March 2021	17	360.24	720.48
Changes in equity share capital during the year		-	-
Balance as at 31 March 2022	17	360.24	720.48

(B) Other equity

Particulars	Note	Reserves and surplus				Equity instruments through other comprehensive income	Total
		Capital reserve	Securities premium	General reserve	Retained earnings		
Balance as at 1 April 2020	18	6.65	4,735.69	2,786.46	21,993.29	403.35	29,925.44
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)
Balance as at 31 March 2021	18	6.65	4,735.69	2,786.46	24,384.22	513.77	32,426.79
Profit for the year		-	-	-	2,553.70	-	2,553.70
Other comprehensive income							
Remeasurement of defined benefit obligation (net of tax)		-	-	-	(3.96)	-	(3.96)
Changes in fair value of equity investment through other comprehensive income (net of tax)		-	-	-	-	242.05	242.05
Final dividend paid on equity shares		-	-	-	(360.25)	-	(360.25)
Impact on change in the non-controlling interests		-	-	-	(0.47)	-	(0.47)
Balance as at 31 March 2022	18	6.65	4,735.69	2,786.46	26,573.24	755.82	34,857.86

Note 1 to 52 form an integral part of these consolidated financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

For and on behalf of the 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: Mumbai
Date: 18 May 2022

Place: Faridabad
Date: 18 May 2022

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(All amounts in Lakh of 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 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

On 23 March 2022, the Ministry of Corporate Affairs ('MCA') amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April 2022, as below:

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group is in the process of evaluation, however, does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its consolidated financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that

relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group is in the process of evaluation, however, does not expect the amendment to have any significant impact in its consolidated financial statements.

Ind AS 109 – Annual improvements to Ind AS

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to de-recognise a financial liability. The Group is in the process of evaluation, however, does not expect the amendment to have any significant impact in its consolidated financial statements.

Ind AS 106 – Annual improvements to Ind AS

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group is in the process of evaluation, however, does not expect the amendment to have any significant impact in its 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 Gtake 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 2022 were approved and authorised for issue by Board of Directors on 18 May 2022.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

(3) Overall considerations

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

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

(4) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. 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 consolidated 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 these consolidated financial statements.

(6) Functional and presentation currency

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

(7) Current and non-current classification

The Group presents assets and liabilities in the consolidated 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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

All other assets are classified as non-current.

A liability is current when:

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

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

All other liabilities are classified as non-current.

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

Operating cycle

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

(8) Measurement of fair values

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

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

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

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

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

-Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

-Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels 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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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 consolidated 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 consolidated statement of profit and loss.

(2) Depreciation

Depreciation is recognised in consolidated 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 consolidated statement of profit and loss.

3.3 Amortisation

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

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

(4) Capital work-in-progress

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

(5) Borrowing costs

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

When the 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.

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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 Consolidated 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.

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 consolidated 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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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 consolidated 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 consolidated statement of profit and loss.

15.3 Defined benefit plan

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

The Group's net obligation in respect of defined benefit plan is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current 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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

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

(17) Taxes on income

Income-tax expense comprises current and deferred tax. Current tax expense is recognised in the consolidated 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 consolidated 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.

(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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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 consolidated 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 consolidated statement of profit and loss.

Derecognition

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

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

Impairment of financial assets

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

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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 consolidated 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 consolidated 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 consolidated statement of profit and loss.

23.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance

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

D. Significant accounting judgments, estimates and assumptions

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

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

In order to enhance understanding of the consolidated financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is as under:

(1) 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 respective Company's (included in the Group) 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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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 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 analysing 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.

Estimate and judgments are continuously evaluated. They are based on historical experience and other factors including expectations 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 consolidated financial statements for the year ended 31 March 2022

(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	Computers	Total
Gross block									
As at 1 April 2020	3,048.48	6,387.95	30,163.50	249.65	497.85	462.12	1,035.72	175.00	42,020.27
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)
Balance as at 31 March 2021	3,048.48	6,504.54	31,415.91	299.68	502.15	501.37	1,106.01	265.30	43,643.44
Additions	-	973.15	3,751.13	82.22	132.27	21.20	57.93	44.52	5,062.42
Disposals/ adjustments	-	-	(108.18)	-	(65.06)	(7.11)	-	-	(180.35)
Balance as at 31 March 2022	3,048.48	7,477.69	35,058.86	381.90	569.36	515.46	1,163.94	309.82	48,525.51
Accumulated depreciation									
As at 1 April 2020	-	1,395.90	13,429.76	108.47	203.16	231.76	422.33	68.95	15,860.33
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)
Balance as at 31 March 2021	-	1,598.78	15,199.23	131.06	217.79	296.37	494.35	121.16	18,058.74
Charge for the year	-	205.63	2,144.96	25.26	60.85	65.08	73.91	66.98	2,642.67
Adjustments for disposals	-	-	(93.08)	-	(23.22)	(6.51)	-	-	(122.81)
Balance as at 31 March 2022	-	1,804.41	17,251.11	156.32	255.42	354.94	568.26	188.14	20,578.60
Net block as at 31 March 2021	3,048.48	4,905.76	16,216.68	168.62	284.36	205.00	611.66	144.14	25,584.70
Net block as at 31 March 2022	3,048.48	5,673.28	17,807.75	225.58	313.94	160.52	595.68	121.68	27,946.91

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 2020	63.62
Additions	34.67
Capitalised during the year	(63.62)
Balance as at 31 March 2021	34.67
Additions	3,355.50
Capitalised during the year	(3,286.13)
Balance as at 31 March 2022	104.04

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

Ageing schedule of capital work-in-progress is as follows:

Particulars	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
- Projects in progress	104.04	-	-	-	104.04
- Projects temporarily suspended	-	-	-	-	-
					104.04
As at 31 March 2021					
- Projects in progress	34.67	-	-	-	34.67
- Projects temporarily suspended	-	-	-	-	-
					34.67

There are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

4. Other intangible assets

Particulars	Computer software	Total
Gross block		
As at 1 April 2020	76.79	76.79
Additions	43.27	43.27
Balance as at 31 March 2021	120.06	120.06
Additions	11.72	11.72
Balance as at 31 March 2022	131.78	131.78
Accumulated amortisation		
As at 1 April 2020	38.92	38.92
Charge for the year	20.32	20.32
Balance as at 31 March 2021	59.24	59.24
Charge for the year	28.67	28.67
Balance as at 31 March 2022	87.91	87.91
Net block as at 31 March 2021	60.82	60.82
Net block as at 31 March 2022	43.87	43.87

5. Non-current financial assets - investments

Particulars	As at 31 March 2022	As at 31 March 2021
Unquoted investments		
Investment in equity instrument in joint venture (carried at cost)		
3,405,000 equity shares (31 March 2021: 3,405,000 equity shares) of ₹ 10 each fully paid up in Sterling Fabory India Private Limited, (refer note: a)	115.19	176.84
Investment in equity instruments (carried at fair value through other comprehensive income)		
9,922 equity shares (31 March 2021: 9,922 equity shares) of ₹ 10 each fully paid up in Alltgreen Propulsion Labs Private Limited	1,463.59	1,140.14
	1,578.78	1,316.98
Aggregate amount of unquoted investments	1,578.78	1,316.98
Aggregate amount of impairment in value of investments	-	-

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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 2022	As at 31 March 2021	
Sterling Fabory India Private Limited	India	50	50	Equity method in accordance with Ind AS 28 'Investments in Associates and Joint Ventures'

6. Non-current financial assets - others

Particulars	As at 31 March 2022	As at 31 March 2021
<i>(Unsecured, considered good)</i>		
Security deposits	413.78	426.94
	413.78	426.94

7. Income-tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Prepaid taxes (net of provision for tax)*	13.98	80.56
	13.98	80.56

*Refer note 28 for movement of taxes

8. Other non-current assets

Particulars	As at 31 March 2022	As at 31 March 2021
<i>(Unsecured and considered good)</i>		
Capital advances	799.58	687.66
Advances other than capital advances:		
- Prepaid expenses	24.79	36.45
- Balances with statutory authorities	20.16	31.47
	844.53	755.58

9. Inventories

Particulars	As at 31 March 2022	As at 31 March 2021
<i>(Valued at lower of cost and net realisable value)</i>		
Raw material [includes goods in transit of ₹ 272.58 Lacs (31 March 2021: nil)]	4,725.12	5,226.65
Work in progress	1,090.06	1,424.44
Finished goods [includes goods in transit of ₹ 613.51 Lacs (31 March 2021: nil)]	4,796.28	3,432.68
Stores, spares and consumables [includes goods in transit of ₹ 10.51 Lacs (31 March 2021: ₹ 0.27 Lacs)]	1,000.09	884.91
	11,611.55	10,968.68

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

10. Current financial assets - investments

Particulars	As at 31 March 2022	As at 31 March 2021
Quoted investment		
Investment in mutual funds (carried at fair value through profit or loss) *		
1,020,458.68 units (31 March 2021: 1,020,458.68 units) in IDFC Arbitrage Fund	287.25	274.57
3,934.25 units (31 March 2021: nil units) in Kotak Liquid Fund -Direct Plan - Growth Option	169.29	-
85,464.09 units (31 March 2021: nil units) in ICICI Prudential Liquid Fund -Direct Plan - Growth Option	269.43	-
Nil units (31 March 2021: 24,741.21 units) in HDFC Liquid Fund -Direct Plan - Growth Option	-	1,000.91
Investment in equity instruments (carried at fair value through profit or loss) **		
1,295 equity shares (31 March 2021: nil equity share) in SBI Life Insurance Company Limited	14.52	-
248 equity shares (31 March 2021: nil equity share) in Coforge Limited	11.05	-
17,610 equity shares (31 March 2021: nil equity share) in IDFC First Bank Limited	6.99	-
89 equity shares (31 March 2021: nil equity share) in Larsen & Toubro Infotech Limited	5.48	-
41 equity shares (31 March 2021: nil equity share) in Ultratech Cement Limited	2.71	-
467 equity shares (31 March 2021: nil equity share) in Deepak Fertilisers and Petrochemicals Corporation Limited	2.62	-
18 equity shares (31 March 2021: nil equity share) in Schaeffler India Limited	0.35	-
14 equity shares (31 March 2021: nil equity share) in Oil India Limited	0.03	-
	769.72	1,275.48
Aggregate amount of quoted investments and market value thereof	769.72	1,275.48

*Includes investment in mutual funds which are monitored through Aventus Absolute Return Strategy.

**Includes investment in equity instruments which are monitored through Aventus Absolute Return Strategy.

11. Current financial assets - trade receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables		
Trade receivables - considered good, unsecured	4,732.99	4,163.29
Trade receivables - credit impaired	139.49	36.83
	4,872.48	4,200.11
Less: allowance for expected credit loss	(139.49)	(36.83)
	4,732.99	4,163.29

Movement in the allowance for expected credit loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning of the year	36.83	36.83
Add: Allowance provided during the year	102.66	-
Less: Amounts written off during the year	-	-
Balance at the end of the year	139.49	36.83

- All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.
- Refer Note 24 for information on trade receivables pledged as security by the Group.
- There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

Ageing schedule of trade receivables is as follows:

As at 31 March 2022	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	3,332.50	1,384.22	5.38	9.74	0.93	0.22	4,732.99
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	36.83	36.83
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	1.45	96.16	5.05	-	-	102.66

As at 31 March 2021	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	3,339.82	808.99	2.92	1.58	5.83	4.15	4,163.29
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	36.83	36.83
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-

12. Current financial assets - cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with scheduled banks in current accounts	77.44	231.92
Cash on hand	4.96	5.71
Balances with banks in deposit accounts with original maturity upto three months	-	275.00
	82.40	512.63

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

13. Current financial assets - Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Unpaid dividend accounts (earmarked balances with banks)*	20.99	22.30
Balances with banks in deposit accounts with original maturity of more than three months but residual maturity of less than twelve months **	2,198.35	2,697.81
	2,219.34	2,720.11

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

** Includes fixed deposits with banks amounting to ₹ 521.10 Lacs (31 March 2021 - nil), which are monitored through Avendus Absolute Return Strategy, where the Holding Company is the sole beneficial owner of the said fixed deposits.

14. Current financial assets - loans

Particulars	As at 31 March 2022	As at 31 March 2021
(Unsecured and considered good)		
Loans receivable	10.43	20.33
Interest accrued but not due	14.31	15.61
	24.74	35.94

15. Current financial assets - others

Particulars	As at 31 March 2022	As at 31 March 2021
(Unsecured and considered good)		
Export incentive receivable	15.89	104.13
Less: Provision for loss allowance	-	(32.05)
	15.89	72.08
Derivatives designated as hedges		
- Foreign exchange forward contracts	15.27	-
Interest accrued but not due on fixed deposits with banks	122.92	92.04
Receivable from portfolio management services *	80.12	-
Security deposits	25.23	-
Gratuity recoverable	1.41	7.09
Others	139.62	134.44
	400.46	305.65

*During the year, the Holding Company has availed the services of Avendus Capital Public Markets Alternate Strategies LLP for managing its investment portfolio. This amount represents the surplus cash and bank balances lying with the portfolio management services.

Movement in the provisions for loss allowance

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning of the year	32.05	-
Add: provision created during the year	-	32.05
Less: Amounts written off during the year	(32.05)	-
Balance at the end of the year	-	32.05

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

16. Other current assets

Particulars	As at 31 March 2022	As at 31 March 2021
Advances other than capital advances:		
Prepaid expenses	50.06	50.05
Balance with government authorities	2,409.20	1,757.65
Surplus of plan assets over obligation (refer note 38)	23.54	-
Advance to suppliers	1,488.54	1,503.25
Other receivable	176.61	-
	4,147.95	3,310.95

17. Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised:		
50,000,000 equity shares (31 March 2021: 50,000,000 equity shares) of ₹ 2/- each	1,000.00	1,000.00
Issued, subscribed and paid up:		
36,024,211 equity shares (31 March 2021: 36,024,211 equity shares) of ₹ 2/- each	720.48	720.48
	720.48	720.48

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

	For the year ended 31 March 2022		For the year ended 31 March 2021	
	Number	Amount	Number	Amount
Equity shares outstanding as at the beginning of the year	3,60,24,211	720.48	3,60,24,211	720.48
Add: Equity shares issued during the year	-	-	-	-
Equity shares outstanding as at the end of the year	3,60,24,211	720.48	3,60,24,211	720.48

b. Terms/rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹ 2 per share (31 March 2021: ₹ 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 2022, the amount of per share final dividend recognised as distributions to equity shareholders is ₹ 1 per share (31 March 2021: nil per share) amounting to ₹ 360.25 Lacs (previous year - nil, excluding dividend distribution tax of nil).

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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

c. Shareholders holding more than 5% shares in the Holding Company*

	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% holding	No. of shares	% holding
Mr. Manohar Lal Aggarwal, Promoter	38,55,080	10.70%	38,55,080	10.70%
Mr. Anil Aggarwal, Promoter	61,10,583	16.96%	81,10,583	22.51%
Mr. Atul Aggarwal, Promoter	96,65,367	26.83%	96,65,367	26.83%
L&T Mutual Fund Trustee Limited	23,61,956	6.56%	23,61,956	6.56%
Meidoh Company Limited	18,01,211	5.00%	18,01,211	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.

e. Details of equity shares held by promoter in the Holding Company as at the end of the year:

	As at 31 March 2022			As at 31 March 2021		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
Mr. Manohar Lal Aggarwal	38,55,080	10.70%	-	38,55,080	10.70%	-
Mr. Anil Aggarwal	61,10,583	16.96%	-8.44%	81,10,583	22.51%	-
Mr. Atul Aggarwal	96,65,367	26.83%	-	96,65,367	26.83%	-
Mr. Akhill Aggarwal	16,60,000	4.61%	4.22%	6,60,000	1.83%	-
Mr. Anish Agarwal	17,01,000	4.72%	4.22%	7,01,000	1.95%	-
Ms. Promila Aggarwal	7,01,000	1.95%	-	7,01,000	1.95%	-

18. Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Capital reserve	6.65	6.65
Security premium	4,735.69	4,735.69
General reserve	2,786.46	2,786.46
Retained earnings	26,573.24	24,384.22
Equity instruments through other comprehensive income	755.82	513.77
Total	34,857.86	32,426.79

i) Capital reserve

Capital reserves represents proceeds of forfeited shares.

ii) Security premium

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

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

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

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

v) Equity instruments through other comprehensive income

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

*during the year, the Holding Company has paid a dividend of Re. 1 per share (previous year - nil) aggregating to ₹ 360.25 Lacs (previous year - nil). This includes payments to the following related parties and their relatives - Mr. Anil Aggarwal - ₹ 81.11 Lacs (previous year - nil), Mr. Atul Aggarwal - ₹ 96.65 Lacs (previous year - nil), Mr. Akhill Aggarwal - ₹ 6.60 Lacs (previous year - nil), Mr. Anish Aggarwal - ₹ 7.01 Lacs (previous year - nil), Mr. Manohar Lal Aggarwal - ₹ 38.55 Lacs (previous year - nil) and Ms. Promila Aggarwal - ₹ 7.01 Lacs (previous year - nil).

19. Non current financial liabilities - Borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
Indian rupee loan from banks (secured)		
Term loans	6,219.58	5,356.88
Less: Current maturities of long-term borrowings (refer note 24)	(1,958.29)	(1,582.05)
	4,261.29	3,774.83

- 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 Plot No 109-110, Vemgal Industrial Area, District Kolar, Bangalore, Karnataka and hypothecation of plant and machinery and other property, plant and equipment.
- 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%	520.00	August 2019	Monthly	June 2024	28
7.20%	402.27	January 2020	Monthly	December 2024	33
6.75%	2,400.00	December 2019	Monthly	November 2024	32
6.75%	153.70	September 2021	Monthly	September 2026	54
6.75%	782.34	October 2021	Monthly	September 2026	54
6.75%	78.27	November 2021	Monthly	September 2026	54
6.75%	797.22	December 2021	Monthly	September 2026	54
6.75%	276.30	February 2022	Monthly	September 2026	51
6.75%	356.95	March 2022	Monthly	September 2026	51
6.75%	447.92	November 2020	Monthly	September 2025	42

- c) There has been no default in servicing of loan during the year.
- d) The term loans have been used for the specific purpose for which they were availed.

20. Non-current financial liabilities - others

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposits	33.26	28.05
	33.26	28.05

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

21. Provisions

	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Provisions for employee benefit obligations (refer note 38)	129.41	54.53	148.98	40.36
Other provisions				
Provision for warranty	75.12	37.56	-	-
	204.53	92.09	148.98	40.36

Movement in the provision for warranty

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning of the year	-	-
Add: provision created during the year	112.68	-
Less: Amounts adjusted during the year	-	-
Balance at the end of the year	112.68	-

22. Deferred tax liabilities (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax liability		
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,642.21	1,675.63
Fair value of forward exchange contracts	3.84	-
Fair value of investments in equity instruments	254.19	172.79
Sub-total (a)	1,900.24	1,848.42
Deferred tax assets		
Employee benefits	76.51	79.48
Allowance for expected credit loss	35.11	9.27
Provision for loss allowance	-	8.07
Impact of difference between right-of-use assets and lease liabilities	1.02	1.20
Effective interest rate adjustment	0.47	0.66
Others	138.59	60.20
Sub-total (b)	251.70	158.88
Net deferred tax liability [(a) - (b)]	1,648.54	1,689.54

Movement in deferred tax balances

Particulars	As at 1 April 2021	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2022
Deferred tax liabilities				
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,675.63	(33.42)	-	1,642.21
Fair value of forward exchange contracts	-	3.84	-	3.84
Fair value of investments in equity instruments	172.79	-	81.40	254.19
Sub- total (a)	1,848.42	(29.58)	81.40	1,900.24

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

22. Deferred tax liabilities (net) (Contd..)

Particulars	As at 1 April 2021	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2022
Deferred tax assets				
Employee benefits	79.48	(4.54)	1.57	76.51
Allowance for expected credit loss	9.27	25.84	-	35.11
Impact of difference between right-of-use assets and lease liabilities	1.20	(0.18)	-	1.02
Provision for loss allowance	8.07	(8.07)	-	-
Effective interest rate adjustment	0.66	(0.19)	-	0.47
Others	60.20	78.39	-	138.59
Sub- total (b)	158.88	91.25	1.57	251.70
Net deferred tax liabilities [(a)-(b)]	1,689.54	(120.83)	79.83	1,648.54

Particulars	As at 1 April 2020	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2021
Deferred tax liabilities				
Property plant and equipment and intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,712.07	(36.44)	-	1,675.63
Fair value of forward exchange contracts	(17.71)	17.71	-	-
Fair value of investments in equity instruments	135.65	-	37.14	172.79
Sub- total (a)	1,830.01	(18.73)	37.14	1,848.42
Deferred tax assets				
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
Effective interest rate adjustment	0.98	(0.32)	-	0.66
Others	1.06	59.14	-	60.20
Sub- total (b)	99.75	72.75	(13.62)	158.88
Net deferred tax liabilities [(a)-(b)]	1,730.26	(91.48)	50.76	1,689.54

i) Income-tax recognised in Consolidated Statement of Profit and Loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
Current year	1,089.34	960.55
Earlier years	(45.39)	(186.22)
	1,043.95	774.33
Deferred tax expense		
Origination and reversal of temporary differences	(120.83)	(91.48)
	(120.83)	(91.48)
Total income tax expense	923.12	682.85

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

ii) Income tax recognised in other comprehensive income

	31 March 2022			31 March 2021		
	Before tax	Tax expense/(benefit)	Net of tax	Before tax	Tax expense/(benefit)	Net of tax
Remeasurement of defined benefit plans	(5.53)	1.57	(3.96)	54.11	(13.62)	40.49
Changes in fair value of equity investment through other comprehensive income	323.45	(81.40)	242.05	147.56	(37.14)	110.42
	317.92	(79.83)	238.09	201.67	(50.76)	150.91

iii) Reconciliation of effective tax rate

	31 March 2022		31 March 2021	
	Rate	Amount	Rate	Amount
Profit before tax		3,476.68		3,033.77
Income-tax expense at tax rates applicable to individual entities included in the Group		925.77		738.33
Tax effect of:				
- Corporate social responsibility expenditure		23.55		29.10
- Tax adjustment for earlier years		(45.39)		(186.22)
- Others		19.19		101.64
At the effective income tax rate		923.12		682.85

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

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

Particulars	31 March 2022	31 March 2021
Base rate	22.00%	22.00%
Add: Surcharge @ 10%	2.20%	2.20%
	24.20%	24.20%
Add: Health and Education cess @ 4%	0.97%	0.97%
	25.17%	25.17%

23. Other non-current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred grant income [refer note (a) below]	1,550.88	1,580.02
Others	35.75	34.25
	1,586.63	1,614.27
(a) Movement of deferred grant income:		
Opening balance	1,798.31	1,501.01
Add: Grant received during the year	200.00	531.25
Less: Released to consolidated statement of profit and loss	(219.20)	(233.95)
	1,779.11	1,798.31
Deferred grant income:		
- Current	228.23	218.29
- Non-current	1,550.88	1,580.02
	1,779.11	1,798.31

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

During the year, the Holding Company has received subsidy amounting to ₹ 200.00 Lacs, for the construction of Effluent Treatment Plant (ETP), vide order no. CI/58/SPI/2013, under the Investment Policy of 2014-19. The aforesaid subsidy has been recognised as government grant by setting up a deferred grant income, which is amortized over the life of asset in accordance with Ind AS 20, 'Accounting for Government Grants and Disclosure of Government Assistance'.

24. Current financial liabilities - borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
Loans repayable on demand from banks (secured and carried at amortised cost)		
- Cash credit facilities	2,222.70	3,105.53
- Working capital demand loan	2,500.00	2,000.00
Current maturities of long-term borrowings (refer note 19)	1,958.29	1,582.05
	6,680.99	6,687.58

Note:

- a) The cash credit facilities and working capital demand loan obtained by the Holding Company 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 Plot No 109-110, Vemgal Industrial Area, District Kolar, Bangalore, Karnataka.

The cash credit facility obtained by the subsidiary company is primarily secured by corporate guarantee given by the Holding Company and exclusive charge on entire movable and current assets of that subsidiary company.

- b) The outstanding balance of cash credit facilities is repayable on demand and the rate of interest ranges between 7.00% to 7.60% (31 March 2021: 7.00% 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 5.0% to 5.9% (31 March 2021: 6.6% to 6.8%) per annum.
- d) The cash credit facilities and working capital demand loans have been used for the specific purpose for which they are taken as at the year end.
- e) Details of quarterly statements of current assets filed by the Holding Company with banks and reasons of material discrepancies:

For the year ended 31 March 2022:

Quarter ended	Name of bank	Particulars of securities provided	Amount as per books of account	Amount as reported in the quarterly return/statement	Amount of difference	Remarks
30 June 2021	HDFC Bank, Punjab National Bank and State Bank of India	Pari-passu charge on current assets	14,993.09	15,075.26	(82.17)	Variance is not material
30 September 2021	HDFC Bank, Punjab National Bank, Kotak Mahindra Bank and State Bank of India	Pari-passu charge on current assets	16,191.99	16,173.22	18.77	Variance is not material
31 December 2021	HDFC Bank, Punjab National Bank, Kotak Mahindra Bank and State Bank of India	Pari-passu charge on current assets	14,289.46	14,289.88	(0.42)	Variance is not material
31 March 2022	HDFC Bank, Punjab National Bank, Kotak Mahindra Bank and State Bank of India	Pari-passu charge on current assets	14,452.53	14,464.30	(11.77)	Variance is not material

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

For the year ended 31 March 2021:

Quarter ended	Name of bank	Particulars of securities provided	Amount as per books of account	Amount as reported in the quarterly return/statement	Amount of difference	Remarks
30 June 2020	Punjab National Bank and State Bank of India	Pari-passu charge on current assets	7,526.14	7,282.48	243.66	Variance is primarily on account of netting-off of advance from customers against the trade receivables in the quarterly statement submitted to the banks.
30 September 2020	Punjab National Bank and State Bank of India	Pari-passu charge on current assets	10,184.15	9,813.26	370.89	Variance is primarily on account of netting-off of advance from customers against the trade receivables in the quarterly statement submitted to the banks.
31 December 2020	HDFC Bank, Punjab National Bank and State Bank of India	Pari-passu charge on current assets	11,731.10	11,820.93	(89.83)	Variance is not material
31 March 2021	HDFC Bank, Punjab National Bank and State Bank of India	Pari-passu charge on current assets	15,146.13	15,240.14	(94.01)	Variance is not material

With respect to the quarterly statements of current assets filed with bank by the subsidiary company - Sterling Gtack E-mobility Limited, are materially in agreement with the books of account of such subsidiary.

25. Current financial liabilities - trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
A) Total outstanding dues of micro enterprises and small enterprises; and	801.77	809.32
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,383.10	2,243.73
	3,184.87	3,053.05

A) 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 2022	As at 31 March 2021
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year		
- Principal amount	801.77	809.32
- 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	-	-

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

25. Current financial liabilities - trade payables (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
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.

B) Ageing schedule of trade payables is as follows:

As at 31 March 2022	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	800.81	0.96	-	-	-	801.77
Total outstanding dues of creditors other than micro enterprises and small enterprises	623.45	987.47	753.85	7.99	10.33	0.01	2,383.10
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-

As at 31 March 2021	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	809.31	0.01	-	-	-	809.32
Total outstanding dues of creditors other than micro enterprises and small enterprises	735.67	1,083.92	405.71	12.09	6.34	-	2,243.73
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

26. Current financial liabilities - others

Particulars	As at 31 March 2022	As at 31 March 2021
Creditors for capital goods	175.75	99.53
Interest accrued but not due on borrowings	92.36	33.45
Unclaimed dividend*	20.99	22.30
Employee related payables	359.36	352.11
	648.46	507.39

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

27. Other current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Advances received from customers	236.69	193.78
Deferred grant income [refer note 23(a)]	228.23	218.29
Statutory dues payable	547.10	343.07
	1,012.02	755.14

28. Current tax liabilities (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for tax (net of advance tax)	-	101.07
	-	101.07

Note:

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

Particulars	As at 31 March 2022	As at 31 March 2021
Prepaid taxes (refer note 7)	13.98	80.56
Provision for tax (refer note 28)	-	(101.07)
Net position [asset/(liability)]	13.98	(20.51)

a. Income-tax assets

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	80.56	-
Transfer from current tax liabilities	23.95	169.11
Refunds received	(90.53)	(88.55)
	13.98	80.56

b. Current tax liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	101.07	57.85
Provision for tax	1,089.34	960.55
Interest on taxes	0.50	20.35
Prepaid taxes paid during the year	(1,169.47)	(920.57)

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

28. Current tax liabilities (net) (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
Tax earlier years	(45.39)	(186.22)
Transferred to income-tax assets	23.95	169.11
	-	101.07
Net position	13.98	(20.51)

29. Revenue from operations

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products		
- Finished goods	49,993.20	34,827.98
Sale of services		
- Product support services	37.01	-
Other operating income		
- Sale of scrap	639.70	416.49
- Export incentives	69.21	69.63
Amortisation of grant income	219.20	233.95
Total	50,958.32	35,548.05

30. Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income from:		
- fixed deposits with banks carried at amortised cost	118.43	225.80
- security deposit with electricity department carried at amortised cost	18.26	16.52
Other non-operating income		
Liabilities no longer required, written back	7.91	15.84
Gain on fair value of forward contracts measured at fair value through profit or loss	15.27	5.84
Income from investment in equity instruments carried at fair value through profit or loss		
- gain on sale of equity instruments	61.78	-
- dividend income	0.71	-
- gain on fair value of equity instruments	2.41	-
Income from mutual funds carried at fair value through profit or loss		
- gain on sale of mutual fund	7.73	6.91
- gain on fair value of mutual fund	20.19	11.89
Miscellaneous income	49.96	20.26
	302.65	303.06

31. Cost of materials consumed

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw material at the beginning of the year	5,226.65	1,970.21
Add: purchases during the year	22,931.38	16,951.31
Less: Raw material at the end of the year	4,725.12	5,226.65
Total cost of materials consumed	23,432.91	13,694.87

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

32. Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Inventories at the beginning of the year		
- Finished goods	3,432.68	2,287.60
- Work-in-progress	1,424.44	1,020.32
	4,857.12	3,307.92
Inventories at the end of the year		
- Finished goods	4,796.28	3,432.68
- Work-in-progress	1,090.06	1,424.44
	5,886.34	4,857.12
Increase in inventories	(1,029.22)	(1,549.20)

33. Employee benefits expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salary, wages and bonus	4,006.69	3,345.78
Contribution to provident and other funds	348.68	335.15
Staff welfare expenses	100.59	109.79
	4,455.96	3,790.72

34. Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense on financial liabilities measured at amortised cost	640.60	713.37
Interest on lease liabilities	6.78	10.29
Interest on delayed payment of advance taxes	0.50	20.35
Other finance cost	38.86	16.24
	686.74	760.25

35. Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on property, plant and equipment	2,642.67	2,550.31
Depreciation on right-of-use assets	62.21	67.02
Amortisation on other intangible assets	28.67	20.32
	2,733.55	2,637.65

36. Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Consumption of stores and spares	3,972.12	2,932.15
Job work charges	1,739.79	1,592.88
Consumption of packing materials	920.93	631.24
Power and fuel	3,877.45	3,076.57
Rent (refer note 41)	78.76	41.36
Repairs and maintenance		

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

36. Other expenses (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
- Building	327.03	130.65
- Plant and machinery	1,388.60	1,001.62
Security charges	86.50	78.41
Insurance	183.32	132.87
Legal and professional charges	432.22	375.30
Rates and taxes	29.34	28.34
Provision for loss allowance	-	32.05
Sales promotion	70.84	115.26
Freight outward	1,487.62	1,186.41
Travelling and conveyance	146.30	49.73
Contract labour charges	1,682.91	1,193.90
Payment to auditors (refer details below)	29.35	23.87
Commission to directors	64.00	75.00
Corporate social responsibility expenses (refer note 43)	93.58	115.62
Allowance for expected credit loss	102.66	-
Provision for warranty	112.68	-
Bad debts written off	1.08	12.79
Loss on foreign exchange fluctuation (net)	40.45	12.26
Loss on disposal of property, plant and equipment (net)	3.72	89.91
Miscellaneous expenses	571.44	504.07
	17,442.69	13,432.26

Payments to statutory auditors as*

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(a) Auditor	27.89	23.51
(b) Other services	0.60	-
(c) For reimbursement of expenses	0.86	0.36
	29.35	23.87

*excluding applicable taxes

37. Earnings per share

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit for the year attributable to equity shareholders (A)	2,553.70	2,351.18
Weighted average number of equity shares outstanding during the year (B) (nos. in Lacs)	360.24	360.24
Nominal value per share (₹)	2.00	2.00
Basic and diluted earnings per equity share (face value of share- ₹ 2 each) (A/B) (₹)	7.09	6.53

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(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 ₹ 221.72 Lacs (31 March 2021: ₹ 194.25 Lacs) for provident fund contributions and ₹ 11.74 Lacs (31 March 2021: ₹ 11.46 Lacs) for ESI contribution in the Consolidated 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 Holding Company makes contribution to recognised funds in India.

The unfunded gratuity obligation of directors and employees of a subsidiary company 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 Group's financial statements as at balance sheet date:

Particulars	Gratuity (unfunded)		Gratuity (funded)	
	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of obligation at the beginning of the year	41.31	36.98	645.54	595.88
Included in profit or loss:				
Current service cost	1.93	2.60	57.18	56.98
Interest cost	2.80	2.47	41.14	38.32
Total amount recognised in profit or loss	4.73	5.07	98.32	95.30
Included in other comprehensive income:				
Remeasurement loss/(gain) arising from:				
- demographic assumptions	1.35	-	-	-
- financial assumptions	1.16	-	(19.39)	(5.86)
- experience adjustment	(6.07)	(0.74)	30.90	2.99
Total amount recognised in other comprehensive income	(3.56)	(0.74)	11.51	(2.87)
Other	-	-	(4.07)	(1.36)
Less: Benefits paid	-	-	71.70	41.41
Present value of obligations at the end of year	42.48	41.31	679.60	645.54

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

Change in the fair value of plan assets

Particulars	Gratuity (funded)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Fair value of plan asset at the beginning of the year	633.34	525.76
Included in profit or loss:		
Expected return on plan assets	45.94	36.36
Contributions paid	97.20	63.49
Benefits paid	71.70	41.41
Others	(4.07)	(1.36)
Included in other comprehensive income:		
Actuarial (gain)/loss	(2.43)	(50.50)
Fair value of plan asset at the end of the year	703.14	633.34

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

Category of assets (% allocation)	As at 31 March 2022		As at 31 March 2021	
	(%)	Amount	(%)	Amount
Insurance policies	100	703.14	100	633.34

Net defined benefit liability recognised in the consolidated balance sheet	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Present value of unfunded/funded obligation at the end of the year	42.48	41.31	679.60	645.54
Fair value of plan asset as at the end of the period	-	-	703.14	633.34
Net defined benefit liability	42.48	41.31	(23.54)	12.20

B) Actuarial assumptions

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

	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Discount rate (per annum)	7.11% - 7.21%	6.77% - 6.81%	7.11%	6.77%
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 2022

(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 2022		31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	627.54	739.38	593.34	705.80
Salary escalation rate (1% movement)	742.46	624.03	707.98	590.10

	Gratuity (unfunded)			
	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	40.72	41.65	40.89	41.81
Salary escalation rate (1% movement)	41.66	40.70	41.83	40.87

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

Particulars	31 March 2022	31 March 2021
Less than 1 year	51.64	54.14
Between 1-2 years	45.53	33.58
Between 2-5 years	181.81	144.60
Over 5 years	533.77	509.06
Total	812.75	741.38

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 12.52 years (31 March 2021: 13.01 years).

Expected contribution to post-employment benefit plans in the next year is nil (31 March 2021: ₹ 6.09 Lacs).

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(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

Particulars	31 March 2022	31 March 2021
Less than 1 year	40.00	40.00
Between 1-2 years	0.01	-
Between 2-5 years	0.09	-
Over 5 years	2.39	2.60
Total	42.49	42.60

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 1 to 23.5 years (31 March 2021: 1 year).

Expected contribution to post-employment benefit plans in the next year is ₹ 20.56 Lacs (31 March 2021: ₹ 19.35 Lacs).

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

Particulars	31 March 2022	31 March 2021	31 March 2020	31 March 2019	31 March 2018
Defined benefit obligation	679.60	645.54	595.88	564.16	505.87
Experience gain/(loss) adjustments on liabilities	(30.90)	(2.99)	36.53	(9.99)	(31.80)

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

Particulars	31 March 2022	31 March 2021	31 March 2020	31 March 2019	31 March 2018
Defined benefit obligation	42.48	41.31	36.98	54.69	53.72
Experience gain/(loss) adjustments on liabilities	6.07	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, such 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 ₹ 44.16 Lacs (31 March 2021: ₹ 46.74 Lacs) for the year have been made on the basis of actuarial valuation as at the year end and debited to the Consolidated 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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

B. Information about geographical area

The major sales of the Group are made to customers which are domiciled in India. Information concerning principal geographic areas is as follows

Particulars	for the year ended 31 March 2022	for the year ended 31 March 2021
Net sales to external customers by geographic area by location of customers		
a) India	45,200.26	32,472.11
a) Outside India	4,829.95	2,355.87
Total	50,030.21	34,827.99
Non-current assets (other than non-current financial assets) by geographic areas		
a) India	29,010.20	26,593.43
a) Outside India	-	-
Total	29,010.20	26,593.43

C. Information about major customers

Revenues of ₹ 9,179.55 Lacs and ₹ 6,711.21 Lacs (31 March 2021: ₹ 7,021.61 Lacs and ₹ 6,332.67 Lacs) are derived from two customers, who individually accounted for more than ten percent of the total revenue.

40. Contingent liabilities, contingent assets and commitments

A. Capital commitment:

- 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) ₹ 859.39 Lacs (₹ 2,241.87 Lacs as at 31 March 2021).
- 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

Particulars	As at 31 March 2022	As at 31 March 2021
Contingent liabilities		
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)	153.55	129.39
iii) Demand under Income-tax Act, 1961		
- Assessment year: 2013-14	0.62	0.62
- Assessment year: 2016-17	3.56	3.56
- Assessment year: 2018-19	51.78	51.78
iv) Liability of sales tax due to pending C-Forms	155.68	-
Other commitments		
i) Export Promotion Capital Goods (EPCG) - export obligation	13,997.16	18,608.27

- Service tax demand amounting to ₹ 106.04 Lacs 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. During the year, the Holding Company had filed an appeal against the aforesaid order with the Commissioner Appeals, however, the Holding Company has received an unfavourable order from the Commissioner Appeals vide order dated 25 February

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

2022. The Holding Company will, however, file an appeal against the said demand/order with Customs Excise and Service Tax Appellate Tribunal ('CESTAT') and remains confident of getting a relief against the said order.

Excise duty demand amounting to ₹ 181.40 Lacs 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 ₹ 153.55 Lacs (31 March 2022 - ₹ 129.39 Lacs) 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.

Note:

It is not practicable for the Group to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings.

C. Contingent assets- Nil

41. Lease related disclosures as lessee

Lease liabilities are presented in consolidated balance sheet as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Current	45.35	49.29
Non-current	15.54	32.58
Total	60.89	81.87

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation expense of right-of-use assets	62.21	67.02
Interest expense on lease liabilities	6.78	10.29
Rent expense*	78.76	41.36
Total	147.75	118.67

*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 2020	131.17
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
Balance as at 31 March 2021	77.09
Add: Addition on account of new leases entered during the year	32.63
Add: Adjustment due to modification in leases	9.36
Less: Amortisation expenses charged on right-of-use assets	62.21
Balance as at 31 March 2022	56.87

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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 consolidated 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 consolidated balance sheet:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options/ No of leases with termination options
Plant, offices and equipments	20	1 - 5 years	20

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities are disclosed in note 44.

Lease payments not recognised as a liability

The 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 ₹ 78.76 Lacs (31 March 2021 - ₹ 41.36 Lacs).

At 31 March 2022 and 31 March 2021, the Group is not committed to any liability towards short-term leases.

Total cash outflow for leases for the year ended 31 March 2022 was ₹ 148.51 Lacs (31 March 2021 - ₹ 118.39 Lacs) [including ₹ 78.76 Lacs (31 March 2021 - ₹ 41.36 Lacs) 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. Anil Aggarwal – Chairman & Managing Director
	Mr. Atul Aggarwal – Whole Time Director
	Mr. Akhill Aggarwal – Director
	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
	Mr. Rakesh Batra - Independent Director
	Mr. Rahoul Kabir Bhandari -Independent director (till 15th December 2021)
	Enterprise over which KMP exercise control and/or significant influence
Sterling Automobiles Private Limited	
Jaycee Automobiles Private Limited	
Sterling Tools Foundation	
Relative of KMP with whom transactions have occurred	Mr. Anish Agarwal (Son of Mr. Anil Aggarwal)
	Sterling Fabory India Private Limited
Joint venture company	

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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

i) Transaction with enterprises over which KMP has control and/or significant influence

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a) Expenses paid- repairs and maintenance		
Sterling Automobiles Private Limited	1.79	1.50
Jaycee Automobiles Private Limited	-	2.43
	1.79	3.93
b) Expenses paid- Insurance/warranty		
Jaycee Automobiles Private Limited	-	1.53
Sterling Automobiles Private Limited	2.87	2.12
	2.87	3.65
c) Rent paid		
Sterling Technologies Private Limited	83.92	54.00
	83.92	54.00
d) Purchase of asset		
Sterling Automobiles Private Limited	20.19	70.15
	20.19	70.15
e) Corporate social responsibility expenses paid		
Sterling Tools Foundation	93.25	115.62
	93.25	115.62

ii) Transaction with KMP and their relatives

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Remuneration paid		
Mr. Anil Aggarwal	184.10	116.71
Mr. Atul Aggarwal	180.58	112.96
Mr. Anish Agarwal	34.37	18.56
	399.05	248.23
Commission paid		
Mr. Anil Aggarwal	32.00	37.50
Mr. Atul Aggarwal	32.00	37.50
	64.00	75.00
Compensation to KMP *		
- Short term employee benefits	391.96	274.86
- Defined contribution plans	36.72	29.81
	428.68	304.66

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Director sitting fees		
Mr. Triloki Nath Kapoor	3.50	4.50
Ms. Malini Sud	3.50	3.25
Mr. Chotu Ram Sharma	6.00	5.00
Mr. Shailendra Swarup	5.00	1.50
Mr. Rakesh Batra	6.50	1.00
Mr. Rahoul Kabir Bhandari	1.00	1.00
	25.50	16.25

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

42. Related party disclosures (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Legal and professional charges		
Mr. Jaideep Wadhwa	70.00	110.00
	70.00	110.00
Reimbursement of expenses		
Mr. Jaideep Wadhwa	3.27	6.10
	3.27	6.10

iii) Closing balances

Particulars	As at 31 March 2022	As at 31 March 2021
Remuneration payable		
Mr. Anil Aggarwal	0.29	5.22
Mr. Atul Aggarwal	0.46	5.33
Mr. Anish Aggarwal	-	1.52
Total	0.75	12.07
Commission payable		
Mr. Anil Aggarwal	26.31	21.66
Mr. Atul Aggarwal	23.15	20.86
Total	49.46	42.52
Legal and professional charges payables		
Mr. Jaideep Wadhwa	-	4.63
	-	4.63
Outstanding payables		
Sterling Automobiles Private Limited	2.79	0.12
Total	2.79	0.12
Security deposits		
Sterling Technologies Private Limited	24.00	24.00
Total	24.00	24.00
Investments		
Sterling Fabory India Private Limited	115.19	176.84
	115.19	176.84

III Terms and conditions

All transactions were made on normal commercial terms and conditions.

All outstanding balances are unsecured and are repayable in cash.

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) Details of CSR expenditure of the Holding Company are as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gross amount required to be spent (i.e. 2% of average net profits under section 198 of Companies Act, 2013 of last three years) (A)	93.58	115.62
Shortfall of the previous year (B)	-	-
Total (A+B)	93.58	115.62
Amount spent during the year [refer note (b) below]	93.58	115.62
Shortfall/(surplus) for the year	-	-

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

b) Details of CSR expenses incurred:

Amount spent during the year ended 31 March 2022:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	93.58	Others	93.58

Amount spent during the year ending 31 March 2021:

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

The aforesaid CSR expenditure amounting to ₹ 93.25 Lacs (31 March 2021 - ₹ 115.62 Lacs) pertains to contribution to Sterling Tools Foundation (entity over which KMP exercise control), with the main objective of meeting CSR liabilities of the Company through Foundation focused to Health, Education, Empowering underprivileged section of Society and to support to destitute.

- c) The Holding Company does not carrying any provision for corporate social responsibility expenses for current year and previous year.
- d) The Holding Company does not have any excess amount spent during the current and the previous 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 2022 and 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 2022

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

As at 31 March 2022

Particulars	Carrying amount					Fair value			
	FVOCI	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Non-current investments	1,463.59	-	-	-	1,463.59	-	-	1,463.59	1,463.59
Current investments	-	769.72	-	-	769.72	769.72	-	-	769.72
Other forward exchange contracts	-	15.27	-	-	15.27	-	15.27	-	15.27
Financial assets not measured at fair value									
Non-current investments	-	-	115.18	-	115.18				
Loans	-	-	24.74	-	24.74				
Other financial assets	-	-	798.97	-	798.97				
Trade receivables	-	-	4,732.99	-	4,732.99				
Cash and cash equivalents	-	-	82.40	-	82.40				
Other bank balance	-	-	2,219.34	-	2,219.34				
	1,463.59	784.99	7,973.62	-	10,222.20				
Financial liabilities not measured at fair value									
Borrowings	-	-	-	10,942.28	10,942.28				
Lease liabilities	-	-	-	60.88	60.88				
Trade payables	-	-	-	3,184.87	3,184.87				
Other financial liabilities	-	-	-	681.72	681.72				
	-	-	-	14,869.75	14,869.75				

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
Financial assets measured at fair value									
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
Financial assets not measured at fair value									
Non-current investments	-	-	176.84	-	176.84				
Loans	-	-	35.94	-	35.94				
Other financial assets	-	-	732.59	-	732.59				
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				
	1,140.14	1,275.48	8,341.40	-	10,757.02				
Financial liabilities not measured at fair value									
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				
	-	-	-	14,132.77	14,132.77				

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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 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 2022 and 31 March 2021.

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 quoted equity instruments measured at fair value through profit or loss	The fair value of investment in equity instruments is determined using quoted prices 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: - the long-term growth rate would be higher (lower); - the discount rate were lower (higher).

Fair value of financial assets and liabilities measured at amortized cost

The carrying amounts of short term trade and other receivables, trade payables, cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

For other financial liabilities/ assets that are measured at fair value, the carrying amounts are considered equal to their respective fair values.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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.

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 2022	31 March 2021
Financial assets for which loss allowance is measured using 12 months expected credit loss model:		
Non-current investments	1,578.78	1,316.98
Other non-current financial assets	413.78	426.94
Current investments	769.72	1,275.48
Cash and cash equivalents	82.40	512.63
Other bank balances	2,219.34	2,720.11

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

44. Fair value measurements (Contd..)

Particulars	31 March 2022	31 March 2021
Current loans	24.74	35.94
Other current financial assets	400.46	305.65
	5,489.22	6,593.73
Financial assets for which loss allowance is measured using life time expected credit loss:		
Trade receivables	4,732.99	4,163.29
	4,732.99	4,163.29

Provision for expected credit loss

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

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 loss

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 2022	4,671.77	46.41	16.43	85.11	52.76	4,872.48
Gross carrying amount as 31 March 2021	4,015.06	133.74	1.32	1.60	48.39	4,200.11

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 2022, the Group has a working capital of ₹ 12,325.37 Lacs (31 March 2021 - ₹ 12,098.85 Lacs) including cash and cash equivalents of ₹ 82.40 Lacs (31 March 2021 - ₹ 512.63 Lacs).

(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 2022	As at 31 March 2021
Non- derivative financial liabilities		
Floating-rate borrowings		
- Expiring within one year	9,277.30	3,894.47
- Expiring beyond one year	-	-

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

(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 2022

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
Non-derivative financial liabilities						
Non current borrowings	593.13	584.71	576.29	567.86	4,633.56	6,955.55
Lease liabilities	12.79	12.79	10.57	9.47	15.79	61.41
Other non-current financial liabilities						
- Security deposits	-	-	-	-	33.26	33.26
Current borrowings						
- Working capital loans	4,722.70	-	-	-	-	4,722.70
Trade payables	3,184.87	-	-	-	-	3,184.87
Creditors for capital goods	175.75	-	-	-	-	175.75
Interest accrued but not due	92.36	-	-	-	-	92.36
Employee related payables	359.36	-	-	-	-	359.36
Unclaimed dividend	20.99	-	-	-	-	20.99
Total	9,161.95	597.50	586.86	577.33	4,682.61	15,606.25

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	
Non-derivative financial liabilities						
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
Total	9,261.51	474.63	467.76	443.41	4,229.76	14,877.07

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 2022

(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 2022			
	EURO	JPY	USD	GBP
Financial assets				
Trade receivables	679.72	-	12.10	9.47
Derivatives assets (INR in Lacs)	15.27	-	-	-
Financial liabilities				
Trade payables	4.95	0.08	59.70	-
Net exposure to foreign currency risk - assets / (liabilities)	690.04	(0.08)	(47.60)	9.47

Particulars	As at 31 March 2021			
	EURO	JPY	USD	GBP
Financial assets				
Trade receivables	548.42	-	34.18	3.70
Financial liabilities				
Trade payables	-	10.93	122.09	1.78
Net exposure to foreign currency risk - assets / (liabilities)	548.42	(10.93)	(87.91)	1.92

Sensitivity analysis

A strengthening/weakening 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
31 March 2022		
INR/EUR	34.50	(34.50)
INR/USD	(2.38)	2.38
INR/GBP	0.47	(0.47)
INR/JPY	(0.01)	0.01

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
31 March 2021		
INR/EUR	27.42	(27.42)
INR/USD	(4.40)	4.40
INR/GBP	0.10	(0.10)
INR/JPY	(0.55)	0.55

(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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments is as follows:

Particulars	31 March 2022	31 March 2021
Financial assets:		
Fixed rate instruments		
- Fixed deposits	2,198.35	2,972.81
Total	2,198.35	2,972.81
Variable-rate instruments		
- Rupee term loans	6,219.58	5,356.88
- Working capital facilities	4,722.70	5,105.53
Total	10,942.28	10,462.41

Fair value sensitivity analysis for fixed-rate instruments

The Group's fixed rate instruments are carried at amortised cost. They are, therefore, not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the previous year.

Particulars	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
31 March 2022		
Rupee term loans	(70.71)	70.71
Working capital facility	(58.84)	58.84
Cash flow sensitivity (net)	(129.55)	129.55

Particulars	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
31 March 2021		
Rupee term loans	(61.98)	61.98
Working capital facility	(51.49)	51.49
Cash flow sensitivity (net)	(113.47)	113.47

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.

The management assesses the capital 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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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 2022	31 March 2021
Total borrowings	11,034.64	10,495.86
Less : Cash and cash equivalents	82.40	512.63
Net debt	10,952.24	9,983.23
Total equity	35,578.34	33,147.27
Net debt to equity ratio	0.31	0.30

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 interest		Principal activities
		31 March 2022	31 March 2021	31 March 2022	31 March 2021	
Haryana Ispat Private Limited	India	100.00%	100.00%	-	-	Leasing of immovable property
Sterling Gtack E-Mobility Limited	India	100.00%	99.88%	-	0.12%	Manufacturing and trading of motor control unit (MCU) used in automobile industry

(b) Joint venture

The group has a 50% interest in a joint venture i.e. Sterling Fabry India Private Limited which was incorporated in March 2010 with M/s Fabry Masters in Fasteners Group B.V., Netherlands. The joint venture 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 2022	31 March 2021	31 March 2022	31 March 2021	
Sterling Fabry India Private Limited	50%	-	-	115.19	176.84	Equity method in accordance with Ind AS 28 'Investments in Associates and Joint Ventures'

*Since the entity is not listed, quoted value is not available.

(i) Summarised financial information for joint venture

Summarised balance sheet

Particulars	As at 31 March 2022	As at 31 March 2021
Current assets		
- Cash and cash equivalents	12.66	117.79
- Other assets	216.30	243.25
Total current assets	228.96	361.04
Total non-current assets	2.18	71.96
Current liabilities		
- Trade payables	1.93	60.05
- Other financial liabilities	-	6.77
- Other liabilities	2.44	7.10
Total current liabilities	4.37	73.92
Total non-current liabilities	-	8.98
Net assets	226.77	350.10

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

Summarised statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	158.93	785.97
Loss before tax	(97.14)	(87.73)
Tax expenses	26.19	14.15
Loss after tax	(123.33)	(101.88)
Other comprehensive income	-	0.29
Total comprehensive income	(123.33)	(101.59)
Dividend received	-	-

Reconciliation of carrying amounts

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening net assets	350.10	451.69
Loss for the year	(123.33)	(101.88)
Other comprehensive income	-	0.29
Closing net assets	226.77	350.10
Group's share in %	50%	50%
Group's share	115.19	176.84
Carrying amount of investment in joint venture	115.19	176.84

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 2022	Year ended 31 March 2021
Revenue by geography	Fasteners	Fasteners
Domestic	45,200.26	32,472.11
Export	4,829.95	2,355.87
	50,030.21	34,827.98
Customer wise		
Related party	-	3.48
Non-related party	50,030.21	34,824.50
	50,030.21	34,827.98
Revenue by time		
Revenue recognised at point in time	50,030.21	34,827.98
	50,030.21	34,827.98

(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 2022	Year ended 31 March 2021
Amounts included in contract liabilities at the beginning of the year	193.78	23.95
Performance obligations satisfied in previous years	-	-
	193.78	23.95

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

(c) Assets and liabilities related to contracts with customers

Description	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Contract assets related to sale of goods	-	-	-	-
Contract liabilities related to sale of goods				
Advance from customers	-	-	28.05	193.78
Security deposit	33.26	236.69	-	-

(d) Significant changes in contract assets and liabilities

Changes in balance of contract liabilities during the year:

Description	31 March 2022	31 March 2021
Opening balance of contract liabilities	221.83	50.34
Amount of revenue recognised against opening contract liabilities	(193.78)	(23.95)
Addition in balance of contract liabilities for current year	241.90	195.44
Closing balance of contract liabilities	269.95	221.83

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

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

Description	Year ended 31 March 2022	Year ended 31 March 2021
Contract price	51,307.41	35,810.44
Less: Discounts and freight	1,277.20	982.46
Revenue from operations as per Consolidated Statement of Profit and Loss	50,030.21	34,827.98

(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 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'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.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

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.

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 the 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 and loss	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss
Holding Company								
Sterling Tools Limited	35,683.43	100.30%	2,972.82	116.42%	236.25	99.23%	3,209.07	114.95%
Subsidiaries (Indian)								
Haryana Ispat Private Limited	264.55	0.74%	7.59	0.30%	-	-	7.59	0.27%
Sterling Gtake E-Mobility Limited	203.42	0.57%	(365.19)	-14.30%	1.84	0.77%	(363.35)	-13.02%
Non-controlling interests in subsidiary	-	-	-	-	-	-	-	-
Joint venture (Indian)								
Sterling Fabory (India) Private Limited	(573.06)	-1.61%	(61.66)	-2.41%	-	-	(61.66)	-2.21%
Total	35,578.34	100%	2,553.56	100%	238.09	100%	2,791.65	100%

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 ₹ 45.88 Lacs (31 March 2021 - ₹ 81.04 Lacs). The carrying value of such inventories carried at fair value less costs to sell amounts to ₹ 793.06 Lacs (31 March 2021 - ₹ 548.24 Lacs).
50. The Group continues to closely monitor the impact of COVID - 19 pandemic and currently believes that there is no material impact on its operations and financial performance including recoverability of its assets.
51. The Board of Directors of the Holding Company have recommended a final dividend of Re. 1 per share (face value of ₹ 2 per share) for the financial year 2021-22, which is subject to the approval of the members at the ensuing Annual General Meeting.

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2022

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

52. Other statutory information

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (ii) The Group has not been declared wilful defaulter by any bank or financial institutions or other lenders.
- (iii) The Group does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- (iv) The Group has complied with number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the current and preceding year in the tax assessments under the Income-tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961).
- (viii) The Group has not traded or invested in crypto currency or virtual currency during the current and the preceding financial year.

As per our report of even date attached.

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

Rajni Mundra
Partner
Membership no. 058644

Place: Mumbai
Date: 18 May 2022

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

Anil Aggarwal
Managing Director
DIN no. 00027214

Pankaj Gupta
Chief Financial Officer

Place: Faridabad
Date: 18 May 2022

Atul Aggarwal
Director
DIN no. 00125825

Vaishali Singh
Company Secretary
Membership no. A15108

**STERLING TOOLS LIMITED**

CIN No.: L29222DL1979PLC009668

Regd. Office: Unit No. 515, DLF Tower A, Jasola District Centre, New Delhi-110025**Corporate Office:** Plot No. 4, D L F Industrial Estate, Faridabad-121003**E-mail:** csec@stlfasteners.com, Website: www.stlfasteners.com**Tel:** 91 129 2270621-25 / **Fax :** 91 129 2277359**Notice for the Annual General Meeting**

Notice is hereby given that the Forty-third Annual General Meeting of the Members of **Sterling Tools Limited** will be held on Thursday, 22nd September, 2022 at 10:00 A.M. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), to transact the following business(s):

Ordinary Business**1. Adoption of Accounts**

To receive, consider and adopt the Standalone & Consolidated Financial Statements containing the Balance Sheet as at 31st March 2022 and the Profit and Loss Account for the financial year ended on that date alongwith the Cash Flow Statements, Notes & Schedules appended thereto together with the Directors' Report and Auditors' Report thereon and in this regard, to consider and if thought fit, to pass with or without modification (s), the following resolutions as an **Ordinary Resolution**:

a) **"RESOLVED THAT** pursuant to the provisions of Section 134 of the Companies Act, 2013, the audited standalone & consolidated financial statement of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors and Auditors thereon, as circulated to the members, be and are hereby adopted"

2. Declaration of Dividend for Financial Year 2021-2022

To declare a dividend on equity shares for the financial year ended March 31, 2022 and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT a dividend at the rate of Re.1/- (One rupee only) per equity share of ₹ 2/- (Two rupees) each fully paid-up of the Company, as recommended by the Board of Directors, be and is hereby declared for the financial year ended March 31, 2022 and the same be paid out of the profits of the Company."

3. Reappointment of Retiring Director

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

"RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Sh. Akhill Aggarwal (DIN 01681666), who retires by rotation at this meeting be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

4. Appointment of Statutory Auditors of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s Walker Chandio & Co., LLP, Chartered Accountants (Firm Registration No.001076N/ N500013) be and is hereby re-appointed as Statutory Auditors of the Company for the second term to hold office from the conclusion of this Annual General Meeting ("AGM") till the conclusion of the forty-eighth AGM to be held in the year 2027, at such remuneration, as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

Special Business**5. To ratify the remuneration of the Cost Auditors for the Financial Year 2022-2023:**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of the Cost Auditors viz. M/s Jitender, Navneet & Co., Cost Accountants appointed by the Board of Directors of the Company on the recommendations of the Audit Committee, to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2023, be and is hereby ratified.

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

6. Approval of remuneration payable to Sh. Jaideep Wadhwa (DIN No. 00410019), Non-Executive Non-Independent Director, during the Financial Year ending March 31, 2023 which is expected to exceed 50% of the total annual remuneration payable to all Non-Executive Directors for the said year:

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the amended Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 the approval of the Members of the Company be and is hereby accorded to the payment of Advisory fee of ₹ 6.25 Lacs per month w.e.f. 1st April , 2022, to Sh. Jaideep Wadhwa, Non-Executive Non-Independent Director during the financial year ending March 31, 2023, exceeding 50% (Fifty Percent) of the total annual remuneration payable to all the Non-Executive Directors of the Company for the said year.

“RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised ‘Committee’ thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.”

By Order of the Board
For Sterling Tools Limited

Date: 9th August, 2022
Place: Faridabad

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

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

NOTES:

1. Pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021 and 02/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 08, 2021, December 14, 2021 and May 05, 2022 respectively issued by the Ministry of Corporate Affairs ('MCA') (collectively referred to as 'MCA Circulars') and Circular Nos. SEBI/HO/CFD/ CMD1/CIR/ P/2020/79 , SEBI/HO/CFD/CMD2/ CIR/P/2021/11 and SEBI/HODDHS/P/CIR/2022/0063 dated May 12, 2020, January 15, 2021 and May 13,2022, respectively issued by the Securities and Exchange Board of India (collectively referred to as 'SEBI Circulars'), holding of the Annual General Meeting ('AGM') through VC/OAVM, without the physical presence of the Members, is permitted. In compliance with the provisions of the Companies Act, 2013 ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations'), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC/ OAVM which does not require physical presence of members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.
2. A statement giving relevant details of the directors seeking appointment/ reappointment under Item No. 3 of the accompanying notice, as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is annexed herewith as Annexure-I.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. In terms of MCA Circulars, since physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility for appointment of proxies by the Members under Section 105 of the Act, will not be available for the AGM and, hence, the Proxy Form and Attendance Slip are not annexed to this Notice. The Board of Directors has appointed Shri Santosh Kumar Pradhan, Practicing Company Secretary (FCS No. 6973, CP No. 7647) as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
4. Corporate/Institutional members (i.e. other than individuals, HUF, NRI, etc) are required to send scanned copy of its Board or governing body resolution/ authorization etc., authorizing its representative to attend AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization be sent to the Scrutinizer by email through its registered email address to santosh@kritiadvisory.com with a copy marked to evoting@nsdl.co.in
5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Members can login and join the AGM 30 minutes prior to the scheduled time to start the AGM and the window for joining shall be kept open till the expiry of 15 minutes after the scheduled time to start the AGM. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members, on first-come-first-served basis. However, the participation of large members (members holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Auditors can attend the AGM without restriction of first-come-first served basis. Instructions and other information for members for attending the AGM through VC/OAVM are given in this Notice.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the aforesaid MCA and SEBI Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
9. For ease of conduct, members who would like to ask questions/express their views on the items of the business to be transacted at the meeting can send in their questions/ comments in advance mentioning their name, demat account number/ folio number, email id, mobile number at csec@stlfasteners.com The same will be replied by the Company suitably. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
10. The Registers of Members and Share Transfer Books of the Company will remain closed from **Friday, September 16, 2022 to Thursday, September 22, 2022** (both days inclusive) for the purpose of annual closure of books.
11. Dividend on Company's Equity Shares for the year ended 31st March, 2022, as recommended by the Board of Directors, if approved at the AGM, payment of such dividend subject to deduction of tax at source will be made as under:
 - (i) To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited

("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as of the close of business hours on **Thursday, September, 15, 2022.**

- (ii) To all Members in respect of shares held in physical form after giving effect to valid transfer, transmission or transposition requests lodged with the Company as of the close of business hours on **Thursday, September, 15, 2022.**

The Dividend, if approved, will be payable by **Friday, September 30, 2022.**

12. In accordance with SEBI LODR (Listing Obligations and Disclosure Requirements) (4th amendment) Regulations, 2018 notified on June 07, 2018 and further notification dated 30/11/2018 any request for physical transfer of shares shall not be processed w.e.f. April 01, 2019

Further, in compliance with SEBI vide its circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022, the following requests received by the Company in physical form will be processed and the shares will be issued in dematerialization form only:-

- i. Issue of duplicate share certificate
- ii. Claim from unclaimed suspense account
- iii. Renewal/Exchange of securities certificate
- iv. Endorsement
- v. Sub-division / splitting of securities certificate
- vi. Consolidation of securities certificates/folios
- vii. Transmission
- viii. Transposition

For this purpose, the securities holder/claimant shall submit a duly filled up Form ISR-4 which is hosted on the website of the MAS Services Ltd, Registrar and share transfer agent (RTA) The aforementioned form shall be furnished in hard copy form.

Members holding shares in physical form are requested to dematerialize their holdings at the earliest.

13. The Securities and Exchange Board of India ('SEBI') vide its circular dated November 03, 2021 read with circular dated December 14, 2021 has made it mandatory for the shareholders holding securities in physical form to furnish PAN, KYC (complete address with pin-code, bank detail with MICR-CODE & IFS CODE, Email-ID, Mobile Number) and Nomination details to the Registrar and Transfer Agent ('RTA') of the Company. Effective from 1st January 2022, Registrar will not process, any service requests or complaints received from the member until unless above KYC and nomination will not be completed by shareholder and such shareholders holding will be fridge by RTA on or after 1st April, 2023.

The shareholders holding shares in physical form are requested to note that in case of failure to provide required documents and details as per aforesaid SEBI circular, all folios of such shareholders shall be frozen on or after 1st April, 2023 by the RTA. In view of the above, shareholders of the Company holding securities in physical form are requested to provide following documents/details to RTA:

- i. PAN; (using ISR-1)
- ii. Nomination in Form No.SH-13 or submit declaration to 'Opt-out' in Form ISR-3;
- iii. Contact details including Postal address with PIN code, Mobile Number, E-mail address;
- iv. Bank Account details including Bank name and branch, Bank account number, IFS code;
- v. Specimen signature. (using ISR-2)

Any cancellation or change in nomination shall be provided in Form No.SH-14

All of above required documents/details to be sent at the address of registered office of the RTA. The shareholders can download the forms mentioned in SEBI circular from the website of the RTA website i.e www.masserv.com.

A separate communication has already been sent to the respective shareholders.

14. In compliance with the aforesaid MCA and SEBI Circulars, the Notice of the AGM along with the Annual Report 2021- 22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice calling AGM alongwith the explanatory statement and Annual Report 2021-22 are available on the website of the Company at www.stlfasteners.com and on the website of the Stock Exchanges i.e. BSE Limited at www.bseindia.com, National Stock Exchange of India Limited at www.nseindia.com and on the website of National Securities Depository Limited (NSDL) i.e. www.evoting.nsdl.com (the Authorised agency for providing voting through electronic means and AGM through VC/OAVM).
15. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company Secretary or Mas Services Limited, Company's Registrar and Share Transfer Agents ("RTA") (Tel. No. 011 26387281/82/83) for assistance in this regard.
16. Members who have not yet registered their e-mail addresses are requested to register the same with their

Depository Participants ("DP") in case the shares are held by them in electronic form and with the Company/RTA in case the shares are held by them in physical form.

17. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, etc., to their DPs if the shares are held by them in electronic form and to the Company/RTA if the shares are held by them in physical form.
18. For receiving all future correspondence (including Annual Report) from the Company electronically–

In case you have not registered your email ID with the Company/Depository, please follow below instructions to register your email ID for obtaining Annual Report for FY 2021-2022 and login details for e-voting.

Physical Holding

Send a signed request letter to Registrar and Transfer Agents of the Company, MAS Services Limited at investor@masserv.com providing Folio Number, Name of the Shareholder, scanned copy of the Share Certificate (Front and Back), PAN(Self attested scanned copy of PAN Card), AADHAR (Self attested scanned copy of Aadhar Card) with subject line (Register E-mail ID Folio No (Mention Folio No) of Sterling Tools Limited.

Demat Holding

Please contact your Depository Participant (DP) and register your email address as per the process advised by DP.

19. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2021-22 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. Further, those members who have not registered their e-mail addresses and mobile nos. and in consequence could not be served the Notice of the AGM and Annual Report may temporarily get themselves registered with RTA by emailing for obtaining the same. Members are requested to support our commitment to environmental protection by choosing to receive the Company's communications through e-mail going forward.

Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website www.stlfasteners.com, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com , National Stock

Exchange of India Limited at www.nseindia.com and on the website of NSDL <https://www.evoting.nsdl.com>.

20. In case a person has become a member of the Company after dispatch of the AGM Notice, but on or before the cur-off date for e-voting i.e. **Thursday, September, 15, 2022**, such person may obtain the User ID and Password from RTA by e-mail request on investor@masserv.com
21. With a view to helping us serve the members better, members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
22. In terms of Section 72 of the Companies Act, 2013 and the applicable provisions, the shareholders of the Company may nominate a person in whose name the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit the requisite nomination form.
23. Shareholders of the Company are informed that pursuant to the provisions of the Companies Act, 2013 and the relevant rules the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the 'Investor Education & Protection Fund (IEPF)' constituted by the Central Govt. Accordingly the amount of dividend which remained unpaid/unclaimed for a period of 7 years for the year 2014-15 has already been transferred to IEPF. Shareholders who have not encashed their dividend warrant(s), for the years 2015-16 to 2020-21 are requested to make claim with the Registrar & Share Transfer Agent of the Company immediately.

Further, pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with the relevant Rules made thereunder, shares on which dividend has not been paid or claimed for seven (7) consecutive years or more shall be transferred to the IEPF as notified by the Ministry of Corporate Affairs.

In accordance with the IEPF Rules, the Company has sent notices to all the Shareholders whose shares are due for transfer to the IEPF and has also published the details thereof in notices published in newspapers.

The Members whose dividend/shares are transferred to the IEPF may claim the dividend/shares by making an application to the IEPF by following the procedure as detailed in the IEPF Rules and as enumerated on the website of IEPF at <http://www.iepf.gov.in/IEPF/refund.html>.

Accordingly, the unpaid / unclaimed dividends that are due for transfer to the Investor Education and Protection Fund (IEPF) are as follows:

Dividend Year	Date of declaration of dividend	Last Date for claim
2015-2016 Interim	04/08/2015	11/09/2022
2015-2016 Interim	08/02/2016	15/03/2023
2015-2016 Interim	14/03/2016	21/04/2023
2016-2017 Interim	08/08/2016	15/09/2023
2016-2017 Interim	11/02/2017	18/03/2024
2017-2018 Interim	07/09/2017	14/10/2024
2017-2018 Interim	13/02/2018	20/03/2025
2018-2019 Interim	11/08/2018	18/09/2025
2019-2020 Interim	02/08/2019	09/09/2026
2020-2021 Final	21/09/2021	28/10/2028

Those members who have not so far claimed their dividend are requested to make their claims to the Company for obtaining payments thereof atleast 30 days before they are due for transfer to the said fund.

24. In terms of SEBI Circular dated 09/12/2020, the depository shall send SMS/email alerts regarding the details of the upcoming AGM to the demat holders atleast 2 days prior to the date of commencement of e-voting. Hence members are requested to update the mobile no./email ID with their respective depository participants.
25. SEBI has made it mandatory for all Companies to use the bank account details furnished by the Depositories and the bank account details maintained by the RTA for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through Electronic Clearing Service (ECS)/ National Electronic Clearing Service (NECS)/ Real Time Gross Settlement (RTGS)/ Direct Credit/NEFT etc. In the absence of ECS facilities, the Company will print the bank account details if available, on the payment instrument for distribution of dividend.

In order to receive the dividend without loss of time, the Members holding shares in physical form are requested to submit particulars of their bank accounts along with the original cancelled cheque bearing the name of the Member to the RTA, MAS Services Limited/Company to update their bank account details and all the eligible shareholders holding shares in demat mode are requested to update with their respective DPs, their correct Bank Account Number, including 9 Digit MICR Code and 11 digit IFSC Code, e-mail ID and Mobile No(s).

Members holding shares in physical form may communicate these details to the RTA viz. MAS Services Limited having address at RTA i.e. MAS Services Limited, having address at T-34 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020, by quoting the reference folio number and attaching photocopy of the cheque leaf of their active bank account and a self-attested copy of their Permanent Account Number ('PAN') card.

This will facilitate the remittance of the dividend amount as directed by SEBI in the bank account electronically. Updation of e-mail IDs and Mobile No(s) will enable the Company in sending communication relating to credit of dividend, un-encashed dividend, etc.

The Company or RTA cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the DPs of the Members.

26. Pursuant to Finance Act, 2020, dividend income will be taxable at the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to members at prescribed rates. For the prescribed rates for various categories the members are requested to refer to the Finance Act, 2020 and amendments thereto. The members are requested to update their PAN with Registrar and Transfer Agents (in case of shares held in physical mode) and depository participants (in case shares held in demat mode). However, no tax shall be deducted on the dividend payable to a resident individual shareholder if the total dividend to be received during FY 21-22 does not exceed ₹ 5,000/-.

A resident individual shareholder with PAN who is not liable to pay income tax submit a yearly declaration in Form 15G/15H, to avail the benefit of non-deduction of tax at Company's RTA at investor@masserv.com. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

27. The documents referred to in the proposed resolutions are available for inspection at its Registered Office of the Company during normal business hours on any working day except Saturdays, upto the date of meeting.
28. Instructions for e-voting and joining the AGM are as follows:

In terms of the provisions of section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended (hereinafter called 'the Rules' for the purpose of this section of the

Notice) and regulation 44 of the SEBI Listing Regulations, the Company is providing facility of remote e-voting to exercise votes on the items of business given in the Notice 43rd Annual General Meeting (AGM) through electronic voting system, to members holding shares as on **Thursday, September, 15, 2022** (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by NSDL or to vote at the e-AGM.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Monday, September, 19, 2022 at 9:00 A.M. and ends on Wednesday, September, 21, 2022 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Thursday 15, September, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Thursday 15, September, 2022.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider – NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration

Type of shareholders	Login Method
	4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

- B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
6.
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
7. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
8. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

9. Now, you will have to click on "Login" button.
10. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to santosh@kritiadvisory.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "**Forgot User Details/Password?**" or "**Physical User Reset Password?**" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at

the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to evoting@nsdl.co.in.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investor@masserv.com or csec@stlfasteners.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investor@masserv.com or csec@stlfasteners.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the EGM/ AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at csec@stlfasteners.com or vaishalis@stlfasteners.com. The same will be replied by the company suitably.

General Instructions

- i. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- ii. Shri Santosh Kumar Pradhan, Practicing Company Secretary (FCS No. 6973, CP No. 7647), has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

- iii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, for all those members who are present VC / OAVM at the AGM but have not cast their votes by availing the remote e-voting facility.
- iv. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- v. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.stlfasteners.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE Limited and National Stock Exchange of India Limited.
- vi. Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the meeting, i.e. Thursday, 22nd September, 2022.

Details of Director seeking appointment / re-appointment in the Annual General Meeting scheduled on Thursday, 22nd September, 2022 (Pursuant to Regulation 36(3) of the SEBI (LODR) regulations, 2015 and Secretarial Standards are as follows:

Name of Director	Sh. Akhill Aggarwal
Date of Birth	03/02/1986
Expertise in Specific Functional Areas	Having an experience of more than 11 years in Automobiles Industry.
Qualification	BA. (Economics) from University of Richmond
Board Membership of other Public Limited Companies as on 31st March, 2022	NIL
Chairman / member of the Committee of the Board of Directors as on 31st March, 2022	NIL
Chairman / member of the Committee of Directors of the other Companies in which he is a Director as on 31st March, 2022.	NIL
a. Audit Committee	
b. Stakeholders Relationship Committee	
c. Other Committees	
Number of Shares held of Sterling Tools Limited	1660000
Experience	11 Years
Term and Conditions of appointment / reappointment and details of remuneration sought to be paid	NIL
Relationship with other Directors / members and other KMP	Son of Chairman & Managing Director

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

Date: 9th August, 2022

Place: Faridabad

**Registered Office:
Unit No. 515, DLF Tower A
Jasola District Centre,
New Delhi-110025**

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

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

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

Item No. 4

This explanatory statement is in terms of Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), however, the same is strictly not required as per Section 102 of the Companies Act, 2013.

The Members at the Thirty-eighth Annual General Meeting ("AGM") of the Company held on September 28, 2017, had approved the appointment of M/s Walker Chandiook & Co. LLP, Chartered Accountants (Firm Registration No.001076N/N500013), as Statutory Auditors of the Company, to hold office till the conclusion of the Forty-third AGM of the Company.

After evaluating and considering various factors such as industry experience, competency of the audit team, efficiency in conduct of audit, independence, etc., the Board of Directors of the Company has, based on the recommendation of the Audit Committee, at its meeting held on August 9th, 2022, proposed the re-appointment of M/s Walker Chandiook & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company, for a second term of five consecutive years from the conclusion of Forty-third AGM of the Company till the conclusion of Forty-eight AGM of the Company to be held in the year 2027, at a remuneration as may be mutually agreed between the Board of Directors and Statutory Auditors.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the Resolution set out at Item No. 4 of the Notice.

Item No. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors- M/s Jitender, Navneet & Co., Cost Accountants to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2023 at an Annual Fee of ₹ 1.60 Lacs plus Taxes.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the

remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

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

The Board recommends the Ordinary Resolution as set out at Item no. 5 for the approval of Members.

Item No. 6

Sh. Jaideep Wadhwa (DIN 00410019) has been appointed as Non-Executive Non-Independent Director through postal ballot on March 27, 2019 at an Annual advisory fee of ₹ 60 lacs. The said Advisory fee is revised to ₹ 75 lacs per annum w.e.f. 1st August, 2021.

His appointment as an Advisor to Sterling Tools Ltd has been renewed for a term of 1 more year with effect from 1st April, 2022 on same term and conditions. .

As per Regulation 17(6) (ca) of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 effective from 1st April, 2019, the approval of shareholders by special resolution shall be obtained every year wherein the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors.

Sh. Jaideep Wadhwa is getting the said Advisory fee in his professional capacity for advising the Company by providing Strategic guidance to achieve domestic as well as international business development by the Company and to support the Company to diversify and develop new business avenues and whereas the other Non-Executive Directors are getting only the sitting fees for attending the Board as well as Committee meetings.

Except Sh. Jaideep Wadhwa, being the interested Director, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the resolution set forth in Item no. 6 for the approval of the members by way of a Special Resolution.

By Order of the Board
For Sterling Tools Limited

Date: 9th August, 2022

Place: Faridabad

Registered Office:

Unit No. 515, DLF Tower A

Jasola District Centre,

New Delhi-110025

(Vaishali Singh)

Company Secretary

Membership No. A15108

House No. 466, Second Floor

Asoka Enclave- Part-III

Faridabad-121003



Sterling Tools Limited

5A, DLF Industrial Estate,
Faridabad – 121003 (Haryana)
Email sterling@stlfasteners.com

Fax +91 (0) 129 – 227 7359
Ph. no. +91 (0) 129 – 227 0621/22/23/24/25
Website www.stlfasteners.com