

**STERLING TOOLS LIMITED**

CIN : L29222DL1979PLC009668



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

**By Listing Centre**

General Manager  
Department of Corporate Services  
Bombay Stock Exchange Limited  
1<sup>st</sup> Floor, P. J. Towers  
Dalal Street, Fort, Mumbai – 400001

**Security Code No.: 530759****By NEAPS**

The Manager, Listing Department  
National Stock Exchange of India Limited  
“Exchange Plaza”,  
Bandra–Kurla Complex, Bandra (E)  
Mumbai-400051

**Security Code No.: STERTOOLS**

**Date: 6<sup>th</sup> October, 2018**  
**Ref.: STL/SD/01/2018-2019**

***Sub: Filing of 39<sup>th</sup> Annual Report of the Company for Financial Year ended 31<sup>st</sup> March, 2018 adopted by the Members at 39<sup>th</sup> Annual General Meeting held on Friday, 28<sup>th</sup> September, 2018***

Dear Sir,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are pleased to submit the Copy of Annual Report of the Company for the Financial Year ended 31<sup>st</sup> March, 2018, containing the Audited Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit & Loss and Cash Flow for the Year ended 31<sup>st</sup> March, 2018 and the Report of the Board of Directors and Auditors thereon, adopted by the Members of the Company in the 39<sup>th</sup> Annual General Meeting (AGM) held on Friday, 28<sup>th</sup> September, 2018 at The Little Theater Group (LTG) Auditorium, Copernicus Marg, New Delhi-110001 at 10:30 A.M.

Kindly take the same on record.

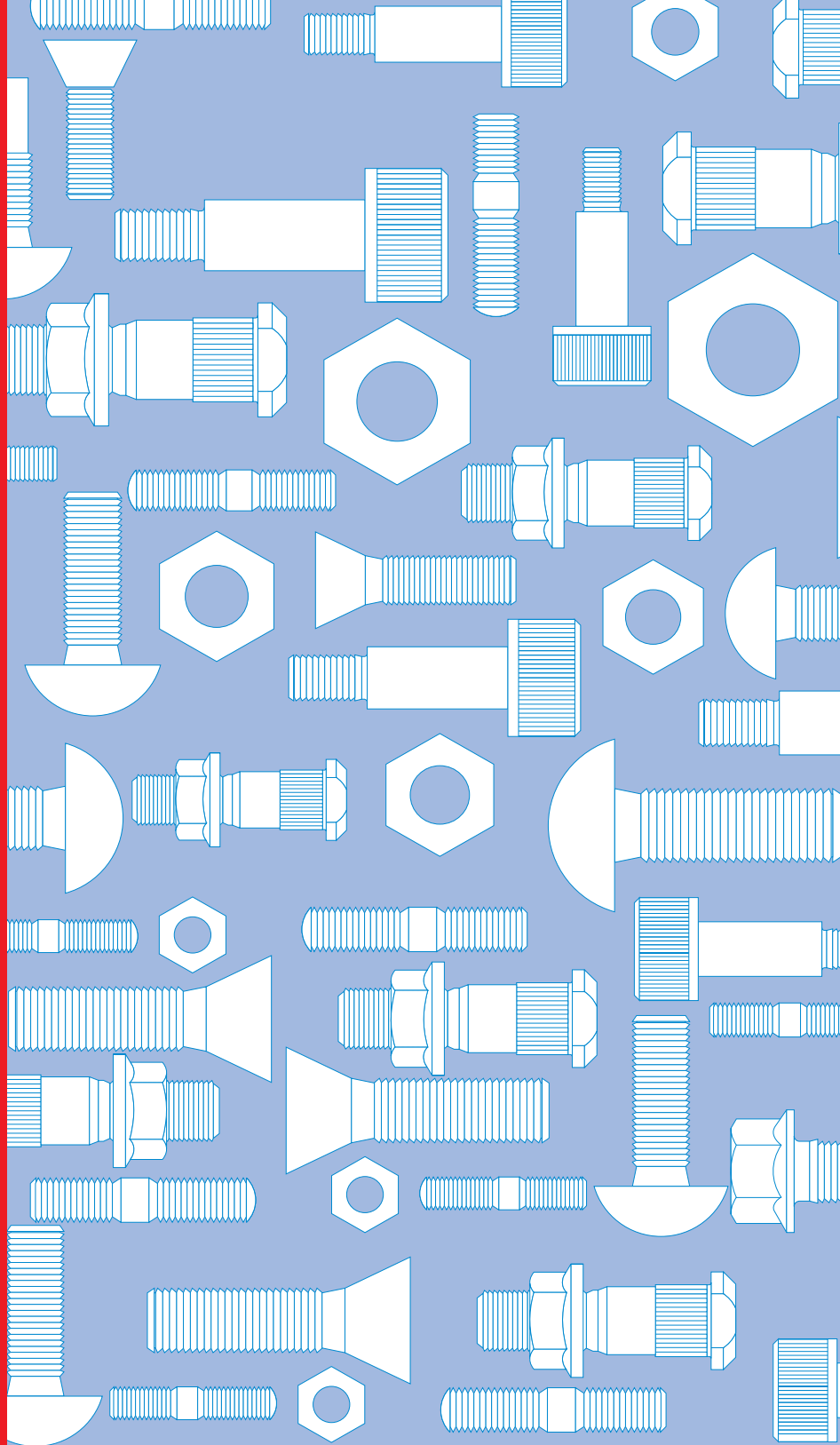
Sincerely  
For Sterling Tools Limited

  
**Vaishali Singh**  
Company Secretary

**Encl.: As above.**



ANNUAL REPORT  
2017 - 2018



STERLING TOOLS LIMITED



**Registered Office:**

K-40, Connaught Circus  
New Delhi - 110001

**Corporate Office :**

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

**Works :**

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

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

81, Sector 25, Ballabhgarh  
Faridabad (Haryana)

**Bankers**

Oriental Bank of Commerce  
State Bank of India  
HDFC Bank Limited

**Board of Directors**

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

**Shri Anil Aggarwal**  
*Managing Director*

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

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

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

**Ms. Malini Sud**  
*Director*

**Compliance Officer**  
**Ms. Vaishali Singh**

**Auditors****Statutory Auditors**

Walker Chandio & Co LLP  
(Formerly Walker Chandio & Co)  
21<sup>st</sup> Floor, DLF Square  
Jacaranda Marg, DLF Phase II  
Gurugram 122002, India

**Internal Auditors**

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

**Secretarial Auditors**

M/s. Santosh Kumar Pradhan  
Company Secretaries  
706, 8<sup>th</sup> Floor, K.M. Trade Tower  
Hotel Radisson blu, Kaushambi  
Ghaziabad - 201010 U.P.

**Registrar & Transfer Agent**

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

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# Board's Report

Dear Members,

Your Directors are pleased to present the 39<sup>th</sup> Annual Report on the business and operations of your Company and Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2018.

## Financial Results

The Company's performance for the Financial Year 2017-2018 vis-à-vis 2016-2017 is summarized as under:

(Amount in Lacs)

Particulars	Standalone		Consolidated	
	2017-2018	2016-2017	2017-2018	2016-2017
Profit Before Tax	7492.62	6037.13	7536.17	6029.21
Less: Current Tax	2645.39	2009.71	2649.87	2011.76
Deferred Tax	(18.88)	106.90	(18.88)	106.90
Profit for the year	4866.11	3920.52	4905.18	3910.55
Add: Other Comprehensive Income	(46.12)	(9.40)	(46.12)	(9.40)
Total Comprehensive Income for the year	4819.99	3911.12	4859.06	3901.15
<b>Appropriations:</b>				
Interim Dividend	720.48	684.46	720.48	684.46
Tax on Interim Dividend	146.67	139.34	146.67	139.34
Transfer to General Reserve	0.00	391.00	0.00	391.00
Balance Carried to Balance Sheet	3952.84	2696.32	3991.91	2686.35

## Company's performance and Future outlook

The highlights of the Company's performance (Standalone) during the Financial Year 2017-18 are as under:

- Profit before Tax increased by 24.11% at Rs. 7492.62 Lacs.
- Total Comprehensive Income increased by 23.24% to Rs. 4819.99 Lacs.
- Cash Profit increased by 18.00% to Rs. 6578.84 Lacs.

The Company is going to set up its fourth manufacturing facility at Vemagal Industrial Area, Kolar district, Bengaluru. Land admeasuring 10 acres for said purpose has already been taken on long term lease from Karnataka Industrial Authority Development Board (KIADB). The said facility would be operational in April, 2019 with its first phase annual capacity of 6000 MT by investing Rs. 90 Crores as initial capex including the cost of land.

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

## **Dividend**

Considering the good financial performance of the Company, the Directors had, in their meetings held on 7<sup>th</sup> September, 2017 and 13<sup>th</sup> February, 2018 recommended 50% dividend each time, thus aggregating to 100% interim dividend for financial year 2017-2018 against 100% dividend in previous financial year. These two interim dividends have already been paid and taking note of this payout, the Directors have not recommended any final dividend for financial year 2017-2018 and the interim dividends already declared and paid be considered as final dividend for the financial year 2017-2018.

The total outflows on account of said Interim Dividends (including Dividend Distribution Tax, Surcharge and Education Cess) amount to Rs. 867.15 Lacs.

## **Transfer to General Reserve**

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

## **Deposits**

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

## **Depository System**

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2018, 99.65% of the Company's total paid-up Capital representing 35899614 shares are in dematerialized form. In view of numerous advantages offered by the Depository System, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the Depositories.

## **Capital Structure and Listing**

As on 31<sup>st</sup> March, 2018, the Company has Authorised Share Capital of Rs.10,00,00,000/-and Paid Up Share Capital of Rs. 7,20,48,422/-. During the year, Company has allotted 1801211 Equity Shares to Meidoh Co. Ltd. Japan on Preferential Basis on 20<sup>th</sup> June, 2017. The equity shares of the Company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. There are no arrears on account of payment of listing fees to the said Stock Exchanges.

The Promoters and Persons acting in concert with them hold 65.32% share Capital of the Company as on 31<sup>st</sup> March, 2018.

## **Subsidiaries, Joint Venture and Associate Companies**

As on date, the Company has one Joint Venture Company named Sterling Fabory India Pvt. Ltd.- a Joint Venture on 50:50 basis with a Netherland based Company named Fabory Masters in Fasteners Group B.V.. There has been no change in the nature of business carried out by said Joint Venture Company during Financial Year 2017-2018.

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

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

In accordance with 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 has been placed on the website of the Company, [www.stlfasteners.com/new/news.asp](http://www.stlfasteners.com/new/news.asp).

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

6 (Six) 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. 41** of Corporate Governance Report attached to this Annual Report.

## **Disclosure under Secretarial Standard-1 (SS-1):**

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

## **Extract of Annual Return**

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

## **Directors and Key Managerial Personnel**

Pursuant to the provisions of Section 149 of the Act, Mr. C.R. Sharma, Dr. T.N. Kapoor and Ms. Malini Sud have been appointed as Independent Directors. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

Mr. Atul Aggarwal retires by rotation and being eligible offers himself for re-appointment.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Mr. Anil Aggarwal, Managing Director, Mr. Atul Aggarwal, Whole time Director and Chief Financial Officer of the company and Vaishali Singh, the Company Secretary. There has been no change in the key managerial personnel during the year.

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

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



## Policy on Board Diversity

In accordance with the clause 49(IV) of the Listing Agreement read with the SEBI (Listing Obligations & Disclosure Requirement) Regulation, 2015, the Nomination and Remuneration Committee (NRC) has framed and adopted a formal policy on Board diversity which sets out a framework to promote diversity on Company's Board of Directors. The Company recognizes the importance and benefits of having the diversified Board to enhance quality of its performance. The policy inter-alia specifies optimum combination of Executive Directors, Non-Executive Directors and Independent Directors, the recommendatory requirement for each of the Directors to possess functional diversity and role of NRC to ensure that the same policy is considered while recommending the appointment of new Directors on the Board of company.

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

The Company has not provided any loans or Guarantees under Section 186 during the year. It has invested Rs. 6,88,25,000/- (Rupees Six Crores Eighty Eight Lacs Twenty Five Thousand only) in Equity share Capital of Sterling Fabory India Private Limited, a Joint venture Company and Rs. 11,98,50,000/- (Rupees Eleven Crores Ninety-Eight Lacs Fifty Thousand Only) in Equity Share Capital of Haryana Ispat Private Limited, a Subsidiary Company till 31<sup>st</sup> March 2018.

## Transactions with Related Parties

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

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

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

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

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

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

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

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

Five 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. 44** of Corporate Governance Report attached to this Annual Report.

## Board Evaluation

The Board of Directors and Nomination and Remuneration Committee reviewed the performance of the Board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc.

The performance of the Committees was evaluated by the board after seeking inputs from the Committee members on the basis of the criteria such as composition of committees, effectiveness of committee meetings etc.

The Board of Directors and Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of the criteria such as 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 addition to above said, Chairman of the Company was also evaluated on the key aspects of his role.

In a separate meeting of independent directors held on 25th December, 2017, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive and Non-executive directors.

## 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.

## Credit Rating

The Company's domestic credit rating has been improved from A+ to of AA- by ICRA on 25<sup>th</sup> July, 2018 which reflects the Company's financial discipline and prudence.

## Corporate Social Responsibility

Composition of the Corporate Social Responsibility Committee has been disclosed in the Corporate Governance Report, attached to this report. The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure-V** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy on CSR is available on the website of the Company, ([www.stlfasteners.com/new/news.asp](http://www.stlfasteners.com/new/news.asp)).

## Particulars of Employees

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

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

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

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

## **Capital Expenditure**

As on March 31, 2018, the Gross Fixed Assets stood at Rs. 26934.74 Lacs and Net Fixed Assets stood at Rs. 14861.74 Lacs. Additions during the year amounted to Rs. 1772.34 Lacs.

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

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

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

Pursuant to the provisions of Section 125 of the Companies Act, 2013, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund. Pursuant to the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer & Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 28<sup>th</sup> September, 2017 (date of last Annual General Meeting) on the Ministry of Corporate Affairs' website.

## **Corporate Governance and Management Discussion & Analysis Report**

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

## **Director's Responsibility Statement**

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

- (i) in the preparation of the accounts for the Financial Year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed and there are no material departures.

- (ii) the Directors have selected accounting policies in consultation with Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year under review.
- (iii) the directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013. The directors have confirmed that there are adequate control & systems for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the Directors have prepared the accounts for the Financial Year ended 31<sup>st</sup> March, 2018 on a 'going concern' basis.
- (v) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **Industrial Relations**

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

## **Statutory Disclosures**

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

## **Statutory Auditors**

### **I) Appointment**

M/s Walker Chandiok & Co., LLP were appointed as Statutory Auditors of the Company for a term of 5 years at the Annual General Meeting held on 28<sup>th</sup> September, 2017. They have confirmed that they are not disqualified from continuing as Auditors of the Company from the conclusion of forthcoming Annual General Meeting of the Company until the conclusion of the 43<sup>rd</sup> Annual General Meeting of the Company. Further consequent to amendment in Section 139 of Companies Act, 2013 vide Notification No. S.O. 1833(E) dated 7<sup>th</sup> May 2018, ratification of 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 2017-2018 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 has 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 Santosh Kumar Pradhan, Company Secretaries was appointed as the Secretarial Auditor of the Company for the Financial Year 2017-2018, who has conducted the Secretarial Audit of the Company for the year 2017-2018. The Secretarial Auditors' Report doesn't contain any qualification, reservation or adverse remarks. The said Secretarial Audit Report is annexed as **Annexure-VIII** to this Report.

## Cost Auditors

The Company has appointed M/s Jitender, Navneet & Co., the Cost Auditors to conduct the cost audit of the Company' cost records for financial year 2018-2019.

## Internal Financial Control Systems and their adequacy

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

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

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

## Safety, Health and Environment (SHE) Measures

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

## Quality Management System

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

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

- TS16949
- ISO 14001
- OSHAS 18001

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



## Cash Flow Analysis

In compliance with the provisions of Regulation 34 of the Listing Regulations, 2015, the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2018 is annexed hereto.

## Sexual Harassment

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

During the year under review, no complaint was reported.

## Significant and Material Orders passed by the Regulators or Courts

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

## Risk Management

The Company has a risk management policy, the objective of which is to lay down a structured framework of identifying potential threats to the organisation on a regular basis, assessing their occurrence and develop a plan to mitigate the impact of such risk on the Company to the extent possible. The policy recognizes that all the risks can't be eliminated but these could be controlled or minimized through effective mitigation measures and by effective internal controls.

## Vigil Mechanism/Whistle Blower Policy

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

## 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 Pvt. Ltd. - Subsidiary Company:

The Subsidiary Company became a subsidiary on 25<sup>th</sup> November, 2016. During the year under review, the revenue of the Subsidiary Company is Rs. 19.41 Lacs. Further, the income of the Subsidiary for the year is Rs. 13.23 Lacs.

### II. Sterling Fabory India Pvt Ltd- Joint Venture Company:

The Joint Venture Company was incorporated on 9<sup>th</sup> March, 2010 as a JV. During the year under review, the revenue of the JV Company is Rs. 1228.54 lacs and the profit of the Company is Rs. 51.71 lacs

## Human Resources

The Company believes and considers its human resources as the most valuable asset. Hence continues its focus on their retention through employee engagement initiatives and provides a holistic environment where employees get opportunities to realize their potential. The policy of the Company not only meets all applicable statutory requirements but also focuses on motivation, learning and training of employees for the overall development of human resources.

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

## 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 link: [www.stlfasteners.com/](http://www.stlfasteners.com/)

## Acknowledgements

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

Your Directors look forward to their continued support.

**For and on behalf of the Board**

**Date: 11<sup>th</sup> August, 2018**  
**Place: Faridabad**

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



# Annexure-I to Board's Report

## Form AOC-1

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

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

#### Part "A": Subsidiaries

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

1.	Sl. No.	1
2.	Name of the Subsidiary	Haryana Ispat Private Limited
3.	Date since when the subsidiary was acquired	25.11.2016
4.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	31 <sup>st</sup> March, 2018
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	INR
6.	Share Capital	Rs. 10 Lacs
7.	Reserves & Surplus	Rs. 217.53 Lacs
8.	Total Assets	Rs. 235.68 Lacs
9.	Total Liabilities	Rs. 235.68 Lacs
10.	Investments	Rs. NIL
11.	Turnover	Rs. 19.41 Lacs
12.	Profit before taxation	Rs. 17.71 Lacs
13.	Provision for taxation	Rs. 4.48 Lacs
14.	Profit after taxation	Rs. 13.23 Lacs
15.	Proposed Dividend	Rs. NIL
16.	Extent of Shareholding (in %)	100%

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

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



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

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

S. No.	Name of Associates/Joint Venture	Sterling Fabory India Private Limited
1.	Latest audited Balance Sheet Date	31 <sup>st</sup> March, 2018
2.	Date on which the Associate or Joint Venture was associated or acquired	09.03.2010
3.	Shares of Associate/ Joint Venture held by the company on the year end	
	No.	34,05,000
	Amount of Investment in Associates/Joint Venture	688.25
	Extend of Holding %	50
4.	Description of how there is significant influence	Joint Venture Agreement
5.	Reason why the associate/joint venture is not consolidated	
6.	Networth attributable to Shareholding as per latest audited Balance Sheet	274.00
7.	Profit / Loss for the year	51.71
	Considered in Consolidation	25.86
	Not Considered in Consolidation	25.86

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

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

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

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

# Annexure-II to Board's Report

## Extract of Annual Return

### FORM NO. MGT 9

As on financial year ended on 31.03.2018

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

#### I. REGISTRATION & OTHER DETAILS:

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

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

#### III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

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

S I . No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF S H A R E S HELD	APPLICABLE SECTION
1	Haryana Ispat Private Limited	U27101DL2005 PTC134366	Wholly owned SUBSIDIARY	100%	2(87)

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

### i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
(1)	Indian									
a)	Individual/HUF	24006175	0	24006175	70.15	23531175	0	23531175	65.32	-4.83
b)	Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d)	Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL: (A) (1)</b>		<b>24006175</b>	<b>0</b>	<b>24006175</b>	<b>70.15</b>	<b>23531175</b>	<b>0</b>	<b>23531175</b>	<b>65.32</b>	<b>-4.83</b>
(2)	Foreign									
a)	NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b)	Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d)	Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any other...	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL: (A) (2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>		<b>24006175</b>	<b>0</b>	<b>24006175</b>	<b>70.15</b>	<b>23531175</b>	<b>0</b>	<b>23531175</b>	<b>65.32</b>	<b>-4.83</b>
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	Institutions									
a)	Mutual Funds	45312	112000	157312	0.46	2011849	0	2011849	5.58	5.12
b)	Banks/FI	3669	0	3669	0.01	11091	0	11091	0.03	0.02
c)	Central govt.	0	0	0	0.00	0	0	0	0.00	0.00
d)	State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e)	Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g)	FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i)	Others (specify) Foreign Institutional Investors	3100	0	3100	0.01	0	0	0	0.00	-0.01
	Foreign Portfolio Investors	56107	0	56107	0.16	13269	0	13269	0.04	-0.12
<b>SUB TOTAL (B)(1):</b>		<b>108188</b>	<b>112000</b>	<b>220188</b>	<b>0.64</b>	<b>2036209</b>	<b>0</b>	<b>2036209</b>	<b>5.65</b>	<b>5.01</b>



<b>(2)</b>	<b>Non Institutions</b>									
a)	Bodies corporate	0	0	0	0.00	0	0	0	0.00	0.00
i)	Indian	250271	1500	251771	0.74	207911	1500	209411	0.58	-0.16
ii)	Overseas	0	0	0	0.00	1801211	0	1801211	5.00	5.00
b)	Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i)	Individual shareholders holding nominal share capital upto Rs.2 lakhs	4477184	194140	4671324	13.65	3780337	123097	3903434	10.84	-2.81
ii)	Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	4795739	0	4795739	14.01	4112811	0	4112811	11.42	-2.59
c)	Others (specify)									
c-i)	Clearing Member	80038	0	80038	0.23	84400	0	84400	0.23	0.00
c-ii)	Non-Resident Indian/ OCBs	194015	0	194015	0.57	167858	0	167858	0.47	-0.10
d)	NBFCs Registered with RBI	0	0	0	0.00	2800	0	2800	0.01	0.01
e)	Trust	3750	0	3750	0.01	1567	0	1567	0.00	-0.01
f)	IEPF	0	0	0	0.00	173335	0	173335	0.48	0.48
<b>SUB TOTAL (B)(2):</b>		<b>9800997</b>	<b>195640</b>	<b>9996637</b>	<b>29.21</b>	<b>10332230</b>	<b>124597</b>	<b>10456827</b>	<b>29.03</b>	<b>-0.18</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		<b>9909185</b>	<b>307640</b>	<b>10216825</b>	<b>29.85</b>	<b>12368439</b>	<b>124597</b>	<b>12493036</b>	<b>34.68</b>	<b>4.83</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>		<b>33915360</b>	<b>307640</b>	<b>34223000</b>	<b>100.00</b>	<b>35899614</b>	<b>124597</b>	<b>36024211</b>	<b>100.00</b>	<b>0.00</b>

**(ii) SHARE HOLDING OF PROMOTERS**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	MANOHAR LAL AGGARWAL HUF	1600000	4.68	0	1600000	4.44	0	-0.24
2	ANIL AGGARWAL HUF	1402000	4.10	0	1402000	3.89	0	-0.21
3	ATUL AGGARWAL	8648455	25.27	0	8648455	24.01	0	-1.26
4	MANOHAR LAL AGGARWAL	3855080	11.26	0	3855080	10.70	0	-0.56
5	ANIL AGGARWAL	7840640	22.91	0	7365640	20.45	0	-2.46
6	AKHILL AGGARWAL	660000	1.93	0	660000	1.83	0	-0.10
	<b>Total</b>	<b>24006175</b>	<b>70.15</b>	<b>0</b>	<b>23531175</b>	<b>65.32</b>	<b>0</b>	<b>4.83</b>

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

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1.	<b>Anil Aggarwal</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2017	7840640	22.91		
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	Date	Increase (decrease) in shareholding	Reason	7365640 21.52
		20.07.2017	(475000)	Sold to open market	
	At the end of the year 31 <sup>st</sup> March, 2018	7365640	20.45		

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

S. No.	Shareholder's Name	Shareholding		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding During the Year	
		At the beginning (01.04.2017) and End of the Year (31.03.2018 *)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	<b>JAGDISH KUMAR AGGARWAL @</b>	1,834,610	5.36	01.04.17			1,834,610	5.36
				19.01.18	-1000	Sold	1,833,610	5.09
				16.02.18	-257	Sold	1,833,353	5.09
				09.03.18	-1,262	Sold	1,832,091	5.09
				16.03.18	1,475	Purchase	1,833,566	5.09
		1,833,566	5.36	31.03.18			1,833,566	5.09
2	<b>MEIDOH CO LTD #</b>	0	0.00	01.04.17			0	0
				11.08.17	1801211	Allotment	1,801,211	5.00
		1,801,211	5.00	31.03.18			1,801,211	5.00
3	<b>L&amp;T MUTUAL FUND TRUSTEE LIMITED- L&amp;T EMERGING BUSINESSES FUND #</b>	0	0	31.03.17			0	0
				14.04.17	510000	Purchase	510,000	1.49
				21.04.17	50000	Purchase	560,000	1.64
				12.05.17	34551	Purchase	594,551	1.74
				19.05.17	14109	Purchase	608,660	1.78
				26.05.17	25533	Purchase	634,193	1.85
				02.06.17	48766	Purchase	682,959	2.00



				09.06.17	24034	Purchase	706,993	2.07
				16.06.17	35000	Purchase	741,993	2.17
				23.06.17	12500	Purchase	754,493	2.20
				30.06.17	10000	Purchase	764,493	2.23
				07.07.17	25870	Purchase	790,363	2.31
				28.07.17	48937	Purchase	839,300	2.45
				11.08.17	1491	Purchase	840,791	2.33
				18.08.17	61247	Purchase	902,038	2.50
				25.08.17	14203	Purchase	916,241	2.54
				15.09.17	53229	Purchase	969,470	2.69
				22.09.17	64830	Purchase	1,034,300	2.87
				30.09.17	43301	Purchase	1,077,601	2.99
				27.10.17	41815	Purchase	1,119,416	3.11
				03.11.17	19405	Purchase	1,138,821	3.16
				17.11.17	69699	Purchase	1,208,520	3.35
				24.11.17	82000	Purchase	1,290,520	3.58
				01.12.17	26157	Purchase	1,316,677	3.65
				08.12.17	51867	Purchase	1,368,544	3.80
				15.12.17	25816	Purchase	1,394,360	3.87
				22.12.17	25471	Purchase	1,419,831	3.94
				29.12.17	256	Purchase	1,420,087	3.94
				05.01.18	163	Purchase	1,420,250	3.94
				12.01.18	3519	Purchase	1,423,769	3.95
				19.01.18	4796	Purchase	1,428,565	3.97
				02.02.18	10589	Purchase	1,439,154	3.99
				09.02.18	24958	Purchase	1,464,112	4.06
				23.02.18	29000	Purchase	1,493,112	4.14
				02.03.18	17000	Purchase	1,510,112	4.19
				09.03.18	24055	Purchase	1,534,167	4.26
				16.03.18	2682	Purchase	1,536,849	4.27
				23.03.18	25000	Purchase	1,561,849	4.34
		1,561,849	4.34	31.03.18			1,561,849	4.34
4	ANIL KUMAR GOEL @	1,253,089	3.66	01.04.17			1,253,089	3.66
				07.04.17	-124	Sold	1,252,965	3.66
				14.04.17	-145965	Sold	1,107,000	3.23
				21.04.17	-7000	Sold	1,100,000	3.21
				19.05.17	-5000	Sold	1,095,000	3.20
				24.11.17	-15000	Sold	1,080,000	3.00
				01.12.17	-20000	Sold	1,060,000	2.94
				08.12.17	-10000	Sold	1,050,000	2.91
				15.12.17	-38210	Sold	1,011,790	2.81
				22.12.17	-668	Sold	1,011,122	2.81
				29.12.17	-1122	Sold	1,010,000	2.80
		1,010,000	2.80	31.03.18			1,010,000	2.80

5	SEEMA GOEL @	675,000	1.97	01.04.17			675,000	1.97
				14.04.17	-100000	Sold	575,000	1.68
				12.05.17	-5000	Sold	570,000	1.67
				28.07.17	-15000	Sold	555,000	1.62
				22.09.17	-16521	Sold	538,479	1.49
				17.11.17	-28479	Sold	510,000	1.42
				24.11.17	-10000	Sold	500,000	1.39
		500,000	1.39	31.03.18			500,000	1.39
6	IDFC STERLING EQUITY FUND #	0	0	01.04.17			0	0.00
				28.07.17	480861	Purchase	480,861	1.41
				08.09.17	11123	Purchase	491,984	1.37
				13.10.17	12000	Purchase	503,984	1.40
				17.11.17	-3984	Sold	500,000	1.39
				24.11.17	-7363	Sold	492,637	1.37
				01.12.17	-25036	Sold	467,601	1.30
				08.12.17	-3985	Sold	463,616	1.29
				22.12.17	-13616	Sold	450,000	1.25
		450,000	1.25	31.03.18			450,000	1.25
7	DOLLY KHANNA @	563,210	1.65	31.03.17			563,210	1.65
				14.04.17	1700	Purchase	564,910	1.65
				02.06.17	-8145	Sold	556,765	1.63
				09.06.17	-3500	Sold	553,265	1.62
				16.06.17	-4000	Sold	549,265	1.60
				23.06.17	-3500	Sold	545,765	1.59
				30.06.17	-4000	Sold	541,765	1.58
				07.07.17	-5000	Sold	536,765	1.57
				14.07.17	-1000	Sold	535,765	1.57
				21.07.17	-1000	Sold	534,765	1.56
				28.07.17	-1000	Sold	533,765	1.56
				04.08.17	-3735	Sold	530,030	1.55
				11.08.17	-1250	Sold	528,780	1.47
				18.08.17	-1705	Sold	527,075	1.46
				01.09.17	-8109	Sold	518,966	1.44
				14.09.17	-4525	Sold	514,441	1.43
				15.09.17	-2000	Sold	512,441	1.42
				21.09.17	-7545	Sold	504,896	1.40
				30.09.17	-3000	Sold	501,896	1.39
				06.10.17	-10200	Sold	491,696	1.36
				13.10.17	-5000	Sold	486,696	1.35
				27.10.17	-2000	Sold	484,696	1.35



				03.11.17	-1500	Sold	483,196	1.34
				10.11.17	-1000	Sold	482,196	1.34
				17.11.17	-2000	Sold	480,196	1.33
				24.11.17	-11000	Sold	469,196	1.30
				01.12.17	-1000	Sold	468,196	1.30
				15.12.17	-2000	Sold	466,196	1.29
				05.01.18	-1000	Sold	465,196	1.29
				12.01.18	-7000	Sold	458,196	1.27
				19.01.18	-12000	Sold	446,196	1.24
				26.01.18	-1000	Sold	445,196	1.24
				02.02.18	-1000	Sold	444,196	1.23
				09.02.18	-1000	Sold	443,196	1.23
				02.03.18	-1000	Sold	442,196	1.23
		442,196	1.23	31.03.18			442,196	1.23
8	ANURADHA MITTAL @	169,255	0.49	01.04.17			169,255	0.49
		169,255	0.47	31.03.18			169,255	0.49
9	D SRIMATHI @	150,575	0.44	01.04.17			150,575	0.44
				20.10.17	7219	Purchase	157,794	0.44
		157,794	0.44	31.03.18			157,794	0.44
10	RAJEEV GUPTA @	100,000	0.29	01.04.17			100,000	0.29
		100,000	0.28	31.03.18			100,000	0.29
11	RITU GOEL *	150,000	0.44	01.04.17			150,000	0.44
				14.04.17	-150000	Sold	0	0
		0	0	31.03.18			0	0
12	RASHI ANIL GOEL *	100,000	0.29	01.04.17			100,000	0.29
				14.04.17	-100000	Sold	0	0
		0	0	31.03.18			0	0
13	SOUTHERN INDIA DEPOSITORY SER P LTD *	100,000	0.29	01.04.17			100,000	0.29
				07.04.17	-100000	Sold	0	0
		0	0	31.03.18			0	0

**Notes:**

- The shares of the Company are in dematerialized form and traded on a daily basis, hence the date wise increase or decrease in the shareholding is not indicated.
- \* Top 10 Shareholders only as on 31<sup>st</sup> March, 2017, # Top 10 Shareholders only as on 31<sup>st</sup> March, 2018, '@' Common Top 10 shareholders as on 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March, 2018.



(v) **Shareholding of Directors & Key Managerial Personnel:**

S I. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1.	Manohar Lal Aggarwal					
	At the beginning of the year 1 <sup>st</sup> April, 2017	3855080	11.26		3855080	11.26
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change				
	At the end of the year 31 <sup>st</sup> March, 2018	3855080	10.70		3855080	10.70
2.	Anil Aggarwal					
	At the beginning of the year 1 <sup>st</sup> April, 2017	7840640	22.91		7840640	22.91
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Date	Increase (Decrease) in Shareholding	Reason	7365640	21.52
		20.07.17	(475000)	Sold		
	At the end of the year 31 <sup>st</sup> March, 2018	7365640	20.45		7365640	20.45
3.	Atul Aggarwal					
	At the beginning of the year 1 <sup>st</sup> April, 2017	8648455	25.27		8648455	25.27
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change				
	At the end of the year 31 <sup>st</sup> March, 2018	8648455	24.01		8648455	24.01



<b>4.</b>	<b>Dr. Triloki Nath Kapoor</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2017	-	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31 <sup>st</sup> March, 2018	-	-	-	-
<b>5.</b>	<b>Shri Chotu Ram Sharma</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2017	-	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31 <sup>st</sup> March, 2018	-	-	-	-
<b>6.</b>	<b>Ms. Malini Sud</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2017	-	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31 <sup>st</sup> March, 2018	-	-	-	-
<b>7.</b>	<b>Ms. Vaishali Singh (Company Secretary)</b>				
	At the beginning of the year 1 <sup>st</sup> April, 2017	-	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change			
	At the end of the year 31 <sup>st</sup> March, 2018	-	-	-	-

## V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	401560023	0	0	401560023
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1197696	0	0	1197696
<b>Total (i+ii+iii)</b>	<b>402757719</b>	<b>0</b>	<b>0</b>	<b>402757719</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	64018128	0	0	64018128
Reduction	122704973	0	0	122704973
<b>Net Change</b>	<b>(58686845)</b>	<b>0</b>	<b>0</b>	<b>(58686845)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	342873178	0	0	342873178
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	625307	0	0	625307
<b>Total (i+ii+iii)</b>	<b>343498485</b>	<b>0</b>	<b>0</b>	<b>343498485</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lacs)

Sl. No.	Particulars of Remuneration		Name of the MD/WT/Manager			Total Amount
1	Gross salary		Manohar Lal Aggarwal (Chairman)	Anil Aggarwal (MD)	Atul Aggarwal (WTD)	
	(a)	Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	130.42	116.37	106.65	353.44
	(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	2.17	17.17	24.65	43.99
	(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option		-	-	-	-
3	Sweat Equity		-	-	-	-
4	Commission		80.00	80.00	80.00	240.00
	as % of profit					
	others (specify)					
5	Others, please specify		-	-	-	-
	<b>Total (A)</b>		<b>212.59</b>	<b>213.54</b>	<b>211.30</b>	<b>637.43</b>
	<b>Ceiling as per the Act</b>		<b>297.12</b>	<b>297.12</b>	<b>297.12</b>	<b>891.36</b>



**B. Remuneration to other Directors:**

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of the Directors			Total Amount
<b>1</b>	<b>Independent Directors</b>	<b>Dr. T. N. Kapoor</b>	<b>Shri C. R. Sharma</b>	<b>Ms. Malini Sud</b>	
	(a) Fee for attending board/committee meetings	4.50	4.75	3.50	12.75
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>4.50</b>	<b>4.75</b>	<b>3.50</b>	<b>12.75</b>
<b>2</b>	<b>Other Non Executive Directors</b>				
	(a) Fee for attending board committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c) Others, please specify.	-	-	-	-
	<b>Total (2)</b>	-	-	-	-
	<b>Total (B)=(1+2)</b>	<b>4.50</b>	<b>4.75</b>	<b>3.50</b>	<b>12.75</b>
	<b>Total Managerial Remuneration (A)+(B)</b>				<b>650.18</b>
	<b>Overall Ceiling as per the Act.</b>				<b>891.36</b>

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

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
<b>1</b>	<b>Gross Salary</b>	<b>Company Secretary</b>	<b>CFO</b>	<b>Total</b>
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	17.31	106.65	123.96
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	24.65	24.65
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission	-	80.00	80.00
	as % of profit			
	others, specify			
5	Others, please specify			
	<b>Total</b>	<b>17.31</b>	<b>211.30*</b>	<b>228.61</b>

\* Mr. Atul Aggarwal, Whole Time Director and CFO of the Company is receiving total salary of ₹ 211.30 Lacs in the capacity of both Whole Time Director and CFO, not individually

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

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

**Manohar Lal Aggarwal**  
**Chairman**  
**DIN No.: 0027380**



# Annexure-III to Board's Report

## REMUNERATION POLICY

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

#### 1. Qualifications of Independent Director:

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

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

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

#### 3. Independence of Independent Directors:

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

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

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

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

### **a) Fixed pay:**

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

### **b) Minimum Remuneration:**

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

### **c) Provisions for excess remuneration:**

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

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

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

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

# Annexure- IV to Board's Report

## FORM NO. AOC -2

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

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

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

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

The Company has not entered into any contract or arrangement with its related parties which is not at arm's length price during financial year 2017-18.

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

#### a.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sterling Automobiles Private Limited (SAPL)
b)	Nature of contracts / arrangements / transaction	Sale, Purchase and Service of Honda Vehicles
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may purchase Honda vehicles upto an Annual Transaction value of Rs. 1 Crore as well as get its Honda Vehicles serviced from SAPL upto an Annual transaction value of Rs. 25 Lacs.
e)	Date of approval by the Board	1 <sup>st</sup> April, 2017
f)	Amount paid as advances, if any	N.A.



b.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Jaycee Automobiles Private Limited (JAPL)
b)	Nature of contracts / arrangements / transaction	Sale, Purchase and Service of Audi Vehicles
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may purchase Audi vehicles upto an Annual Transaction value of Rs. 1 Crore as well as get its Audi Vehicles serviced from JAPL upto an Annual transaction value of Rs. 25 Lacs.
e)	Date of approval by the Board	1 <sup>st</sup> April, 2017
f)	Amount paid as advances, if any	N.A.

c.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sterling Fabory India Private Limited
b)	Nature of contracts / arrangements / transaction	Purchase of Material & Job work
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may purchase fasteners upto an annual value of Rs. 3 Crores and to get the job work done upto Rs. 50 Lacs annually.
e)	Date of approval by the Board	8 <sup>th</sup> February, 2016
f)	Amount paid as advances, if any	N.A.

d.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sterling Fabory India Private Limited
b)	Nature of contracts / arrangements / transaction	Sale of Material & Job work
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company may sell fasteners upto an annual value of Rs. 3 Crores and to do the job work done upto Rs. 1 Crore annually.
e)	Date of approval by the Board	8 <sup>th</sup> February, 2016
f)	Amount paid as advances, if any	N.A.

e.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sterling Technologies Private Limited
b)	Nature of contracts / arrangements / transaction	Lease Agreement
c)	Duration of the contracts / arrangements / transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company has taken on lease the 6000 Sq. Ft. area situated at 12/2 Mathura Road, Faridabad.
e)	Date of approval by the Board	5 <sup>th</sup> November, 2016
f)	Amount paid as advances, if any	N.A.

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

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

**Date: 11<sup>th</sup> August, 2018**  
**Place: Faridabad**

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

# Annexure-V to Board's Report

## ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

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

**3. Average Net Profit of the Company for last three financial years for the purpose of computation of CSR:** Rs. 43.26 Crores

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** Rs. 86,52,208/-

**5. Details of CSR spent during the financial year:** Rs. 92,19,753/-

a. **Total amount to be spent for the financial year:** Rs. 92,19,753/-

b. **Amount unspent :** Rs. NIL/-

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

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

Based on the calculation as provided in the provisions of Section 198 read with Section 135 of Companies Act, 2013, our Company was required to incur Rs. 86,52,208/- on Corporate Social Responsibility activities against which, the Company had actually incurred Rs. 92,19,753/- during Financial Year 2017-2018.

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

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

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

**Manner in which Amount spent during the financial year is detailed below**

Sr. No.	CSR Project or Activity identified	Sector in which Project is covered	Specify the area where projects or programs was undertaken	Budget project or programs wise	Amount spent on the projects or programs	Cumulative expenditure upto the reporting period	Amount spent: direct or through implementing agency
1.	Training and educating underprivileged children/orphans	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Delhi, NCR & Punjab	9,00,000/-	16,98,753/-	16,98,753	Direct: a) Hiring untrained man power through Team Lease Skills University. b) Rs. 3,60,000/- through District Council For Children, Prithla
2.	Sponsoring homes for orphans and sponsoring old age homes, day care centres and such other facilities for senior citizens	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Delhi, NCR & Punjab	1,10,000/-	1,10,000/-	1,10,000/-	Through NGOs: a) Rs. 1,00,000/- to "Welfare Home for Children" b) Rs. 10,000/- to "Delhi State Council for Women"
3.		Payment to Sterling Tools Foundation (Regd.)	Delhi, NCR	76,42,208/-	74,11,000/-	74,11,000/-	Rs. 74,11,000 to Sterling Tools Foundation (Regd.)
<b>Total</b>				<b>86,52,208/-</b>	<b>92,19,753/-</b>	<b>92,19,753/-</b>	

**Note:** Based on the calculation as provided in the provisions of Section 198 read with Section 135 of Companies Act, 2013, our Company was required to incur Rs. 86,52,208/- on Corporate Social Responsibility activities against which, the Company had actually incurred Rs. 92,19,753/- during Financial Year 2017-2018.

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

## Annexure – VI to Directors’ Report

### Particular of Employees

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

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

Executive Directors	Designation	Ratio to Median Remuneration
Sh. M.L. Aggarwal	Chairman	1181
Sh. Anil Aggarwal	Managing Director	1186
Sh. Atul Aggarwal	Whole Time Director	1174

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

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

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% Increase in remuneration in the financial year
Sh. M.L. Aggarwal, Chairman	22.30
Sh. Anil Aggarwal, CEO & MD	18.29
Sh. Atul Aggarwal, CFO	24.51
Ms. Vaishali Singh, Company Secretary	32.99

- 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: 558**
- 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 11%. Increase in the Managerial remuneration for the year was 15%.

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

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

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

I. The names of top ten employees in terms of remuneration drawn: In terms of the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of top ten employees of the Company drawing remuneration can be made available on a specific request given to the Company, in writing.

II. Name of every employee who if:

A. Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 1,02,00,000/-.

S. No.	Name of Employees	Designation	Remuneration (Rs.)	Nature of employment (Contractual or otherwise)	Qualification and Experience	Date of Commencement of employment	Age	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
1	Shri Manohar Lal Aggarwal	Chairman	130.42 Lacs	Otherwise	B.Sc. and 64 Years	07.06.1979	88	N.A.	10.70	Yes
2	Shri Anil Aggarwal	Managing Director	116.37 Lacs	Otherwise	B.Com. and 42 Years	30.09.1994	60	N.A.	20.45	Yes
3	Shri Atul Aggarwal	Whole Time Director	106.65 Lacs	Otherwise	M.B.A.	30.09.1994	54	N.A.	24.01	Yes

B. Employed for part of the Financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rs. 8,50,000/- per month: **Not Applicable**

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

## Annexure - VII to Board's Report

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

### (A) Conservation of energy-

1.	Steps taken or impact on conservation of energy	<ol style="list-style-type: none"> <li>1. Kaizens carried out in each section to conserve energy</li> <li>2. Replaced old energy in efficient motor with IE3 motor</li> <li>3. Replaced Heavy duty Fumes extraction system with environment friendly and efficient Electro Static Separation unit. The reduction in connected load is 38KW</li> <li>4. Installed VFD system to reduce the energy consumption</li> <li>5. Electric heating system replaced with Hot water heating system</li> <li>6. Natural ventilation Fume extraction system installed and removed electrically operated Air Blower</li> </ol>
2.	The steps taken by the company for utilising alternate sources of energy	<ol style="list-style-type: none"> <li>1. The Company has installed Hot water generator of 2,00,000 KCAL/ Hr and replaced electric heating system</li> <li>2. The Company implemented Energy recovery system with heat Pump of 60 KW</li> </ol>
3.	The capital investment on energy conservation equipment's	<p>The capital investment done in</p> <ol style="list-style-type: none"> <li>1. Old Motors are being replaced with Energy efficient IE3 motor.</li> <li>2. Investment made in Heat Pump and Hot water Generator system</li> <li>3. Investment in Electro Static Separation unit for Fumes extraction.</li> </ol>

## (B) Technology absorption-

1.	the efforts made towards technology absorption	<p>In 2015-16 company had upgraded our Surface Treatment facilities.</p> <p>In 2016-17 company had consolidated its technological understanding of the surface treatment process and had installed Scanning Electron Microscope in Technical Centre.</p> <p>In 2017-18 company introduced Endo gas system in furnace by replacing the Methanol system. The learning from the Technology-wise breakthrough projects deployed in the shop floor.</p> <p>Best practices deployed from Japanese fastener manufacturer</p>
2.	the benefits derived like product improvement, cost reduction, product development or import substitution	The above action made reduced consumption of electricity, consumables etc.
3.	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	N.A.
	the details of technology imported	N.A.
	the year of import	N.A.
	whether the technology been fully absorbed	N.A.
	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.
	the expenditure incurred on Research and Development	No expense incurred for R&D activities

## (C) Foreign exchange earnings and Outgo-

1.	The Foreign Exchange earned in terms of actual inflows during the year	Rs. 363,117,204.00
2.	the Foreign Exchange outgo during the year in terms of actual outflows.	Rs. 121,102,911.00



# **Annexure - VIII to Board's Report**

**Form No. MR-3**

## **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2018**

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

**To  
The Members,  
Sterling Tools Limited,  
(CIN:L29222DL1979PLC009668)  
K-40, Connaught Circus,  
New Delhi-110001**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sterling Tools Limited (CIN: L29222DL1979PLC009668) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 (Audit Period) complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018, 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 regulation made thereunder to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition on Insider Trading) Regulations, 1992;



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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements read with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 entered into by the Company with the Stock Exchanges.

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

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

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

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

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

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

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

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

- i. The Company has allotted 18,01,211 equity shares to M/s. Meidoh Co. Ltd., Japan by way of preferential allotment on Private Placement basis at an issue price of Rs. 246.60 per equity shares.

**Date:26/07/2018**  
**Place: Ghaziabad**

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

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

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



**To  
The Members  
Sterling Tools Limited  
(CIN:L29222DL1979PLC009668)  
K-40, Connaught Circus,  
New Delhi-110001**

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

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

**Date:26/07/2018  
Place: Ghaziabad**

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

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

# Corporate Governance Report for the year 2017-2018

## 1. Statement on Company's philosophy

Our corporate governance is a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times.

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 leadership and governance of the Company.

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with para C and D of Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as applicable, with regard to corporate governance.

## 2. Board of Directors

### 2.1 Composition of Board of Directors:

We believe that a well-informed and independent board is necessary to ensure the highest standards of corporate governance. The Board oversees the Management's functions and protects the long-term interests of our stakeholders.

The Company has a balanced and diverse Board of Directors, which primarily takes care of the business needs and stakeholders' interest. The Non-Executive Directors including Independent Directors on the Board are experienced and competent from the fields of finance, economics, law, governance etc. They take active part at the Board and Committee Meetings by providing valuable guidance to the Management on various aspects of business, policy direction, governance, compliance etc. which adds value in the decision making process of the Board of Directors. The composition of the Board also complies with the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). As at the end of corporate financial year 2018, the total Board strength comprises of six Directors on the Board, out of which three are Non-Executive Directors and the rest are Executive Directors. The details of each member of the Board along with the number of Directorship(s) / Committee Membership(s)/Chairmanship(s) are provided herein below:

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

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

## 2.2 Details of Board Meetings held during the Financial Year:

During the Financial Year 2017-2018, the Board met 6 times—on 12<sup>th</sup> April, 2017, 26<sup>th</sup> May, 2017, 31<sup>st</sup> August, 2017, 7<sup>th</sup> September, 2017, 13<sup>th</sup> November, 2017 and 13<sup>th</sup> February, 2018.

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

Name of the Director	No. of Board Meeting attended	Whether attended last AGM
Shri. M. L. Aggarwal	6	Yes
Shri Anil Aggarwal	5	Yes
Shri Atul Aggarwal	5	Yes
Dr. T. N. Kapoor	6	No
Shri C. R. Sharma	6	Yes
Ms. Malini Sud	6	Yes

## 2.3 Board Meetings and Procedures thereof:

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

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

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

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

## 2.4 Information supplied to the Board:

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

Among others, this include:

- i) Annual operating plans and budgets and any updates.
- ii) Quarterly Results of the Company.
- iii) Capital Budgets-Plant wise as well as Company as a whole.
- iv) Minutes of Audit Committee, Investors' Grievance Committee, Share transfer Committee & Remuneration Committee.
- v) Information relating to recruitment of Senior Officers just below the Board level.
- vi) Certificates given by the Plant Heads / Admin. Heads detailing compliances with the various provisions of Factories Act, Safety, Health and Environmental norms etc.
- vii) Details of any Joint Venture, Collaboration etc.
- viii) Non-compliance of any statutory, regulatory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- ix) All other information which is required to be provided pursuant to the provisions of Listing Agreement readwith the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015.

## 2.5 Details of shareholding of Directors as on 31.03.2018 are given as under:

Name of the Director	No. of Equity Shares (Face Value Rs. 2/-)	% of Holding
Shri M. L. Aggarwal	3855080	10.70
Shri Anil Aggarwal	7365640	20.45
Shri Atul Aggarwal	8648455	24.01
Dr. T. N. Kapoor	Nil	Nil
Shri C. R. Sharma	Nil	Nil
Ms. Malini Sud	Nil	Nil

## 2.6 Separate Independent Directors' Meeting:

A Separate meeting of Independent directors was held during the year 2017-18 on 25th December, 2017 without the attendance of non-independent directors and members of management. All the independent directors of the company were present in the meeting and they inter-alia discussed:

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

## 2.7 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 ([www.stlfasteners.com/new/news.asp](http://www.stlfasteners.com/new/news.asp)).

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

At present the Company has five Board Committees:

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

### 3.1 Audit Committee:

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement read with Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015. Members of the Audit Committee possess financial / accounting expertise / exposure. The purpose of this Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosures process, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

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

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



The role and terms of reference of the Audit Committee cover areas mentioned in the Clause 49 of Listing Agreement read with the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 with Stock Exchange and section 177 of the Companies Act, 2013 which, among others, include:

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

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

#### **Meetings of Audit Committee**

During the Financial Year 2017-2018, the Audit Committee met 5 times – on 26<sup>th</sup> May, 2017, 31<sup>st</sup> August, 2017, 7<sup>th</sup> September, 2017, 13<sup>th</sup> November, 2017 and 13<sup>th</sup> February, 2018. The attendance of each Member of the Committee is given below:

<b>Name of Directors</b>	<b>No. of Meetings attended</b>
Shri. C. R. Sharma	5
Dr. T. N. Kapoor	5
Shri. Anil Aggarwal	5
Ms. Malini Sud	5

The necessary quorum was present for all the meetings.



### 3.2 Nomination and Remuneration Committee:

The Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement readwith the Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015. This committee comprises of following Directors:

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

#### **Terms of Reference**

##### **(a) Authority:**

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

##### **(b) Duties:**

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

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

In identifying suitable candidates the Committee may:

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

**(c) Duties-Remuneration**

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

- a. to consider and determine, based on their performance and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board and the Chief Executive Officer, namely:
  - (i) base salary;
  - (ii) bonuses and performance-related payments (including profit-sharing schemes);
  - (iii) discretionary payments;
  - (iv) benefits in kind; and
  - (v) share options and their equivalents;
- b. to approve the remuneration of other members of the senior management of the group;



- c. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and considering any other connection that they may have with the Company;
- d. in relation to the above, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company;
- e. to delegate any of its powers to one or more of its members or the secretary of the Committee;
- f. to consider any other matters as may be requested by the Board; and
- g. to make available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board.

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

During the Financial Year 2017-2018, the Committee met two times-on 31<sup>st</sup> August, 2017 and 25<sup>th</sup> December, 2017 to finalise methodology for evaluation of directors. The attendance of each Member of the Committee is given below:

<b>Name of Directors</b>	<b>No. of Meetings attended</b>
Shri. C. R. Sharma	2
Shri. T. N. Kapoor	2
Ms. Malini Sud	2
Shri M.L. Aggarwal	2

### **Performance evaluation criteria for Independent Directors**

The Nomination and Remuneration Committee of the Company approved an evaluation Policy during the year, which was adopted by the Board of Directors. The policy provides for evaluation of the independent directors. An indicative list of factors that may be evaluated include participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgement.

### **Remuneration Policy**

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

### **Policy on Board Diversity**

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

- (i) Optimum combination of Executive Directors, Non-Executive Directors and Independent Directors.

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

### **Compensation to the Members of the Board**

#### **Executive Directors**

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

Details of the remuneration paid to Executive Directors during the year 2017-2018 are given below:

**(Amount in Rs.)**

<b>Name of the Director</b>	<b>Salary and other Allowances</b>	<b>Commission</b>	<b>Perquisites</b>	<b>Total</b>
Shri. M. L. Aggarwal	13042080.00	8000000.00	216556.00	21258636.00
Shri Anil Aggarwal	11636756.00	8000000.00	1716970.00	21353726.00
Shri Atul Aggarwal	10664640.00	8000000.00	2465148.00	21129788.00

- The service contract of Executive Directors is for a period of three years from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2018.
- Services of an Executive Director may be terminated by either party, giving the other party three months' notice as per the policy of the Company. There is no separate provision for payment of severance fees.

#### **Non-executive Directors**

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

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

During the Financial Year 2017-2018, the sitting fees paid to Independent directors are detailed below:

(Amount in Rs.)

Name of the Director	Board Meeting	Audit Committee	Stakeholders' Relationship Committee	Nomination & Remuneration Committee	C S R Committee	Risk Management Committee	Share Transfer Committee
Dr. T. N. Kapoor	150000	125000	100000	50000	0	0	0
Shri C. R. Sharma	150000	125000	100000	50000	25000	0	0
Ms. Malini Sud	150000	125000	0	50000	0	0	0
<b>TOTAL</b>	<b>450000</b>	<b>375000</b>	<b>200000</b>	<b>150000</b>	<b>25000</b>	<b>0</b>	<b>0</b>

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

During the year 2017-2018, the Company did not advance any loans to any of the Executive and/ or Non-executive directors.

### 3.3 Stakeholders' Relationship Committee

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

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

#### Terms of reference

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

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

#### Meetings of Stakeholders' Relationship Committee

During the financial year 2017-2018 the Committee met 4 times-on 26<sup>th</sup> May, 2017, 7<sup>th</sup> September, 2017, 13<sup>th</sup> November, 2017 and 13<sup>th</sup> February, 2018 to review the grievances / complaints received from Shareholders.

1.	Number of shareholder's complaints received during the financial year 2017-2018	NIL
2.	Number of shareholder's complaints solved to the satisfaction of shareholders.	NIL
3.	Number of pending shareholders' complaints	NIL

#### 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

### 3.4 Other Committees

#### 3.4.1 Share Transfer Committee

The Share Transfer Committee comprises of following Directors:

- Shri M. L. Aggarwal – Chairman
- Shri Anil Aggarwal – Member(Managing Director)
- Shri Atul Aggarwal – Member(Whole Time Director)

#### **Meetings of Share Transfer Committee**

The Committee meets at frequent intervals, to approve inter-alia, transfer / transmission of Shares, de-materialization of shares, issue of duplicate share certificate, Consolidation and Split of Share Certificate and any other powers / responsibilities entrusted by the Board. During the Financial Year 2017-2018 the committee met 13 (Thirteen) times.

#### 3.4.2 Corporate Social Responsibility Committee

The CSR Committee of the Company comprises the followings:

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

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

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

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

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

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

During the Financial Year 2017-2018, the Committee met once on 13<sup>th</sup> February, 2018. The attendance of each Member of the Committee is given below:

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

## Role of the Company Secretary in overall governance process

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

## 4. General Body Meetings

### 4.1 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
2016-2017	28.09.2017	11:00 A.M.	The Little Theatre Group (LTG) Auditorium, Copernicus Marg, New Delhi-110001	Approving remuneration of cost auditors, Reappointment and payment of remuneration to Chairman, WTD and MD.
2015-2016	29.09.2016	04:00 P.M.	LakshmiPat Singhania Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	Approving remuneration of cost auditors.
2014-2015	29.09.2015	04:00 P.M.	LakshmiPat Singhania Auditorium, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	Appointment of Ms. Malini Sud as an Independent Director, Approving remuneration of cost auditors,

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

Date	Time	Special Resolution
28.09.2017	11:00 A.M	Reappointment and payment of remuneration to Chairman, WTD and MD
29.09.2016	04:00 P.M.	-NONE-
29.09.2015	04:00 P.M.	-NONE-

### 4.3 Special Resolution passed in Extra-Ordinary General Meeting (EGM)

During the year the Company had passed one special resolution in Extra-ordinary General Meeting held on 11<sup>th</sup> May, 2017 at Modi Hall, PHD Chamber of Commerce & Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 at 11:00 A.M. for Issue of Equity Shares on Preferential Basis.



#### 4.4 Special Resolution passed through Postal Ballot in last year:

During the year the Company had passed on special resolutions through Postal ballot to approve and ratify the list of ultimate beneficiary of the non-promoter foreign body corporate allottee in preferential allotment.

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

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

The result of the Postal Ballot was declared on 8<sup>th</sup> July, 2017. Detail of the voting pattern was as under:

Description of Resolution	No. of total valid Postal Ballot Forms / e-votes received	Votes Cast (No. of shares)	
		For	Against
To approve and ratify the list of ultimate beneficiary of the non-promoter foreign body corporate allottee in preferential allotment	109	24746285	1273

#### 4.5 Details of 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 28<sup>th</sup> September, 2018.

### 5. Means of Communication

The Board recognizes the importance of two-way communication with shareholders and giving a balanced report of results and progress and responding to questions and issues raised in a timely and consistent manner. The Company website ([www.stlfasteners.com](http://www.stlfasteners.com)) has information for institutional and retail shareholders alike. Shareholders seeking information related to their shareholding may contact the Company directly and Management of the Company been meeting the Analysts upon their requests to appraise them about the current working as well as future vision of the Company.

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

The Chairman's speech is distributed to shareholders at 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.

## 6. General Shareholder Information

### (i) Annual General Meeting

Date : Friday, 28<sup>th</sup> September, 2018  
Time : 10:30 A.M.  
Venue : **The Little Theatre Group (LTG) Auditorium**  
Copernicus Marg, New Delhi-110001

### (ii) Financial Calendar : 2018-2019 (1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019)

Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March

### (iii) Dividend Announcement : The Board of Directors of Sterling Tools Limited has recommended an interim dividend for the financial year 2017-2018 of Rs. 1 per equity share (50%) in their meeting held on 7<sup>th</sup> September, 2017 and Rs. 1 per equity share (50%) in their meeting held on 13<sup>th</sup> February, 2018 which have already been paid. Further, the Board of Directors in their meeting held on 23<sup>rd</sup> May, 2018 declared the Interim dividends already paid as final dividend for the Financial year 2017-2018. Dividend paid in the previous year was Rs. 2 per equity share (100%).

### (iv) Dates of Book Closure : The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 22<sup>nd</sup> September, 2018 to Friday, 28<sup>th</sup> September, 2018 both days inclusive, for the purpose of Annual General Meeting.

### (v) Date of Dividend Payment : The payment of interim dividends recommended by Board of Directors in their meeting 7<sup>th</sup> September, 2017 and 13<sup>th</sup> February, 2018 have already been paid on 20<sup>th</sup> September, 2017 and 26<sup>th</sup> February, 2018 respectively 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 15<sup>th</sup> September, 2017 and 21<sup>st</sup> February, 2018 respectively 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 15<sup>th</sup> September, 2017 and 21<sup>st</sup> February, 2018 respectively.

### (vi) Listing on Stock Exchange :

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

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

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

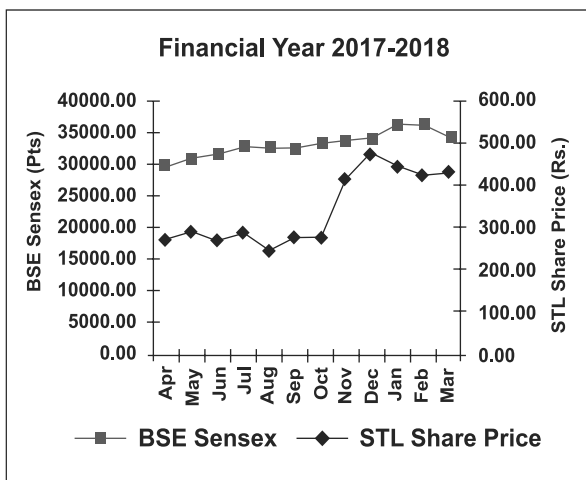
1. **BSE, Mumbai** : **530759**

2. **NSE, Mumbai** : **STERTOOLS**

Listing fees as applicable have been paid.

(viii) **Market Share price data on BSE during the financial year 2017-2018** **Stock Price Performance-STL Vs BSE Sensex Financial Year 2017-2018**

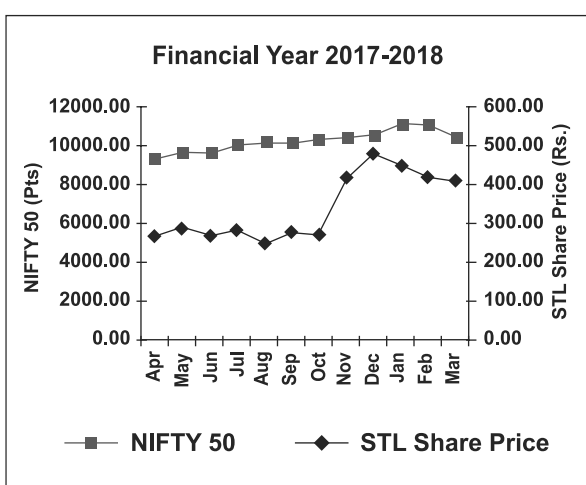
Month	High	Low
April 2017	270.00	220.60
May 2017	290.00	241.85
June 2017	270.10	201.00
July 2017	288.00	229.75
August 2017	250.00	223.00
September 2017	277.85	228.00
October 2017	274.65	236.25
November 2017	412.00	248.60
December 2017	477.70	383.40
January 2018	449.40	366.00
February 2018	421.70	340.00
March 2018	429.00	350.00



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

(ix) **Market Share price data on NSE during the financial year 2017-2018** **Stock Price Performance-STL Vs NIFTY 50 Financial Year 2017-2018**

Month	High	Low
April 2017	268.80	220.00
May 2017	287.90	237.35
June 2017	269.80	220.60
July 2017	285.00	231.35
August 2017	248.90	225.20
September 2017	277.00	230.25
October 2017	274.80	238.00
November 2017	413.35	246.95
December 2017	478.00	382.35
January 2018	449.70	381.40
February 2018	420.00	352.10
March 2018	408.50	351.05



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



- (x) **Registrar and Transfer Agent** : MAS Services Limited  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area,  
Phase-II, New Delhi-110020
- (xi) **Share Transfer System** : The shares of the Company are compulsorily traded in dematerialised form. Shares received in physical mode are processed and approved by the Share Transfer Committee within a period of 15 days from the date of receipt provided the documents lodged are being valid and complete in all respects. In order to expedite the process of share transfer and in line with clause 49 of Listing Agreement readwith the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015, the Company has delegated the power of share transfer to R & T Agent- M/s MAS services Limited.

**xii) Distribution of shareholding as on 31<sup>st</sup> March, 2018**

**Nominal Value of each shares – Rs. 2/-**

Number of Share Holders	% To Total	Share Holding of Nominal Value of Rs.	No. of shares	Amount in Rs.	% To Total
8878	97.017	1 TO 5000	1986448	19864480	5.514
142	1.552	5001 TO 10000	534541	5345410	1.484
62	0.678	10001 TO 20000	458059	4580590	1.272
19	0.208	20001 TO 30000	237426	2374260	0.659
7	0.076	30001 TO 40000	133179	1331790	0.370
10	0.109	40001 TO 50000	237010	2370100	0.658
12	0.131	50001 TO 100000	449752	4497520	1.248
21	0.229	100001 AND ABOVE	31987796	319877960	88.795
<b>9151</b>	<b>100.00</b>	<b>TOTAL</b>	<b>36024211</b>	<b>360242110</b>	<b>100.00</b>

**(xiii) Shareholding Pattern:**

	As on 31 <sup>st</sup> March 2018		As on 31 <sup>st</sup> March 2017	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Promoters	23531175	65.32	24006175	70.15
Mutual Funds	2176834	6.04	157312	0.46
NRIs and OCBs	1952076	5.42	194015	0.57
Body Corporate	261061	0.73	331809	0.97
Indian Public	8103065	22.49	9533689	27.85
<b>Total</b>	<b>36024211</b>	<b>100.00</b>	<b>34223000</b>	<b>100.00</b>

Face value of Rs. 2/-.

- xiv) Dematerialisation of Shares** : The Shares of the Company are in Compulsory Demat segment as on 31<sup>st</sup> March, 2018.

The summarised position of shareholders in Physical and Demat segment as on 31<sup>st</sup> March, 2018 is as under:

Type of shareholding	No. of shareholders	Physical Shares	Demat Shares
Equity	9151	124597	35899614
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, 2018, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.
- (xvi) Shares in 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, Ballabhgarh, Faridabad, Haryana.  
(iii) 49 KM Stone, Delhi Mathura Road, Village-Prithla, Distt.-Palwal.
- 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.

## **7. Other Disclosures**

### **7.1 Disclosures on materially significant related party transactions**

All related party transactions that were entered into during the FY 2017-18 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>.

### **7.2 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. No penalties or strictures have been imposed on the Company by these authorities.

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

The Company has adopted a Whistle blower policy and Vigil Mechanism to provide a formal mechanism to the Directors, employees and other external stakeholders to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Conduct or Ethics policy. The policy provides for adequate safeguards against victimisation of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. No personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company <http://www.stlfasteners.com/new/news.asp>.

### **7.4 Policy on disclosure of material events**

The Company has also adopted policies on determination of material events and policy for preservation of documents. The said policies are available on the website of the Company <http://www.stlfasteners.com/new/news.asp>.

### **7.5 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 are being reviewed by the Board from Time to Time.

### **7.6 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.

## 7.7 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.

## 7.8 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. Separation of office of CEO and Chairman

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

### b. Audit qualifications

Mr. Anamitra Das has signed the audit report for 2017-18 on behalf of firm and there is no Audit Qualification by the Statutory Auditors.

### c. Presentation by Internal Auditors

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

## 7.8 Subsidiary Companies

The Company has one wholly owned subsidiary i.e. M/s Haryana Ispat Private Limited.

## 8 Code of conduct

The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company as required under Listing Regulations 2015. 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, 2018. The Annual Report of the Company contains a certificate by the Managing Director & CEO in this regard.

## 9. Code of conduct for Insider Trading

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

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

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

## **10. Report on Corporate Governance**

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

## **11. CEO/CFO Certification**

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

## **12. Compliance**

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



## CEO AND CFO CERTIFICATION

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

1. We have reviewed the Financial Statements and all its Schedules and Notes on accounts, as well as the Cash Flow Statements for the Year ended 31-03-2018 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 31-03-2018.

**Date: 27.07.2018**  
**Place: Faridabad**

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

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



## COMPLIANCE CERTIFICATE

### CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members,  
Sterling Tools Limited,  
(CIN:L29222DL1979PLC009668)  
K-40, Connaught Circus,  
New Delhi-110001

I have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 pursuant to the Uniform Listing Agreement of the said company with the Stock Exchanges, for the year ended 31<sup>st</sup> March 2018.

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.

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: 26/07/2018  
Place: Ghaziabad

For Santosh Kumar Pradhan  
(Company Secretaries)

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



# Management Discussion and Analysis Report

## OVERVIEW

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships.

In many ways, 2017-18 was a defining year for the Indian economy. India completely reset its indirect tax system to a comprehensive GST while still experiencing the impact of the demonetisation shock of November 2016.

The growth in the first half of the year suffered despite global tailwinds. However, the weakness seen at the beginning of 2017, seems to have bottomed out as 2018 and rise in GDP growth from the second quarter of 2017-18 suggests that the Indian Economy has recovered from the initial negative impact of the GST and demonetization.

Currently, the economy seems to be on the path to recovery, with indicators of industrial production, stock market index, auto sales and exports having shown some uptick. As per the advance estimates, in Fiscal 2018, India's GDP increased to 6.7% as compared to an increase of 7.1% in Fiscal 2017. India's GDP growth bottomed out in the middle of 2017 after slowing for five consecutive quarters, and has since improved significantly, with momentum carrying over into 2018 on the back of a recovery in investment. Although investment growth was still moderately lower in 2017 than in 2016, high-frequency indicators suggest that it accelerated into 2018.

As per UN Report, Indian Economy is expected to grow at 7.6% for the Fiscal 2018-19. "Among the major economies, growth in India is gaining momentum underpinned by robust private consumption, a slightly more supportive fiscal stance and benefits from past reforms", the Report said.

## INDUSTRY STRUCTURE & DEVELOPMENTS

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

The Indian auto industry is on the cusp of transformation, moving from BS-IV to BS-VI and later to electric vehicles. Despite teething troubles like GST and no clarity on the electric vehicle policy, the auto industry recorded a milestone in the financial year 2017-18. As per the ET Auto, here are few such facts that highlight the growth story of the Indian auto sector in FY18.

### 1. PV production crosses 4-mn mark in FY18

The FY18 produced around 4,010,373 units of passenger vehicles, which is 13.79 per cent of the total vehicle produced in the country. Out of the 4-million passenger vehicle produced, 19 per cent exported to other countries. The auto sector witnessed highest-ever production in the passenger car and utility segment in the FY18.

### 2. PV sales all-time high

The passenger vehicle sales touched all-time high at 3.3 million unit in Fy18 despite changes in GST several times. The auto industry recorded highest-ever sales in the passenger vehicles in the FY18.

### 3. Two-wheelers registers highest-ever production

India is the largest two-wheelers market in the world. The two-wheelers production surged by 16.12 per cent to 23 million, despite the high base of 19.9 million units. The production of scooters crossed 7 million and motorcycles crossed 15 million.

### 4. Two-wheelers sales touch milestone

It is not just the production that touched the peak, but the two-wheelers sales also touched a new milestone to 20.2 million units. Scooters crossed 6.7 million sales figure and motorcycles clocked 12.6 million, the highest-ever sales in the scooters and motorcycles segments.

### 5. CV creates new record

Domestic sales of commercial vehicles created a new record by selling 856,453 units in FY2017-18. The segment surpassed its earlier sales record of 809,499 units in FY 2011-12.

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

## Production

The industry produced a total 29,075,605 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycle in April-March 2018 as against 25,330,967 in April-March 2017, registering a growth of 14.78 percent over the same period last year.

## Domestic Sales

The sale of Passenger Vehicles grew by 7.89 percent in April-March 2018 over the same period last year. Within the Passenger Vehicles, Passenger Cars, Utility Vehicle and Vans grew by 3.33 percent, 20.97 percent and 5.78 percent respectively in April-March 2018 over the same period last year.

The overall Commercial Vehicles segment grew by 19.94 percent in April-March 2018 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 12.48 percent and Light Commercial Vehicles grew by 25.42 percent in April-March 2018 over the same period last year.

Three Wheelers sales grew by 24.19 percent in April- March 2018 over the same period last year. Within the Three Wheelers, Passenger Carrier & Goods Carrier sales registered a growth of 28.65 percent and 7.83 percent respectively in April-March 2018 over April-March 2017.

Two Wheelers sales registered a growth at 14.80 percent in April-March 2018 over April-March 2017. Within the Two Wheelers segment, Scooters and Motorcycles grew by 19.90 percent and 13.69 percent respectively, while Mopeds declined by (-) 3.48 percent in April-March 2018 over April-March 2017.

## Exports

In April-March 2018, overall automobile exports increased by 16.12 percent. Two and Three Wheelers Segments registered a growth of 20.29 percent and 40.13 percent respectively, while Passenger Vehicles and Commercial Vehicles declined by (-)1.51 percent and (-) 10.53 percent respectively in April-March 2018 over the same period last year.

Category	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Passenger Vehicles	32,31,058	30,87,973	32,21,419	34,65,045	38,01,670	4010373
Commercial Vehicles	8,32,649	6,99,035	6,98,298	7,86,692	8,10,253	894551
Three Wheelers	8,39,748	8,30,108	9,49,019	9,34,104	7,83,721	1021911
Two Wheelers	1,57,44,156	1,68,83,049	1,84,89,311	1,88,30,227	1,99,33,739	23147057
<b>Grand Total</b>	<b>2,06,47,611</b>	<b>2,15,00,165</b>	<b>2,33,58,047</b>	<b>2,40,16,068</b>	<b>2,53,29,383</b>	<b>2,90,73,892</b>

### Automobile Domestic Sales Trends

Category	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Passenger Vehicles	26,65,015	25,03,509	26,01,236	27,89,208	30,47,582	32,87,965
Commercial Vehicles	7,93,211	6,32,851	6,14,948	6,85,704	7,14,082	8,56,453
Three Wheelers	5,38,290	4,80,085	5,32,626	5,38,208	5,11,879	6,35,698
Two Wheelers	1,37,97,185	1,48,06,778	1,59,75,561	1,64,55,851	1,75,89,738	2,01,92,672
<b>Grand Total</b>	<b>1,77,93,701</b>	<b>1,84,23,223</b>	<b>1,97,24,371</b>	<b>2,04,68,971</b>	<b>2,18,62,128</b>	<b>2,49,72,788</b>

### Automobile Exports Trends

Category	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Passenger Vehicles	5,59,414	5,96,142	6,21,341	6,53,053	7,58,727	7,47,287
Commercial Vehicles	80,027	77,050	86,939	1,03,124	1,08,271	96,867
Three Wheelers	3,03,088	3,53,392	4,07,600	4,04,441	2,71,894	3,81,002
Two Wheelers	19,56,378	20,84,000	24,57,466	24,82,876	23,40,277	28,15,016
<b>Grand Total</b>	<b>28,98,907</b>	<b>31,10,584</b>	<b>35,73,346</b>	<b>36,43,494</b>	<b>34,79,169</b>	<b>40,40,172</b>

Source of Information: SIAM)

## OPPORTUNITIES & THREATS

### Opportunities:

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

**Optimistic Outlook:** In 2017, the Indian passenger vehicle market has achieved a new feat by moving up to the fourth position in the world in terms of volume, beating Germany. It is expected to become the third-largest by 2020, thus to become a cynosure in the eyes of global automotive industry.

India's auto industry has a potential to generate up to \$300 billion in annual revenue by 2026, creating 65 million additional jobs and contributing over 12 per cent to India's Gross Domestic Product.

**Largest Auto Market:** Today, India is one of the most important markets for various overseas automakers, which includes largest market for Suzuki Corporation as it gets over 50 per cent of its business share from here. For Honda, India is one of the biggest markets in two-wheeler space, while for cars also it contributes substantially.

**Availability of Labor and Raw Material:** The Indian automobile industry is highly supported by factors such as availability of skilled labour at low cost and low-cost steel production.

**Favourable Government's Policy Framework:** The consolidated automotive industry holds great importance in the government's manufacturing policy framework, where it is labelled as a 'sunrise sector'. The Indian government's 'Make in India' drive and its sectoral policy are both highly encouraging for the future outlook of the Indian automotive industry.

**Developing Infrastructure:** In the Budget 2018, Government of India has plans to complete 9,000 km of national highways by Fiscal 2019 and 35,000 km under the Bharatmala project at Rs. 5.35 lac crore. With the allocation of funds to improve national highways; people will see value in personal transportation and increase in sentiments towards purchasing new vehicles. Even the commercial vehicle industry will benefit from this increased connectivity.

**Growing Automotive After Market:** The Indian automotive aftermarket is estimated to grow at around 10-15 per cent to reach \$16.5 billion by 2021, from around \$7 billion in 2016.

India is a prominent automotive manufacturer and exporter with highly optimistic expectations continuing for growth in the near future.

## THREATS

1. **Intense Competition:** Presence of such a large number of players in the Automobile industry results into extensive competition, every company eating into others share leaving little scope for new players.
2. **Volatility in the fuel Prices:** At least for the passenger segment fluctuations in the fuel prices remains the determining factor for its growth. Also government regulations relating the use of alternative fuels like CNG. Shell gas is also affecting the inventories.
3. **High fixed cost and investment in R & D:** Due to the fact that mature markets are already overcrowded, industry is shifting towards emerging markets by building facilities, R & D centers in these markets. Huge investment is required to set up these type of Tech Centres.
4. **Uncertainty of future with the changed Government' policies:** As of now there is uncertainty among component manufacturers as to how their business will be impacted with the advent of electric vehicles. The fact that internal combustion engines (ICE), which are used in most cars, have more than 2,000 moving parts, while an electric vehicle has about 20, resulting in fewer breakdowns.
5. **No clear road map:** People in the industry are definitely apprehensive of investing more since there is no clear road map. Though by 2030 the ICE engines would also substantially grow, the focus of the car maker would change to EVs. So there is a threat in the long term investment because of change in technology.

## PRODUCT-WISE PERFORMANCE

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

## OUTLOOK

The Company is optimistic about medium and long term and is gearing up for growth through various initiatives:

**New Manufacturing Facility:** The Company is going to put up its fourth manufacturing facility at Kolar District, Bangalore. For said purpose, the Company has already acquired an industrial plot of land admeasuring 10 Acres from Karnataka Industrial Authority Development Board (KIADB). The initial capex to be invested for this facility would be approx. Rs. 90 Crores and initial capacity of this plant would be 5000-6000 MT. The said facility would be operational by first quarter of F.Y. 2019-20.

**New Product Developments:** The Company is actively exploring all new business opportunities in terms of new product development, through continuous Research & Development activities undertaken in-house, to cater all type of product requirements of OEMs. In order to become preferred suppliers of customer and keeping in mind the technicalities involved in manufacturing customized fasteners, Company is laying immense emphasis on research & development' process for providing continuous improvement in existing products and for developing new products as well.

**Focus on International Markets:** Presently the exports are 10% of the Gross Turnover of the Company. The Management is actively working on expansion of exports globally in years to come.

## RISK & CONCERNS

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

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

## INTERNAL CONTROL SYSTEM & THEIR ADEQUACY:

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

Adequate internal control measures are in the form of various policies and procedures issued by the Management covering all critical and important activities viz. Revenue Management, Manufacturing Operations, Purchase, Finance, Human Resources, Safety, etc. These policies and procedures are updated from time to time and compliance is monitored by Internal Auditors.

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

The focus of these reviews is as follows:

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

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

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

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

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

Revenue from Operations (Gross) for the year ended March 31, 2018 at Rs. 46448.93 Lacs show the increase of 11.85% against Rs. 41529.14 Lacs for the previous year despite enormous competition in automotive and other sector.

- Operating profit, excluding other income was Rs. 9067.74 Lacs for the year 2017-2018 increased by 32.84% as compared Rs. 7567.84 Lacs for the year 2016-2017.
- Operating margin was 20.02% for the year 2017-2018 as against 20.40% for the year 2016-2017.
- Other income was Rs. 561.56 Lacs for the year 2017-2018 decreased by 18.77% as against Rs. 691.35 Lacs for the year 2016-2017.
- Interest expenses were Rs. 377.83 Lacs for the year 2017-2018 as against Rs. 558.18 Lacs for the year 2016-2017.
- Corporate tax liability including Deferred, Fringe Benefit and Wealth Tax Liability for the year was Rs. 2626.49 Lacs for the year 2017-2018 as against Rs. 2116.61 Lacs for the year 2016-2017.
- Net profit was Rs. 4819.99 Lacs for the year 2017-2018 increased by 24.77% as against Rs. 3911.12 Lacs for the year 2016-2017.
- Paid up equity share capital as on March 31, 2018 stood at Rs. 720.48 Lacs.
- Earnings Per share (EPS) was Rs. 13.66 for the year 2017-2018 as against Rs. 11.46 for the year 2016-2017.
- Cash Earnings Per share (CEPS) was Rs. 19.38 for the year 2017-2018 as against Rs. 17.32 for the year 2016-2017.
- STL has contributed a foreign exchange to the tune of Rs. 3631.17 Lacs for the year 2017-2018 as against Rs. 2654.14 Lacs for the year 2016-2017.



## **HUMAN RESOURCES:**

Human resources are important assets of your Company. Your Company has adopted employee-friendly HR processes that help them continuously grow and offer them personal developmental opportunities. The Company's HR policies encourage talent acquisition and retention process, ensure transparency and facilitate development, building trust and encourage and support performance oriented environment.

Your Company has well-documented and updated policies in place to prevent discrimination and harassment, including sexual harassment. To discourage wrong doings, the Company has adopted a strong Whistle Blower Policy. The Company has also adopted the Code of Conduct which renews our commitment to values of excellence and leadership with trust.

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

As on 31<sup>st</sup> March, 2018, 558 employees are on Sterling's payroll.

### **Cautionary Statement**

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



# Independent Auditor's Report

## TO THE MEMBERS OF STERLING TOOLS LIMITED

### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Sterling Tools Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

## Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018 and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Other Matter

9. The comparative financial information for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 prepared in accordance with Ind AS included in these standalone financial statements, are based on the previously issued statutory financial statements for the year ended 31 March 2017 and 31 March 2016 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose reports dated 26 May 2017 and 20 May 2016 respectively expressed unmodified opinion on those standalone financial statements and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report 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;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 23 May 2018 as per Annexure II 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 40 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

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

**Place: Faridabad**  
**Date: 23 May 2018**

**per Anamitra Das**  
**Partner**  
**Membership No.: 062191**

## **Annexure I to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2018**

### **Annexure I**

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

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

**Annexure I to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2018 (Cont'd)**

**Statement of Disputed Dues**

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount (₹ in lacs)</b>	<b>Amount paid under protest (₹ in lacs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Central Excise Act, 1944	Excise duty and penalty	39.90	Nil	February 2010 to March 2010	Customs, Excise and Service tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	Excise duty and penalty	53.27	Nil	November 2010 to January 2011	Customs, Excise and Service tax Appellate Tribunal, New Delhi
Income-tax Act, 1961	Demand under the Income-tax Act, 1961	0.62	Nil	Assessment year 2013-14	Commissioner of Income-tax (Appeals)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company did not have any outstanding loans payable to any financial institution or government during the year. Further, the Company does not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has made preferential allotment of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised were applied for the purposes for which these securities were issued, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand. During the year, the Company did not make any private placement of shares or fully/partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

per **Anamitra Das**  
**Partner**  
**Membership No.: 062191**

**Place: Faridabad**  
**Date: 23 May 2018**

## **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 2018**

### **Annexure II**

#### **Independent Auditor's Report on the Internal Financial Controls 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 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, 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 IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

#### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,

**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 2018 (Cont'd)**

accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

**Place: Faridabad**  
**Date: 23 May 2018**

**per Anamitra Das**  
**Partner**  
**Membership No.: 062191**



# Standalone balance sheet as at 31 March 2018

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

Particulars	Notes	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	2	14,840.00	15,455.78	14,852.00
(b) Capital work-in-progress	3	976.93	-	106.31
(c) Intangible assets	4	21.74	8.25	12.69
(d) Financial assets				
(i) Investments	5	1,886.75	1,786.75	588.25
(ii) Loans	6	125.04	97.74	78.25
(iii) Other financial assets	7	-	0.51	-
(e) Non-current tax assets (net)	8	-	20.37	11.68
(f) Other non-current assets	9	470.37	156.22	258.52
<b>Total non-current assets</b>		<b>18,320.83</b>	<b>17,525.62</b>	<b>15,907.70</b>
<b>Current assets</b>				
(a) Inventories	10	5,454.43	4,593.77	4,109.31
(b) Financial assets				
(i) Investments	5	5,353.18	-	-
(ii) Trade receivables	11	4,546.89	3,422.61	3,606.43
(iii) Cash and cash equivalents	12	100.84	228.91	1,042.27
(iv) Bank balances other than (iii) above	13	48.63	52.42	103.48
(v) Loans	14	21.48	21.05	31.07
(vi) Other financial assets	15	168.15	111.95	86.55
(c) Other current assets	16	1,460.93	1,129.59	1,133.31
<b>Total current assets</b>		<b>17,154.53</b>	<b>9,560.30</b>	<b>10,112.42</b>
<b>TOTAL ASSETS</b>		<b>35,475.36</b>	<b>27,085.92</b>	<b>26,020.12</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	17	720.48	684.46	684.46
(b) Other equity	18	24,083.09	15,735.28	12,647.96
<b>Total equity</b>		<b>24,803.57</b>	<b>16,419.74</b>	<b>13,332.42</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	19	1,647.07	2,521.91	2,302.50
(ii) Other financial liabilities [other than those specified in item (b)]	20	25.80	28.26	24.49
(b) Provisions	21	129.26	107.63	56.88
(c) Deferred tax liabilities (net)	22	1,522.09	1,565.38	1,463.45
(d) Other non-current liabilities	23	1,104.29	1,173.56	1,046.88
<b>Total non-current liabilities</b>		<b>4,428.51</b>	<b>5,396.74</b>	<b>4,894.20</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	24	858.66	272.08	3,157.36
(ii) Trade payables	25	3,646.78	2,856.49	2,657.16
(iii) Other financial liabilities [other than those specified in item (c)]	26	1,078.18	1,382.19	1,549.26
(b) Other current liabilities	27	522.06	487.76	361.34
(c) Provisions	21	124.75	68.53	67.08
(d) Current tax liabilities (net)	28	12.85	202.39	1.30
<b>Total current liabilities</b>		<b>6,243.28</b>	<b>5,269.44</b>	<b>7,793.50</b>
<b>Total liabilities</b>		<b>10,671.79</b>	<b>10,666.18</b>	<b>12,687.70</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>35,475.36</b>	<b>27,085.92</b>	<b>26,020.12</b>

Note 1 to 46 form an integral part of these standalone financial statements.

As per our report of even date attached

For **Walker Chandio & Co LLP**  
Chartered Accountants

Per **Anamitra Das**  
Partner  
Membership No. 062191

Place: Faridabad  
Date: 23 May, 2018

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

**Manohar Lal Aggarwal**  
Chairman  
DIN No.00027380

**Atul Aggarwal**  
Chief Financial Officer  
PAN: AAUPA6243R

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

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

# Standalone statement of profit and loss for the year ended 31 March 2018

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

Particulars	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Income</b>			
Revenue from operations	29	46,448.93	41,529.14
Other income	30	561.56	691.35
<b>Total income</b>		<b>47,010.49</b>	<b>42,220.49</b>
<b>Expenses</b>			
Cost of materials consumed	31	17,394.55	13,776.74
Changes in inventories of finished goods and work-in-progress	32	(569.35)	(372.52)
Excise duty		1,158.34	4,440.24
Employee benefits expense	33	3,352.21	3,075.87
Finance costs	34	377.83	558.18
Depreciation and amortisation expense	35	1,758.85	1,663.89
Other expenses	36	16,045.44	13,040.96
<b>Total expenses</b>		<b>39,517.87</b>	<b>36,183.36</b>
<b>Profit before tax</b>		<b>7,492.62</b>	<b>6,037.13</b>
<b>Tax expense:</b>	<b>22</b>		
Current tax		2,645.39	2,009.71
Deferred tax		(18.88)	106.90
Tax adjustment for earlier years			
<b>Total tax expense</b>		<b>2,626.51</b>	<b>2,116.61</b>
<b>Profit for the year</b>		<b>4,866.11</b>	<b>3,920.52</b>
<b>Other comprehensive income</b>			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		(70.53)	(14.37)
(ii) Income-tax relating to items that will not be reclassified to profit or loss		24.41	4.97
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income-tax relating to items that will be reclassified to profit or loss		-	-
<b>Other comprehensive loss for the year (net of tax)</b>		<b>(46.12)</b>	<b>(9.40)</b>
<b>Total comprehensive income for the year</b>		<b>4,819.99</b>	<b>3,911.12</b>
<b>Earnings per equity share</b>			
Basic and diluted (Rs.)	37	13.66	11.46
[nominal value of share Rs. 2 (31 March 2017: Rs. 2)]			

Note 1 to 46 form an integral part of these standalone financial statements.

As per our report of even date attached

For **Walker Chandio & Co LLP**  
Chartered Accountants

Per **Anamitra Das**  
Partner  
Membership No. 062191

**Manohar Lal Aggarwal**  
Chairman  
DIN No.00027380

**Atul Aggarwal**  
Chief Financial Officer  
PAN: AAUPA6243R

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

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

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

**Place:** Faridabad  
**Date:** 23 May, 2018

# Standalone statement of changes in equity for the year ended 31 March 2018

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

## (A) Equity share capital

	Number (lakh)	Amount
Balance as at 1 April 2016	68.45	684.46
Changes in equity share capital during the year	273.78	-
<b>Balance as at 31 March 2017</b>	<b>342.23</b>	<b>684.46</b>
Changes in equity share capital during the year	18.01	36.02
<b>Balance as at 31 March 2018</b>	<b>360.24</b>	<b>720.48</b>

## (B) Other equity

	Reserves and surplus				
	Capital reserve	Securities premium	General reserve	Retained earnings	Total
<b>Balance as at 1 April 2016</b>	6.65	340.72	2,395.46	9,905.13	12,647.96
Profit for the year	-	-	-	3,920.52	3,920.52
Remeasurement of defined benefit obligation	-	-	-	(9.40)	(9.40)
Transfer to general reserve	-	-	391.00	(391.00)	-
Interim dividend paid on equity shares (including dividend distribution tax paid of Rs. 139.34 lakh)	-	-	-	(823.80)	(823.80)
<b>Balance as at 31 March 2017</b>	<b>6.65</b>	<b>340.72</b>	<b>2,786.46</b>	<b>12,601.45</b>	<b>15,735.28</b>
Profit for the year	-	-	-	4,866.11	4,866.11
Remeasurement of defined benefit obligation	-	-	-	(46.12)	(46.12)
Transfer to general reserve	-	-	-	-	-
Share issue expenses	-	(10.79)	-	-	(10.79)
Addition during the year	-	4,405.76	-	-	4,405.76
Interim dividend paid on equity shares (including dividend distribution tax paid of Rs.146.67 lakh)	-	-	-	(867.15)	(867.15)
<b>Balance as at 31 March 2018</b>	<b>6.65</b>	<b>4,735.69</b>	<b>2,786.46</b>	<b>16,554.29</b>	<b>24,083.09</b>

Note 1 to 46 form an integral part of these standalone financial statements.

As per our report of even date attached

For **Walker Chandiok & Co LLP**  
Chartered Accountants

Per **Anamitra Das**  
Partner  
Membership No. 062191

**Manohar Lal Aggarwal**  
Chairman  
DIN No.00027380

**Atul Aggarwal**  
Chief Financial Officer  
PAN: AAUPA6243R

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

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

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

**Place:** Faridabad  
**Date:** 23 May, 2018

## Standalone statement of cash flows for the year ended 31 March 2018

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>A Cash flow from operating activities</b>		
Net profit before tax	7,492.62	6,037.13
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,758.85	1,663.89
Unrealised foreign exchange loss	5.33	12.54
Interest on delayed payment of advance tax	11.43	16.10
Profit on disposal of property, plant and equipment	(26.48)	(412.68)
Remeasurement loss on defined benefit plans	(46.12)	(9.40)
Finance costs	343.25	511.42
Bad debts written off	-	0.71
Provision for expected credit loss	-	27.30
<b>Operating profit before working capital changes</b>	<b>9,538.88</b>	<b>7,847.01</b>
(Increase)/ decrease in financial assets	(1,233.75)	111.64
(Increase)/ decrease in other assets	(327.28)	0.96
Increase in financial liabilities	792.67	210.00
Increase in inventory	(860.66)	(484.46)
(Decrease)/ increase in other liabilities	(34.97)	253.10
Increase in provisions	34.57	154.12
<b>Net cash generated from operations</b>	<b>7,909.46</b>	<b>8,092.37</b>
Income-tax paid (net)	(2,807.11)	(1,940.33)
<b>Net cash from operating activities (A)</b>	<b>5,102.35</b>	<b>6,152.04</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment (including capital work- in progress and payment for capital advances)	(2,461.35)	(2,182.48)
Maturity of fixed deposit	23.32	70.07
Disposal of property, plant and equipment	32.80	596.00
Investment in fixed deposit	-	(23.32)
Investment in mutual fund	(5,353.18)	-
Investment in joint venture	(100.00)	(1,198.50)
<b>Net cash used in investing activities (B)</b>	<b>(7,858.41)</b>	<b>(2,738.23)</b>
<b>C Cash flows from financing activities</b>		
Proceeds from non-current borrowings	53.60	1,536.19
Proceeds from issue of equity share capital	4,431.00	-
Interim dividend paid including dividend distribution tax	(867.15)	(823.80)
Repayment of non-current borrowings	(1,227.05)	(1,543.09)
Proceeds from current borrowings	586.58	-
Repayment of current borrowings	-	(2,885.06)
Interest paid	(348.97)	(511.42)
<b>Net cash from/ (used in) financing activities (C)</b>	<b>2,628.00</b>	<b>(4,227.17)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(128.07)</b>	<b>(813.36)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>228.91</b>	<b>1,042.27</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>100.84</b>	<b>228.91</b>

## Standalone statement of cash flows for the year ended 31 March 2018

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Components of cash and cash equivalents (refer note 12):</b>		
Cash on hand	5.29	8.11
Balances with scheduled banks:		
- in current accounts	95.05	220.80
- in fixed deposit accounts	0.50	-
	<b>100.84</b>	<b>228.91</b>

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

Particulars	Non-current borrowings	Current borrowings	Dividend
Opening balance as on 1 April 2017	3,755.50	272.08	-
Add: Non cash changes due to-			
- Interest expense	324.73	15.09	-
- Fair value changes	3.43	-	-
- Interim dividend	-	-	867.15
Add: Cash inflows during the year			
- Proceeds from non-current borrowings	53.60	-	-
- Proceeds from current borrowings	-	586.58	-
Less: Cash outflow during the year			
- Repayment of non-current borrowings	(1,227.05)	-	-
- Interest paid	(333.88)	(15.09)	-
- Interim dividend paid including dividend distribution tax	-	-	(867.15)
<b>Closing balance as on 31 March 2018</b>	<b>2,576.32</b>	<b>858.66</b>	<b>-</b>

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

Note 1 to 46 form an integral part of these standalone financial statements.  
As per our report of even date attached

For **Walker Chandio & Co LLP**  
Chartered Accountants

Per **Anamitra Das**  
Partner  
Membership No. 062191

**Manohar Lal Aggarwal**  
Chairman  
DIN No.00027380

**Atul Aggarwal**  
Chief Financial Officer  
PAN: AAUPA6243R

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

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

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

**Place:** Faridabad  
**Date:** 23 May, 2018

# Notes to the financial statements for the year ended 31 March 2018

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

## 1. COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Sterling Tools Limited (the "Company") is a company limited by shares is incorporated on 7 June, 1979 and domiciled in India (CIN: L29222DL1979PLC009668). The address of the Company's registered office is K-40, Connaught Circus, New Delhi-110001. The equity shares of the Company is listed on Bombay Stock Exchange and National Stock Exchange in India. The Company is engaged in the manufacturing and marketing of high tensile cold forged fasteners. It is one of the progressive Original Equipment Manufacturer (OEM) suppliers in India with a client base that spans automotive companies in India, Europe and USA.

### B. Basis of preparation

#### (1) Statement of compliance

These financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable). These are Company's first Ind AS compliant standalone financial statements and Ind AS 101 'First Time Adoption of Indian Accounting Standards' has been applied.

For all the periods upto and including 31 March 2017, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Act to extent applicable. The Company followed the provisions of Ind AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition, viz. 1 April 2016. Some of the Company's Ind AS accounting policies used in the opening Balance Sheet are different from its previous GAAP policies applied as at 31 March 2016, and accordingly the adjustments were made to restate the opening balances as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognised directly through retained earnings as at 1 April 2016. This is the effect of the general rule of Ind AS 101 which is to apply Ind AS retrospectively.

An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 46.

These financial statements of Sterling Tools Limited as at and for the year ended 31 March 2018 (including comparatives) were approved and authorised for issue by Board of Directors on 23 May 2018.

#### (2) Standards issued but not yet effective

The following Indian accounting standards were issued but these were not yet effective as on 31 March 2018:

Ind AS 115, "Revenue from Contracts with Customers"

Ind AS 115 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced

## Notes to the financial statements for the year ended 31 March 2018

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

Ind AS 115 is effective for fiscal years beginning on or after January 1, 2018.

The management believes that the impact of the above standard is not likely to be material.

### (3) Basis of measurement

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

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

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

### (4) Functional and presentation currency

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

### (5) 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.

### (6) 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.

## Notes to the financial statements for the year ended 31 March 2018

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

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 44- financial instruments

### C. Significant accounting policies

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

#### (1) Property, plant and equipment

##### 1.1 Initial recognition and measurement

Items of property, plant and equipment are measured at cost, which included, 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



## Notes to the financial statements for the year ended 31 March 2018

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

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 profit or loss as incurred.

### 1.3 Decommissioning costs

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

### 1.4 Derecognition

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

### 1.5 Transition to Ind AS

The Company has elected to avail the option under Ind AS 101 by not applying the provisions of Ind AS 16 retrospectively and continue to use the previous GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS. Therefore, the carrying amount of property, plant and equipment as per the previous GAAP as at 1 April 2016, i.e. the Company's date of transition to Ind AS, was maintained on transition to Ind AS.

## (2) Depreciation

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

Leasehold improvements are amortised over the lease period.

Depreciation on additions to/deductions from property, plant & 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 and consequent advice, 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) Intangible assets

### 3.1 Recognition and measurement

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

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

### 3.2 Derecognition

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

### 3.3 Amortisation

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

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



# Notes to the financial statements for the year ended 31 March 2018

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

## 3.4 Transition to Ind AS

The Company has elected to utilise the option under Ind AS 101 by not applying the provisions of Ind AS 38 retrospectively and continue to use the previous GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS. Therefore, the carrying amount of intangible assets as per the previous GAAP as at 1 April 2016, i.e. the Company's date of transition to Ind AS, was maintained on transition to Ind AS.

## (4) 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.

## (5) Impairment of non-financial assets

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

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

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

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

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

## (6) 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

## Notes to the financial statements for the year ended 31 March 2018

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

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.

The comparison of cost and net realisable value 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 & 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.

### (7) Provisions and contingent liabilities and contingent assets

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

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

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

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

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

### (8) Government grants

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

### (9) 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, which are subject to an insignificant risk of changes in value.

# Notes to the financial statements for the year ended 31 March 2018

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

## (10) 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 profit or 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 statement of profit and loss.

## (11) Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, it is probable that the economic benefits associated with the transactions will flow to the entity, the associated costs can be estimated reliably, there is no continuing management involvement, and the amount of revenue can be measured reliably. The above mentioned factors coincides with dispatch of goods from the factory/ storage area and port (in case of exports). Amount disclosed as revenue are inclusive of excise duty and net of returns, quantity discounts, trade discounts, sales tax and exclusive of goods and service tax.

Income from Export Incentives viz. Duty Drawback and Focus Product Scheme is recognised on accrual basis.

## (12) 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).

## (13) Employee Benefits

### 13.1 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.

### 13.2 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 profit or 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 profit or loss.

### 13.3 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.

## Notes to the financial statements for the year ended 31 March 2018

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

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

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

### 13.4 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.

### (14) Lease

#### Accounting for operating leases- As a lessee

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

### (15) Taxes on income

Income tax expense comprises current and deferred tax. Current tax expense is recognised in profit or 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 profit or 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.

# Notes to the financial statements for the year ended 31 March 2018

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

## (16) 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.

## (17) Operating segment

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.

## (18) 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.

## (19) 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.

### 19.1 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 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 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:

# Notes to the financial statements for the year ended 31 March 2018

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

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

## Impairment of financial assets

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

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

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

## 19.2 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 profit or 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 profit or loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

#### Derecognition

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

## 19.3 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

## Notes to the financial statements for the year ended 31 March 2018

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

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. Use of estimates and management judgments**

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

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

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements is as under:

#### **(1) Useful life of property, plant and equipment**

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews at the end of each reporting date the useful life of property, plant and equipment, and are adjusted prospectively, if appropriate.

#### **(2) Recoverable amount of property, plant and equipment**

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

#### **(3) Employee benefit plans**

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

#### **(4) Leases not in legal form of lease**

Significant judgment is required to apply lease accounting rules under Appendix C to Ind AS 17 'Determining whether an arrangement contains a lease'. In assessing the applicability to arrangements entered into by the Company, management has exercised judgment to evaluate the right to use the underlying asset, substance of the transactions including legally enforceable agreements and other significant terms and conditions of the arrangements to conclude whether the arrangement needs the criteria under Appendix C to Ind AS 17.

#### **(5) Provisions and contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.



## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 2. PROPERTY, PLANT AND EQUIPMENT

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Electrical installations and equipments	Computer system	Total
<b>Gross block</b>									
As at 1 April 2016*	1,173.68	3,253.00	17,874.82	115.08	456.40	171.87	437.59	34.56	23,517.00
Additions	-	158.36	2,136.88	9.83	78.71	33.46	7.31	20.08	2,444.63
Disposals/assets written off	95.18	-	29.46	-	65.92	1.07	-	3.03	194.66
<b>Balance as at 31 March 2017</b>	<b>1,078.50</b>	<b>3,411.36</b>	<b>19,982.24</b>	<b>124.91</b>	<b>469.19</b>	<b>204.26</b>	<b>444.90</b>	<b>51.61</b>	<b>25,766.97</b>
Additions	-	-	1,025.74	20.34	56.53	32.74	-	6.33	1,141.68
Disposals/assets written off	-	9.71	-	-	-	-	-	-	9.71
<b>Balance as at 31 March 2018</b>	<b>1,078.50</b>	<b>3,401.65</b>	<b>21,007.98</b>	<b>145.25</b>	<b>525.72</b>	<b>237.00</b>	<b>444.90</b>	<b>57.94</b>	<b>26,898.94</b>
<b>Accumulated depreciation</b>									
As at 1 April 2016*	-	915.68	7,139.39	56.83	124.83	115.15	287.52	25.60	8,665.00
Charge for the year	-	102.91	1,419.42	12.31	51.46	23.99	37.84	9.61	1,657.54
Adjustments for disposals	-	-	1.27	-	6.18	0.95	-	2.95	11.35
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>1,018.59</b>	<b>8,557.54</b>	<b>69.14</b>	<b>170.11</b>	<b>138.19</b>	<b>325.36</b>	<b>32.26</b>	<b>10,311.19</b>
Charge for the year	-	107.83	1,523.29	12.55	51.89	23.47	23.79	8.32	1,751.14
Adjustments for disposals	-	3.39	-	-	-	-	-	-	3.39
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>1,123.03</b>	<b>10,080.83</b>	<b>81.69</b>	<b>222.00</b>	<b>161.66</b>	<b>349.15</b>	<b>40.58</b>	<b>12,058.94</b>
<b>Net block as at 1 April 2016*</b>	<b>1,173.68</b>	<b>2,337.32</b>	<b>10,735.43</b>	<b>58.25</b>	<b>331.57</b>	<b>56.72</b>	<b>150.07</b>	<b>8.96</b>	<b>14,852.00</b>
<b>Net block as at 31 March 2017</b>	<b>1,078.50</b>	<b>2,392.77</b>	<b>11,424.70</b>	<b>55.77</b>	<b>299.08</b>	<b>66.07</b>	<b>119.54</b>	<b>19.35</b>	<b>15,455.78</b>
<b>Net block as at 31 March 2018</b>	<b>1,078.50</b>	<b>2,278.62</b>	<b>10,927.15</b>	<b>63.56</b>	<b>303.72</b>	<b>75.34</b>	<b>95.75</b>	<b>17.36</b>	<b>14,840.00</b>

\* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

#### Notes:

- Refer note a of Note 19 "Non current financial liabilities- Borrowings" for details regarding property, plant and equipment which are pledged as security for obtaining long-term borrowings.
- Refer Note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

### 3. CAPITAL WORK-IN-PROGRESS

Particulars	Amount
Deemed cost as at 1 April 2016	106.31
Additions	1,764.58
Capitalised during the year	1,870.89
<b>Balance as at 31 March 2017</b>	<b>-</b>
Additions	1,857.11
Capitalised during the year	880.18
<b>Balance as at 31 March 2018</b>	<b>976.93</b>

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 4. INTANGIBLE ASSETS

Particulars	Computer software	Total
<b>Gross block</b>		
As at 1 April 2016*	12.69	12.69
Additions	1.91	1.91
Disposals/assets written off	-	-
<b>Balance as at 31 March 2017</b>	<b>14.60</b>	<b>14.60</b>
Additions	21.20	21.20
Disposals/assets written off	-	-
<b>Balance as at 31 March 2018</b>	<b>35.80</b>	<b>35.80</b>
<b>Accumulated amortisation</b>		
As at 1 April 2016*	-	-
Charge for the year	6.35	6.35
Adjustments for disposals	-	-
<b>Balance as at 31 March 2017</b>	<b>6.35</b>	<b>6.35</b>
Charge for the year	7.71	7.71
Adjustments for disposals	-	-
<b>Balance as at 31 March 2018</b>	<b>14.06</b>	<b>14.06</b>
<b>Net block as at 1 April 2016*</b>	<b>12.69</b>	<b>12.69</b>
<b>Net block as at 31 March 2017</b>	<b>8.25</b>	<b>8.25</b>
<b>Net block as at 31 March 2018</b>	<b>21.74</b>	<b>21.74</b>

\* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

### 5 NON-CURRENT INVESTMENTS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Unquoted investment</b>			
<b>Investment in equity instrument in subsidiary (valued at cost)</b>			
100,000 equity shares (31 March 2017: 100,000 equity shares; 1 April 2016: nil) of Rs 10 each fully paid up in Haryana Ispat Private Limited, a subsidiary (refer note a below)	1,198.50	1,198.50	-
<b>Investment in equity instrument in Joint Venture (valued at cost)</b>			
3,405,000 equity shares (31 March 2017: 2,405,000 equity shares; 1 April 2016: 2,405,000 equity shares) of Rs 10 each fully paid up in Sterling Fabory India Private Limited, a joint venture (refer note: b)	688.25	588.25	588.25
	<b>1,886.75</b>	<b>1,786.75</b>	<b>588.25</b>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	1,886.75	1,786.75	588.25
Aggregate amount of impairment in value of investments	-	-	-

# Notes to the standalone financial statements for the year ended 31 March 2018

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

## Note:

- During the year ended 31 March 2017, the Company has acquired 100,000 equity shares of Haryana Ispat Private Limited on 15 November 2017
- Proportion of ownership interest in joint venture are stated as follows:

Name of jointly controlled entity	Place of business	% of ownership interest			Accounting method
		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	
Sterling Fabory India Private Limited	India	50	50	50	Equity method

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Current investments</b>	-	-	-
<b>Quoted investment</b>			
<b>Investment in mutual funds (at fair value through profit and loss)</b>			
a) 77.65 units in DSP Blackrock Money Manager Fund -Regular Plan-Growth	1.80	-	-
b) 3,981,081.90 units in Edelweis Arbitrage Fund-Monthly Dividend Direct Plan	497.76	-	-
c) 3,628,626.63 units in ICICI Prudential Equity Arbitrage Fund -Direct Plan-Dividend Reinvestment	524.11	-	-
d) 4,778,023.51 units in Kotak Equity Arbitrage Fund-Direct Plan-Dividend Reinvestment	525.18	-	-
e) 3,143,942.76 units in UTI Spread Fund-Direct Plan-Dividend Reinvestment	524.13	-	-
f) 1,000,000.00 units in DSP Blackrock India Enhanced Equity Fund	1,056.60	-	-
g) 21,986.53 units in SBI Magnum Insta Cash Fund Liquid Floater-Direct Plan Growth	639.61	-	-
h) 150,000.00 units in Edelweis Alpha Fund	1,583.99	-	-
	<b>5,353.18</b>	-	-
Aggregate amount of quoted investments and market value thereof	5,353.18	-	-
Aggregate amount of unquoted investments	-	-	-
Aggregate amount of impairment in value of investments	-	-	-

## 6 NON-CURRENT FINANCIAL ASSETS - LOANS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<i>Unsecured, considered good</i>			
Security deposits	125.04	97.54	77.57
Others	-	0.20	0.68
	<b>125.04</b>	<b>97.74</b>	<b>78.25</b>



## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 7 NON-CURRENT FINANCIAL ASSETS - OTHERS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposit accounts with original maturity period more than 12 months *	-	0.50	-
Interest accrued but not due	-	0.01	-
	-	<b>0.51</b>	-

\* Deposit of Rs. 0.50 lakh has been used as margin money against guarantee issued by the bank.

### 8 NON-CURRENT TAX ASSETS (NET)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income-tax (net)	-	20.37	11.68
	-	<b>20.37</b>	<b>11.68</b>

### 9 OTHER NON-CURRENT ASSETS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital advances	446.23	128.00	233.06
Prepaid expenses	3.88	20.39	22.64
Balances with statutory authorities	20.26	4.01	2.82
Advances recoverable in cash or in kind	-	3.82	-
	<b>470.37</b>	<b>156.22</b>	<b>258.52</b>

### 10 INVENTORIES

(Valued at lower of cost and net realisable value)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw material	2,280.52	1,732.17	1,580.40
Raw materials- goods-in-transit	-	1.23	5.81
Work in progress	1,084.35	472.60	184.09
Finished goods	1,746.27	2,131.94	2,029.43
Stores and consumables	334.29	253.04	308.92
Stores, spares and consumables- goods-in-transit	9.00	2.79	0.66
	<b>5,454.43</b>	<b>4,593.77</b>	<b>4,109.31</b>

### 11 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Trade receivables</b>			
Unsecured, considered good	4,546.89	3,422.61	3,606.43
Unsecured, considered doubtful	27.30	27.30	24.93
	4,574.19	3,449.91	3,631.36
Less: allowance for expected credit loss	(27.30)	(27.30)	(24.93)
	<b>4,546.89</b>	<b>3,422.61</b>	<b>3,606.43</b>

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### Movement in the allowance for expected credit loss

	For the year ended 31 March 2018	For the year ended 31 March 2017
Balance at the beginning of the year	27.30	24.93
Add: Allowance provided during the year	-	2.37
Less: Amounts written off during the year	-	-
<b>Balance at the end of the year</b>	<b>27.30</b>	<b>27.30</b>

- All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.
- Amount due from Sterling Fabory India Private Limited- joint venturer company- Rs. 26.78 lakh (31 March 2017- Rs. 2.64 lakh, 1 April 2016- Rs. 4.26 lakh)

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with scheduled banks :			
- in current accounts	95.05	220.80	227.02
- in fixed deposit accounts	0.50	-	800.00
Demand draft on hand	-	-	5.72
Cash on hand	5.29	8.11	9.53
	<b>100.84</b>	<b>228.91</b>	<b>1,042.27</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

### 13 CURRENT FINANCIAL ASSETS - OTHER BANK BALANCES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposit accounts with original maturity of more than 3 months but less than 12 months	-	23.32	76.07
Unpaid dividend accounts	28.52	29.10	27.41
Other bank balances	20.11	-	-
	<b>48.63</b>	<b>52.42</b>	<b>103.48</b>

### 14 CURRENT FINANCIAL ASSETS - LOANS

*Unsecured considered good*

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans to employees	10.37	14.45	15.43
Security deposit	5.93	5.10	1.25
Interest accrued but not due	5.18	1.50	14.39
	<b>21.48</b>	<b>21.05</b>	<b>31.07</b>



# Notes to the standalone financial statements for the year ended 31 March 2018

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

## 15 CURRENT FINANCIAL ASSETS - OTHERS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Derivative asset	-	22.80	4.05
Gratuity and insurance recoverable	3.95	6.34	7.27
Export incentive receivable	164.20	82.81	75.23
	<b>168.15</b>	<b>111.95</b>	<b>86.55</b>

## 16 OTHER CURRENT ASSETS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	145.62	106.98	119.72
Balance with revenue authorities	337.10	331.99	332.07
Advance to suppliers	978.21	684.38	675.26
Other receivable	-	6.24	6.26
	<b>1,460.93</b>	<b>1,129.59</b>	<b>1,133.31</b>

## 17 EQUITY SHARE CAPITAL

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Authorised:</b>			
50,000,000 [31 March 2017: 50,000,000 equity shares of Rs 2/- each (1 April 2016: 10,000,000 equity shares of Rs 10/- each)] equity shares of Rs 2/- each	1,000.00	1,000.00	1,000.00
<b>Issued, subscribed and paid up:</b>			
36,024,211 [31 March 2017: 34,223,000 equity shares of Rs 2/- each (1 April 2016: 6,844,600 equity shares of Rs 10/- each)] equity shares of Rs 2/- each	720.48	684.46	684.46
	<b>720.48</b>	<b>684.46</b>	<b>684.46</b>

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

	For the year ended 31 March 2018		For the year ended 31 March 2017	
	Number (in lakh)	Amount	Number (in lakh)	Amount
Outstanding at the beginning of the year	342.23	684.46	68.45	684.46
Add: Subdivision of equity shares	-	-	273.78	-
Addition during the year	18.01	36.02	-	-
<b>Outstanding at the end of the year</b>	<b>360.24</b>	<b>720.48</b>	<b>342.23</b>	<b>684.46</b>

### b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 2 per share (31 March 2017: Rs 2 per share; 1 April 2016: Rs 10 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 2018, the amount of per share interim dividend recognised as distributions to equity shareholders is Rs. 10 per share (31 March 2017: Rs 10 per share; 1 April 2016: Rs 15 per share).

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.

## Notes to the standalone financial statements for the year ended 31 March 2018

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

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

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of shares (lakh)	% holding	No. of shares (lakh)	% holding	No. of shares (lakh)	% holding
Mr. Manohar Lal Aggarwal, Promoter	38.55	10.70%	38.55	11.26%	7.71	11.26%
Mr. Anil Aggarwal, Promoter	73.66	20.45%	78.41	22.91%	15.68	22.91%
Mr. Atul Aggarwal, Promoter	86.48	24.01%	86.48	25.27%	17.30	25.27%
Mr. Jagdish Kumar Aggarwal	18.34	5.09%	18.35	5.36%	3.87	5.66%
Meidoh Company Limited	18.01	5.00%	-	0.00%	-	0.00%

d. During the period ended 31 March 2017, the Company has subdivided each equity shares of face value of Rs 10 each into 5 (five) equity shares of Rs 2 each with effect from 10 January 2017 duly approved by the shareholders through Postal Ballot on 20 December 2016.

e. No shares have been issued pursuant to contract without payment being received in cash, allotted as fully paid-up shares by way of bonus issues nor has any bought back of shares happened during the period of five years immediately preceding the reporting date.

## 18 OTHER EQUITY

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital reserve	6.65	6.65	6.65
Security premium reserve	4,735.69	340.72	340.72
General reserve	2,786.46	2,786.46	2,395.46
Retained earnings	16,554.29	12,601.45	9,905.13
<b>Total</b>	<b>24,083.09</b>	<b>15,735.28</b>	<b>12,647.96</b>

### i) Capital reserve

	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of the year	6.65	6.65
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>6.65</b>	<b>6.65</b>

Capital reserves represents proceeds of forfeited shares.

### ii) Security premium reserve

	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of the year	340.72	340.72
Add:- Addition during the year	4,405.76	-
Less:- Utilised during the year	10.79	-
Balance at the end of the year	<b>4,735.69</b>	<b>340.72</b>

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### iii) General reserve

	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of the year	2,786.46	2,395.46
Add:- Addition during the year	-	391.00
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>2,786.46</b>	<b>2,786.46</b>

The Company transferred certain percentage of retained earnings to general reserve as per the provisions for dividend distribution under the Companies Act, 2013.

### iv) Retained earnings

	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of the year	12,601.45	9,905.13
Add: Profit for the year	4,866.11	3,920.52
Less: Utilised during the year		
- Interim dividend on equity shares	720.48	684.46
- Dividend distribution tax on interim dividend	146.67	139.34
- Transfer to any reserves	-	391.00
- Remeasurement of defined benefit obligation	46.12	9.40
Balance at the end of the year	<b>16,554.29</b>	<b>12,601.45</b>

The Company transferred certain percentage of retained earnings to general reserve as per the provisions for dividend distribution under the Companies Act, 2013.

## 19 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Indian rupee loan from banks (secured)</b>			
- Term loans	2,576.32	3,755.50	3,763.17
Less: Interest accrued but not due (refer note 26)	(6.25)	(11.98)	(12.98)
Less: Current maturities of long-term borrowings (refer note 26)	(923.00)	(1,221.61)	(1,447.69)
	<b>1,647.07</b>	<b>2,521.91</b>	<b>2,302.50</b>

- a) The term loans are secured by equitable mortgage of certain land and building at Plot No. 4, 5A, 52, 53, 54 & 54A DLF Industrial Estate, Phase-I, Delhi - Mathura Road and factory land and building situated at Prithla Village, Faridabad and hypothecation of plant and machinery and other property, plant and equipment and personal guarantee by some of the directors of the Company
- b) The repayment profile of the term loans from banks is as set out below:

### 31 March 2018

Rate of interest (%)	Amount	Instalments starting on	Repayment mode	Instalments ending on	Number of instalments outstanding
9.45%	449.03	February 2016	Monthly	January 2021	34
9.45%	1,095.67	June 2016	Monthly	May 2021	38
9.55%	322.40	January 2015	Monthly	December 2019	21
9.55%	423.25	February 2017	Monthly	January 2021	34
9.45%	284.03	November 2017	Monthly	October 2022	45





## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 31 March 2017

Rate of interest (%)	Amount	Instalments starting on	Repayment mode	Instalments ending on	Number of instalments outstanding
10.85%	350.39	June 2013	Monthly	September 2017	6
10.85%	609.03	February 2016	Monthly	January 2021	46
10.85%	1,441.67	June 2016	Monthly	May 2021	50
10.65%	514.40	January 2015	Monthly	December 2019	33
10.65%	556.18	February 2017	Monthly	December 2020	45
10.55%	278.64	November 2017	Monthly	October 2022	57

### 1 April 2016

Rate of interest (%)	Amount	Instalments starting on	Repayment mode	Instalments ending on	Number of instalments outstanding
11.00%	109.80	June 2011	Monthly	July 2016	4
11.00%	1,025.78	June 2013	Monthly	November 2017	20
11.00%	769.03	April 2014	Monthly	February 2017	58
11.00%	981.63	January 2015	Monthly	January 2020	37
11.05%	89.55	November 2014	Monthly	April 2016	11
11.90%	3.02	June 2016	Monthly	April 2019	1
10.90%	706.39	February 2017	Monthly	January 2022	45
10.90%	72.00	February 2016	Monthly	January 2021	60

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

## 20 NON-CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits	25.80	28.26	24.49
	<b>25.80</b>	<b>28.26</b>	<b>24.49</b>

## 21 PROVISIONS

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
<b>Provisions for employee benefits</b>						
Compensated absences	91.44	15.75	95.19	11.28	56.88	18.96
Gratuity (refer note 38)	37.82	109.00	12.44	57.25	-	48.12
	<b>129.26</b>	<b>124.75</b>	<b>107.63</b>	<b>68.53</b>	<b>56.88</b>	<b>67.08</b>

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 22 DEFERRED TAX LIABILITIES (NET)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Deferred tax liability</b>			
Fixed assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,670.53	1,630.89	1,561.39
Fair value of forward exchange contracts	(12.77)	7.89	-
Effective interest rate adjustment	1.37	2.57	3.91
<b>Gross deferred tax liability</b>	<b>1,659.13</b>	<b>1,641.35</b>	<b>1,565.30</b>
<b>Deferred tax assets</b>			
Employee benefits	137.04	66.52	80.68
Allowance for expected credit loss	-	9.45	8.63
Fair value of forward exchange contracts	-	-	7.95
Others	-	-	4.59
<b>Gross deferred tax assets</b>	<b>137.04</b>	<b>75.97</b>	<b>101.85</b>
<b>Net deferred tax liability</b>	<b>1,522.09</b>	<b>1,565.38</b>	<b>1,463.45</b>

#### Movement in deferred tax balances

Particulars	As at 31 March 2017	Recognised in profit and loss	Recognised in OCI	As at 31 March 2018
<b>Deferred tax liabilities</b>				
Fixed assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,630.89	39.64	-	1,670.53
Effective interest rate adjustment	2.57	(1.20)	-	1.37
Fair value of forward exchange contracts	7.89	(20.66)	-	(12.77)
<b>Sub- total (a)</b>	<b>1,641.35</b>	<b>17.78</b>	<b>-</b>	<b>1,659.13</b>
<b>Deferred tax assets</b>				
Allowance for expected credit loss	9.45	(9.45)	-	-
Employee benefits	66.52	46.11	24.41	137.04
<b>Sub- total (b)</b>	<b>75.97</b>	<b>36.66</b>	<b>24.41</b>	<b>137.04</b>
<b>Net deferred tax liabilities (a)-(b)</b>	<b>1,565.38</b>	<b>(18.88)</b>	<b>(24.41)</b>	<b>1,522.09</b>

# Notes to the standalone financial statements for the year ended 31 March 2018

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

Particulars	As at 1 April 2016	Recognised in profit and loss	Recognised in OCI	As at 31 March 2017
<b>Deferred tax liabilities</b>				
Fixed assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,561.39	69.50	-	1,630.89
Others	3.91	(1.34)	-	2.57
<b>Sub- total (a)</b>	<b>1,565.30</b>	<b>68.16</b>	<b>-</b>	<b>1,633.46</b>
<b>Deferred tax assets</b>				
Allowance for expected credit loss	8.63	0.82	-	9.45
Employee benefits	80.68	(19.13)	4.97	66.52
Fair value of forward exchange contracts	7.95	(15.84)	-	(7.89)
Others	4.59	(4.59)	-	-
<b>Sub- total (b)</b>	<b>101.85</b>	<b>(38.74)</b>	<b>4.97</b>	<b>68.07</b>
<b>Net deferred tax liabilities (a)-(b)</b>	<b>1,463.45</b>	<b>106.90</b>	<b>(4.97)</b>	<b>1,565.38</b>

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Current tax expense</b>		
Current year	2,645.39	2,020.15
Adjustment for prior periods	-	(10.44)
	<b>2,645.39</b>	<b>2,009.71</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(18.88)	106.90
	<b>(18.88)</b>	<b>106.90</b>
<b>Total income tax expense</b>	<b>2,626.51</b>	<b>2,116.61</b>

## ii) Income tax recognised in other comprehensive income

	31 March 2018			31 March 2017		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
Remeasurement of defined benefit plans	(70.53)	24.41	(46.12)	(14.37)	4.97	(9.40)
	<b>(70.53)</b>	<b>24.41</b>	<b>(46.12)</b>	<b>(14.37)</b>	<b>4.97</b>	<b>(9.40)</b>

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### iii) Reconciliation of effective tax rate

	31 March 2018		31 March 2017	
	Rate	Amount	Rate	Amount
<b>Profit before tax</b>		<b>7,492.62</b>		<b>6,037.13</b>
Tax using the Company's domestic tax rate of 34.6081% (31 March 2017 - 34.6081%)	34.61%	2,593.05	34.61%	2,089.34
Tax effect of:				
Permanent differences	0.45%	33.45	0.45%	27.27
<b>At the effective income tax rate</b>	<b>35.05%</b>	<b>2,626.51</b>	<b>35.06%</b>	<b>2,116.61</b>

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

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

	31 March 2018	31 March 2017
Base rate	30.00%	30.00%
Add: Surcharge @ 12%	3.60%	3.60%
	<b>33.60%</b>	<b>33.60%</b>
Add: Education cess @ 3%	1.01%	1.01%
	<b>34.61%</b>	<b>34.61%</b>

## 23 OTHER NON-CURRENT LIABILITIES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred income	1,073.54	1,149.63	1,034.43
Others	30.75	23.93	12.45
	<b>1,104.29</b>	<b>1,173.56</b>	<b>1,046.88</b>

## 24 CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans repayable on demand from banks (secured)			
-Working capital facilities	858.66	272.08	2,177.86
-Buyers credit for capital goods	-	-	979.50
	<b>858.66</b>	<b>272.08</b>	<b>3,157.36</b>

### Note:

- The working capital facilities include working capital demand loan, cash credit and buyers/ suppliers credit. The same 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 & 54A DLF Industrial Estate, Phase-I, Delhi- Mathura Road and factory land and building situated at Prithla Village, Faridabad and personal guarantee by some of the directors of the Company.
- The outstanding balance is repayable on demand and the rate of interest ranges between 9 % to 11 % per annum.

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 25 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade payables	3,646.78	2,856.49	2,657.16
	<b>3,646.78</b>	<b>2,856.49</b>	<b>2,657.16</b>

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

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year			
- Principal Amount	164.00	145.32	34.47
- Interest	0.29	0.14	0.14
ii) The amount of interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	0.29	0.14	0.14
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.29	0.14	0.14
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-	-

- b) This information has been compiled in respect of parties to the extent they could be identified as Micro, small and medium enterprises on the basis of information available with the management as at 31 March 2018.

### 26 CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of long-term borrowings (refer note 19)	923.00	1,221.61	1,447.69
Creditors for capital expenditure	83.51	86.82	34.17
Interest accrued but not due	6.25	11.98	12.98
Unclaimed dividend*	28.52	29.10	27.41
Derivative liability	36.90	-	27.01
Others	-	32.68	-
	<b>1,078.18</b>	<b>1,382.19</b>	<b>1,549.26</b>

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

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 27 OTHER CURRENT LIABILITIES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance from customer	158.93	153.02	39.74
Statutory dues payable	363.13	334.74	321.60
	<b>522.06</b>	<b>487.76</b>	<b>361.34</b>

### 28 CURRENT TAX LIABILITIES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for income-tax (net)	12.85	202.39	1.30
	<b>12.85</b>	<b>202.39</b>	<b>1.30</b>

### 29 REVENUE FROM OPERATIONS

	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products (including excise duty)		
- Finished goods	45,880.33	41,147.34
Other operating income		
- Steel scrap sale	400.45	264.34
- Export incentives	168.15	117.46
<b>Total</b>	<b>46,448.93</b>	<b>41,529.14</b>

### 30 OTHER INCOME

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest on		
- fixed deposits	4.93	27.55
- security deposit with electricity department	4.52	7.59
- income-tax refund	-	0.10
<b>Other non operating income</b>		
Liabilities no longer required written back	2.87	27.92
Export promotion capital guarantee grant income	136.64	130.45
Gain on foreign exchange fluctuation	26.38	8.17
Profit on disposal of property, plant and equipment	26.48	412.68
Gain on fair value of forward contracts	-	45.76
Income from mutual fund investment		
- gain on sale of mutual fund	24.76	-
- dividend income	27.07	-
- gain on fair value of mutual fund	248.18	-
Bad debts recovered	23.52	6.64
Scrap sales	30.93	16.97
Miscellaneous income	5.28	7.52
	<b>561.56</b>	<b>691.35</b>

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 31 COST OF MATERIALS CONSUMED

	For the year ended 31 March 2018	For the year ended 31 March 2017
Raw material at the beginning of the year	1,732.43	1,581.27
Add: purchases	17,942.95	13,927.90
Less: Raw material at the end of the year	2,280.83	1,732.43
<b>Total cost of materials consumed</b>	<b>17,394.55</b>	<b>13,776.74</b>

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventories at the beginning of the year		
- Finished goods	2,131.94	2,029.43
- Work-in-progress	472.60	184.09
	<b>2,604.54</b>	<b>2,213.52</b>
Inventories at the end of the year		
- Finished goods	1,746.27	2,131.94
- Work-in-progress	1,084.35	472.60
	<b>2,830.62</b>	<b>2,604.54</b>
<b>Increase in inventory</b>	(226.08)	(391.02)
Increase/(decrease) in excise duty on finished goods	(343.27)	18.50
	<b>(569.35)</b>	<b>(372.52)</b>

### 33 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salary, wages and bonus	2,950.23	2,672.46
Contribution to provident and other funds	246.14	249.34
Gratuity expenses	49.75	59.28
Staff welfare expenses	106.09	94.79
	<b>3,352.21</b>	<b>3,075.87</b>

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

### 34 FINANCE COSTS

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense on borrowings measured at amortised cost	343.25	511.42
Other borrowing cost	23.15	23.18
Net exchange loss on foreign currency borrowings to the extent considered as an adjustment to interest cost	-	7.48
Interest on delayed payment of taxes	11.43	16.10
	<b>377.83</b>	<b>558.18</b>

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 35 DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation expense	1,751.14	1,657.54
Amortisation expense	7.71	6.35
	<b>1,758.85</b>	<b>1,663.89</b>

### 36 OTHER EXPENSES

	For the year ended 31 March 2018	For the year ended 31 March 2017
Consumption of stores and spares	3,779.33	3,259.50
Job work charges	2,056.08	1,265.01
Consumption of packing materials	662.67	548.31
Power and fuel	3,498.15	2,737.18
Rent	48.72	87.90
Repairs and maintenance	-	-
- Building	480.60	509.34
- Plant and machinery	1,259.45	1,076.10
Security charges	80.58	75.08
Insurance	63.29	75.39
Legal and professional charges	111.16	91.04
Rates and taxes	24.84	45.08
Sales promotion	155.09	129.82
Freight outward	1,535.58	1,194.90
Travelling and conveyance	192.08	179.31
Contract labour charges	1,056.47	895.89
Payment to auditors (refer details below)	19.98	16.68
Commission to director	240.00	171.00
Corporate social responsibility expenses	92.20	62.80
Provision for expected credit loss	-	27.30
Claim obligation expenses	-	32.68
Bad debts written off	-	0.71
Loss on fair value of forward contracts	59.70	-
Miscellaneous expenses	629.48	559.94
	<b>16,045.44</b>	<b>13,040.96</b>

#### Details of payments to auditors

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>As auditor</b>		
- Statutory audit	11.00	10.10
- Tax audit	1.00	1.80
- Limited review	7.50	1.20
<b>In other capacity</b>		
- Other services	-	3.28
- Reimbursement of expenses	0.48	0.31
	<b>19.98</b>	<b>16.69</b>



## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 37 EARNINGS PER SHARE

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit for the year attributable to equity shareholders (A)	4,866.11	3,920.52
Weighted average number of equity shares outstanding during the year (B) (lakh)	356.29	342.23
Nominal value per share (Rs.)	2.00	2.00
Basic and diluted earnings per equity share (face value of share- Rs 2 each) (A/B) (Rs.)	13.66	11.46

### 38 Employee benefits

#### i) Defined contribution plans

The Company makes fixed contribution towards provident fund and ESI to a defined contribution retirement benefit plan for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. Similarly, the contribution is made in ESI at a specified percentage of payroll cost.

The Company recognised Rs 193.06 lakh (31 March 2017: Rs 179.78 lakh) for provident fund contributions and Rs 36.19 lakh (31 March 2017: Rs 20.62 lakh) for ESI contribution in the Statement of Profit and Loss and included in "Employee benefits expenses" in note 33. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

#### ii) Defined benefit plans

##### Gratuity

Contribution to Gratuity funds- Life Insurance Corporation of India, Group Gratuity Scheme

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contribution to recognised funds in India. From the period ended 31 March 2017, the unfunded gratuity obligation of directors starting from current financial year is determined based on actuarial valuation using the Projected Unit Credit Method.

## Notes to the standalone financial statements for the year ended 31 March 2018

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

- A) Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Gratuity (unfunded) *		Gratuity (funded)	
	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Present value of obligation at the beginning of the year</b>	14.28	-	419.23	357.22
Included in profit or loss:				
Current service cost	-	-	46.13	41.37
Past service cost	-	14.28	-	-
Interest cost	1.07	-	30.62	27.72
<b>Total amount recognised in profit or loss</b>	1.07	14.28	76.75	69.09
Included in other comprehensive income:				
Remeasurement loss/(gain) arising from:				
- demographic assumptions	(0.09)	-	-	-
- financial assumptions	-	-	-	18.99
- experience adjustment	38.46	-	31.80	(4.63)
<b>Total amount recognised in other comprehensive income</b>	38.37	-	31.80	14.36
<b>Other</b>				
Less: Benefits paid	-	-	21.91	21.44
<b>Present value of obligation at the end of year</b>	<b>53.72</b>	<b>14.28</b>	<b>505.87</b>	<b>419.23</b>

Change in the fair value of plan assets	Gratuity (unfunded) *		Gratuity (funded)	
	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017
Fair value of plan asset at the beginning of the year	-	-	363.82	309.10
Included in profit or loss:				
Expected return on plan assets	-	-	28.08	24.10
Contributions paid	-	-	43.14	52.08
Benefits paid	-	-	21.91	21.44
Included in other comprehensive income:				
Actuarial gain	-	-	0.36	-
<b>Fair value of plan asset at the end of the year</b>	<b>-</b>	<b>-</b>	<b>412.77</b>	<b>363.82</b>

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

Category of assets (% allocation)	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	(%)	Amount	(%)	Amount	(%)	Amount
Insurance policies	100	412.77	100	363.82	100	309.10

# Notes to the standalone financial statements for the year ended 31 March 2018

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

## Net defined benefit liability recognised in the balance sheet

	Gratuity (unfunded) *			Gratuity (funded)		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Present value of funded obligation at the end of the year	53.72	14.28	-	505.87	419.23	357.22
Fair value of plan asset as at the end of the period	-	-	-	412.77	363.82	309.10
<b>Net defined benefit liability</b>	<b>53.72</b>	<b>14.28</b>	<b>-</b>	<b>93.10</b>	<b>55.41</b>	<b>48.12</b>

\* From the period ended 31 March 2017, the unfunded gratuity obligation of directors starting from current financial year is determined based on actuarial valuation using the Projected Unit Credit Method.

## B) Actuarial assumptions

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

	Gratuity (unfunded) *			Gratuity (funded)		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Discount rate (per annum)	7.50%	7.50%	NA	7.50%	7.50%	8.00%
Salary growth rate (per annum)	7.00%	7.00%	NA	7.00%	7.00%	7.00%
Mortality rates inclusive of provision for disability	IALM (2006 - 08)	IALM (2006 - 08)	NA	IALM (2006 - 08)	IALM (2006 - 08)	IALM (2006 - 08)
Retirement age (years)	58	58	NA	58	58	58
Withdrawal rate (%)	2% to 10%	2% to 10%	NA	2% to 10%	2% to 10%	2% to 10%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

## C) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Gratuity (Funded)			
	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	464.47	553.97	382.61	461.94
Salary escalation rate (1% movement)	556.45	461.56	461.08	382.14

	Gratuity (unfunded)			
	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	53.20	54.27	13.36	15.35
Salary escalation rate (1% movement)	53.72	53.72	14.28	14.28

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.

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### D) Risk exposure

#### i) Changes in discount rate

A decrease in discount yield will increase plan liabilities.

#### ii) Mortality table

The gratuity plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in plan liabilities.

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

	31 March 2018	31 March 2017	1 April 2016
Less than 1 year	68.66	35.84	48.12
Between 1-2 years	31.07	36.74	12.31
Between 2-5 years	80.83	82.73	37.81
Over 5 years	250.82	174.43	62.02
<b>Total</b>	<b>431.38</b>	<b>329.74</b>	<b>160.26</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 14.01 years (31 March 2017: 14.52 years, 1 April 2016: 10.97 years).

Expected contribution to post-employment benefit plans in the next year is Rs 46.55 lakh (31 March 2017: Rs 27.70 lakh).

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

	31 March 2018	31 March 2017	1 April 2016
Less than 1 year	40.35	1.84	-
Between 1-2 years	0.35	1.75	-
Between 2-5 years	19.30	9.28	-
Over 5 years	-	2.86	-
<b>Total</b>	<b>60.00</b>	<b>15.73</b>	<b>-</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 1.95 years (31 March 2017: 12.58 years, 1 April 2016: Nil years).

Expected contribution to post-employment benefit plans in the next year is Rs 26.86 lakh (31 March 2017: Rs 7.71 lakh).

#### 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 long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation. A provision of Rs. 15.49 lakh (31 March 2017: Rs. 44.28 lakh) for the year have been made on the basis of actuarial valuation as at the year end and debited to the Statement of Profit and Loss.

# Notes to the standalone financial statements for the year ended 31 March 2018

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

## 39 Operating segments

Segment information is presented in respect of the Company's key operating segments. The operating segments are based on the Company's management and internal reporting structure.

The Company's Board of directors have been identified as the Chief Operating Decision Maker ('CODM') as they monitors the results for the purpose of making decisions about resource allocation and performance assessment and responsible for all major decision w.r.t. preparation of budget, planning, expansion, alliance, joint venture, merger and acquisitions, and expansion of new facility.

Accordingly, there is only one reportable segment for the Company which is "Automotive products", hence no specific disclosures have been made."

## Entity wide disclosures

### A. Information about products and services

The Company is engaged in the manufacturing and marketing of high tensile cold forged fasteners. Company operates in one product line, therefore product wise revenue disclosure is not applicable.

### B. Information about geographical area

The major sales of the Company are made to customers which are domiciled in India.

### C. Information about major customers

Revenues of Rs 11,857.53 lakh and Rs 6,823.50 lakh (31 March 2017: Rs 9,142.86 lakh and Rs 5,036.52 lakh) are derived from a two external customers.

## 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 account (net of capital advances) Rs. 2,059.46 lakh (Rs. 138.28 lakh as at 31 March 2017, Rs. 493.54 lakh as at 1 April 2016).

The Company in 2014-15 had paid amounts to Senior Town Planner, Faridabad Circle, Faridabad, for the "change in land use" of part of the land situated at its Prithla unit. As per the agreed terms, there will be certain external development charges which are payable on a future date. However, the quantum of such future liability is not quantified in the said letter.

### B. Contingent liabilities and other commitments

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Guarantees excluding financial guarantees:</b>			
i) Bank guarantee (net of margin of Rs 0.50 lakh (Rs. 0.50 lakh as at 31 March 2017; Rs nil as at 1 April 2016)	39.72	15.29	15.36
<b>Other money for which the company is contingently liable:</b>			
i) Disputed liability - Central Excise Act (refer note 'a' below)	93.17	93.17	93.17
ii) Interest on disputed liability- Central Excise Act (refer note 'b' below)	48.89	42.84	36.78
iii) Letter of credit	723.06	-	134.93
iv) EPCG- duty in relation to export obligation	9,778.00	3,608.46	187.84
v) Disputed liability for AY 2009-10 under Haryana Value Added Tax Act, 2003 on account sale of capital good (cars). The same is pending before The Hon'ble Haryana Tax Tribunal at Chandigarh. (refer note 'c' below)	-	0.99	0.99
vi) Demand under Income-tax Act, 1961			
- Assessment year: 2013-14	0.62	0.62	0.62
- Assessment year: 2014-15	0.00	0.94	11.86
vii) Disputed liability under Central Excise audit- II (refer note 'd' below)	-	-	222.26
viii) Liability of sales tax due to pending C Forms	97.58	1,240.22	1,441.70

## Notes to the standalone financial statements for the year ended 31 March 2018

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

- a) Excise demand amounting to Rs 39.90 lakh for the period February 2010 to March 2010 and Rs 53.27 lakh for the period November 2010 to January 2011 under Central Excise Act arised due to dispute regarding assessable value with reference to MRP against which appeals were filed before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), New Delhi. These demand orders are still in the dispute till final adjudication.
- b) Interest amounting to Rs. 48.89 lakh on the demands raised by excise authorities has been calculated by the Company based on the fact mentioned in demand cum show-cause notices pending adjudication.
- c) Haryana tax tribunal, Chandigarh passed the order dated 22 February 2017 in favour of the assessee on account of sale of capital good (cars).
- d) The office of the Commissioner of Central Excise Audit and Service Tax, Faridabad-I, has dropped the proceedings initiated against the Company for Rs. 222.26 lakh as disclosed under point no. (vii) above, vide order No. 02/16-17/Commr/YG/FBD-I dated 27-04-2016.

### C. Contingent assets- Nil

### 41 Operating lease as lessee

The Company has entered into various agreements of cancellable and non-cancellable operating lease for factory premises, nitrogen plant, transformer and offices rent amounting to Rs. 48.72 lakh (31 March 2017: Rs. 87.90 lakh) has been debited to Statement of Profit and Loss for the year ending 31 March 2018. The future minimum lease payment is as under:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Not later than one year	19.54	44.07
Later than one year and not later than five years	12.40	19.22
<b>Total</b>	<b>31.94</b>	<b>63.29</b>

### 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 exist 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 (w.e.f. 15 November 2016)
Enterprise over which KMP exercise control and/or significant influence	Sterling Technologies Private Limited Sterling Automobiles Private Limited Sterling Mobikes Private Limited Jaycee Automobiles Private Limited Sterling Fincap Private Limited Prism Global Creative Products Private Limited Jaycee Premium Cars Private Limited Noble Cars Private Limited
Key Management Personnel	Mr. Manohar Lal Aggarwal - Chairman Mr. Anil Aggarwal – Managing Director Mr. Atul Aggarwal – Whole Time Director and CFO Mr. Anish Aggarwal – Relative of Key Management Personnel Triloki Nath Kapoor- Independent director Malini Sud- Independent director Chhotu Ram Sharma- Independent director
Joint venture company	Sterling Fabory India Private Limited

## Notes to the standalone financial statements for the year ended 31 March 2018

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

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>i) Transaction with subsidiary company</b>		
<b>Rent paid</b>		
Haryana Ispat Private Limited	-	45.58
	-	<b>45.58</b>
<b>ii) Enterprises over which Key Management Personnel has significant influence</b>		
<b>a) Expenses paid- repairs and maintenance</b>		
Sterling Automobiles Private Limited	4.78	4.47
Jaycee Automobiles Private Limited	11.19	8.16
	<b>15.97</b>	<b>12.63</b>
<b>b) Expenses paid- sales promotion</b>		
Sterling Mobikes Private Limited	-	0.19
	-	<b>0.19</b>
<b>c) Rent paid</b>		
Sterling Technologies Private Limited	11.30	1.50
	<b>11.30</b>	<b>1.50</b>
<b>d) Purchase of asset</b>		
Sterling Automobiles Private Limited	-	27.10
Jaycee Automobiles Private Limited	51.40	-
	<b>51.40</b>	<b>27.10</b>
<b>e) Advance given for purchase of asset and received back</b>		
Jaycee Automobiles Private Limited	-	70.00
	-	<b>70.00</b>
<b>f) Purchase of material</b>		
Sterling Mobikes Private Limited	1.97	-
	1.97	-
<b>iii) Transaction with joint venture company</b>		
Sale of goods	63.62	25.85
Purchase of material	184.68	140.98
	<b>248.30</b>	<b>166.83</b>
<b>iv) Transaction with Key Management Personnel &amp; their relatives</b>		
<b>Remuneration paid (Refer note 'v' below)</b>		
Mr. Manohar Lal Aggarwal	132.59	116.83
Mr. Anil Aggarwal	133.54	123.37
Mr. Atul Aggarwal	131.30	112.70
Mr. Anish Aggarwal	8.30	4.00
	<b>405.73</b>	<b>356.90</b>
<b>Commission paid</b>		
Mr. Manohar Lal Aggarwal	80.00	57.00
Mr. Anil Aggarwal	80.00	57.00
Mr. Atul Aggarwal	80.00	57.00
	<b>240.00</b>	<b>171.00</b>
<b>Compensation to Key management personnel *</b>		
- Short term employee benefits	607.23	494.58
- Defined contribution plans	38.50	33.32
	<b>645.73</b>	<b>527.90</b>

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

## Notes to the standalone financial statements for the year ended 31 March 2018

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Director sitting fees</b>		
Triloki Nath Kapoor	4.50	3.75
Malini Sud	3.50	2.25
Chhotu Ram Sharma	4.75	4.00
	<b>12.75</b>	<b>10.00</b>

### v) Closing balances

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Remuneration payable</b>			
Mr. Manohar Lal Aggarwal	3.70	4.60	0.48
Mr. Anil Aggarwal	1.92	2.51	3.69
Mr. Atul Aggarwal	0.41	2.57	0.56
Mr. Anish Aggarwal	1.13	-	0.19
<b>Total</b>	<b>7.16</b>	<b>9.68</b>	<b>4.92</b>

<b>Commission payable</b>			
Mr. Manohar Lal Aggarwal	51.57	37.27	30.73
Mr. Anil Aggarwal	51.57	37.27	30.73
Mr. Atul Aggarwal	51.57	37.27	30.73
<b>Total</b>	<b>154.71</b>	<b>111.81</b>	<b>92.19</b>

<b>Outstanding payables</b>			
Sterling Automobiles Private Limited	0.46	0.23	0.29
Jaycee Automobiles Private Limited	2.43	0.05	-
Sterling Fabory India Private Limited	25.36	0.84	26.37
<b>Total</b>	<b>28.25</b>	<b>1.12</b>	<b>26.66</b>

<b>Outstanding receivables</b>			
Sterling Fabory India Private Limited	26.78	2.64	4.26
	<b>26.78</b>	<b>2.64</b>	<b>4.26</b>

### III Terms and conditions

All transactions were made on normal commercial terms and conditions.

All outstanding balances are unsecured and are repayable in cash.



## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 43 Corporate social responsibility expenses

- (a) Gross amount required to be spent by the Company (i.e. 2% of average net profits u/s 198 of Companies Act, 2013 of last three years): Rs. 86.52 lakh
- (b) Amount spent during the year ended 31 March 2018:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total	Outstanding amount to be spent for FY 2017-18
(i)	Construction/ acquisition of any asset	-		-	-
(ii)	On purposes other than (i) above	1.10	Children welfare related activities and societies	92.20	-
		13.39	Employment generation		
		3.60	Payment to educational and other welfare societies		
		74.11	Others		

- (a) Gross amount required to be spent by the Company (i.e. 2% of average net profits u/s 198 of Companies Act, 2013 of last three years): Rs. 64.83 lakh
- (b) Amount spent during the year ending 31 March 2017:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total	Outstanding amount to be spent for FY 2016-17
(i)	Construction/ acquisition of any asset			-	-
(ii)	On purposes other than (i) above	10.21	Charity to eye hospital and other health welfare societies	62.80	2.03
		10.03	Children welfare related activities and societies		
		5.00	Payment to golf foundation		
		36.06	Payment to educational and other welfare societies		
		1.50	Others		

### 44 Fair value measurements

#### I Financial instruments

##### (a) Financial instruments by category

Except derivative financial instruments which are measured at fair value through profit or loss, all other financial assets and liabilities viz. trade receivables, security deposits, cash and cash equivalents, other bank balances, interest receivable, other receivables, trade payables, employee related liabilities and short-term loans from banks, 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.

## Notes to the standalone financial statements for the year ended 31 March 2018

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

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:

### As at 31 March 2018

Particulars	Carrying amount				Fair value			
	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Investments	5,353.18	-	-	5,353.18	5,353.18	-	-	5,353.18
<b>Financial assets not measured at fair value</b>								
Investments	-	1,886.75	-	1,886.75	-	-	1,886.75	1,886.75
Loans	-	146.52	-	146.52	-	-	146.52	146.52
Other financial assets	-	168.15	-	168.15	-	-	168.15	168.15
Trade receivables	-	4,546.89	-	4,546.89	-	-	4,546.89	4,546.89
Cash and cash equivalents	-	100.84	-	100.84	-	-	100.84	100.84
Other bank balance	-	48.63	-	48.63	-	-	48.63	48.63
	<b>5,353.18</b>	<b>6,897.78</b>	<b>-</b>	<b>12,250.96</b>	<b>5,353.18</b>	<b>-</b>	<b>6,897.78</b>	<b>12,250.96</b>
<b>Financial liabilities measured at fair value</b>								
Other forward exchange contracts	36.90	-	-	36.90	-	36.90	-	36.90
<b>Financial liabilities not measured at fair value</b>								
Borrowings	-	-	3,428.73	3,428.73	-	-	3,428.73	3,428.73
Trade payables	-	-	3,646.78	3,646.78	-	-	3,646.78	3,646.78
Other financial liabilities	-	-	144.08	144.08	-	-	144.08	144.08
	<b>36.90</b>	<b>-</b>	<b>7,219.59</b>	<b>7,256.49</b>	<b>-</b>	<b>36.90</b>	<b>7,219.59</b>	<b>7,256.49</b>

### As at 31 March 2017

Particulars	Carrying amount				Fair value			
	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Other forward exchange contracts	22.80	-	-	22.80	-	22.80	-	22.80
<b>Financial assets not measured at fair value</b>								
Investments	-	1,786.75	-	1,786.75	-	-	1,786.75	1,786.75
Loans	-	118.79	-	118.79	-	-	118.79	118.79
Other financial assets	-	89.67	-	89.67	-	-	89.67	89.67
Trade receivables	-	3,422.61	-	3,422.61	-	-	3,422.61	3,422.61
Cash and cash equivalents	-	228.91	-	228.91	-	-	228.91	228.91
Other bank balance	-	52.42	-	52.42	-	-	52.42	52.42
	<b>22.80</b>	<b>5,699.15</b>	<b>-</b>	<b>5,721.95</b>	<b>-</b>	<b>22.80</b>	<b>5,699.15</b>	<b>5,721.95</b>
<b>Financial liabilities not measured at fair value</b>								
Borrowings	-	-	4,015.60	4,015.60	-	-	4,015.60	4,015.60
Trade payables	-	-	2,856.49	2,856.49	-	-	2,856.49	2,856.49
Other financial liabilities	-	-	188.83	188.83	-	-	188.83	188.83
	<b>-</b>	<b>-</b>	<b>7,060.92</b>	<b>7,060.92</b>	<b>-</b>	<b>-</b>	<b>7,060.92</b>	<b>7,060.92</b>

# Notes to the standalone financial statements for the year ended 31 March 2018

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

## As at 1 April 2016

Particulars	Carrying amount				Fair value			
	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Other forward exchange contracts	4.05	-	-	4.05	-	4.05	-	4.05
<b>Financial assets not measured at fair value</b>								
Investments	-	588.25	-	588.25	-	-	588.25	588.25
Loans	-	109.32	-	109.32	-	-	109.32	109.32
Other financial assets	-	82.50	-	82.50	-	-	82.50	82.50
Trade receivables	-	3,606.43	-	3,606.43	-	-	3,606.43	3,606.43
Cash and cash equivalents	-	1,042.27	-	1,042.27	-	-	1,042.27	1,042.27
Other bank balance	-	103.48	-	103.48	-	-	103.48	103.48
	<b>4.05</b>	<b>5,532.25</b>	<b>-</b>	<b>5,536.30</b>	<b>-</b>	<b>4.05</b>	<b>5,532.25</b>	<b>5,536.30</b>
<b>Financial liabilities measured at fair value</b>								
Other forward exchange contracts	27.01	-	-	27.01	-	27.01	-	27.01
<b>Financial liabilities not measured at fair value</b>								
Borrowings	-	-	6,907.55	6,907.55	-	-	6,907.55	6,907.55
Trade payables	-	-	2,657.16	2,657.16	-	-	2,657.16	2,657.16
Other financial liabilities	-	-	99.04	99.04	-	-	99.04	99.04
	<b>27.01</b>	<b>-</b>	<b>9,663.75</b>	<b>9,690.76</b>	<b>-</b>	<b>27.01</b>	<b>9,663.75</b>	<b>9,690.76</b>

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 2018 and 31 March 2017.

## 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

# Notes to the standalone financial statements for the year ended 31 March 2018

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

## **Fair value of financial assets and liabilities measured at amortised cost**

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

For other financial liabilities/ assets that are measured at fair value, the carrying amounts are equal to the fair values.

## **I. Financial risk management**

The Company's principal financial liabilities comprise borrowings, derivatives, trade payables and other payables. The Company's principal financial assets include trade & other receivables, and cash and short-term deposits that it derive 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, derivative financial instruments, loans and advances, cash and cash equivalents and deposits with banks.

### **Trade receivables**

The Company primarily sells high tensile cold forged fasteners to bulk customers comprising mainly automotive manufacturers operate in India and outside India. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in Note 39(C).

### **Cash and cash equivalents and deposits with banks**

Cash and cash equivalents of the Company are held with banks which have high external rating. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

### **Loans to employees and securities deposits**

The Company provides loans to its employees and furnish security deposit to various parties for electricity, communication, etc.. The Company considers that its loans have low credit risk or negligible risk of default as the parties are well established entities and have strong capacity to meet the obligations.

### **Investments**

The Company have invested in unquoted equity instruments of its subsidiary and its joint venture. The management actively monitors the operation of subsidiary and joint venture which affect investments. The Company does not expect the counterparty to fail to meet its obligations, and has not experienced any significant impairment losses in respect of any of the investments.

# Notes to the standalone financial statements for the year ended 31 March 2018

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

## (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 2018	31 March 2017	1 April 2016
<b>Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)</b>			
Non-current loans	125.04	97.74	78.25
Non current investments	1,886.75	1,786.75	588.25
Other non-current financial assets	-	0.51	-
Cash and cash equivalents	100.84	228.91	1,042.27
Other bank balances	48.63	52.42	103.48
Current loans	21.48	21.05	31.07
Other current financial assets	168.15	111.95	86.55
	<b>2,350.89</b>	<b>2,299.33</b>	<b>1,929.87</b>
<b>Financial assets for which loss allowance is measured using life time Expected Credit Losses (ECL)</b>			
Trade receivables	4,546.89	3,422.61	3,606.43
	<b>4,546.89</b>	<b>3,422.61</b>	<b>3,606.43</b>

## Provision for expected credit losses

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

The Company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Hence, no impairment loss has been recognised during the reporting periods in respect of these assets.

### (b) Financial assets for which loss allowance is measured using life time expected credit losses

The Company has customers with strong capacity to meet the obligations and therefore the risk of default is negligible in respect of outstanding from customers. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full. Hence, no impairment loss has been recognised during the reporting periods in respect of trade receivables.

## Ageing analysis of trade receivables

The ageing analysis of the trade receivables is as below:

Ageing	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	Total
Gross carrying amount as 31 March 2018	4,413.92	86.07	31.60	5.66	9.64	4,546.89
Gross carrying amount as 31 March 2017	3,351.80	33.27	10.84	4.73	21.97	3,422.61
Gross carrying amount as 1 April 2016	3,464.13	27.06	18.61	8.50	88.13	3,606.43

## 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 2018, the Company had a working capital of Rs 10,911.25 lakh including cash and cash equivalents of Rs 100.84 lakh. As at 31 March 2017, the Company had a working capital of Rs 4,290.86 lakh including cash and cash equivalents of Rs 228.91 lakh.

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### (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 2018	As at 31 March 2017	As at 1 April 2016
<b>Non- derivative financial liabilities</b>			
<b>Floating-rate borrowings</b>			
- Expiring within one year	5,704.48	5,405.92	3,348.14
- Expiring beyond one year	-	265.13	1,426.31

### (ii) Maturities of financial liabilities

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

#### 31 March 2018

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
<b>Non-derivative financial liabilities</b>						
Non current borrowings	210.78	208.82	230.75	230.75	2,068.26	2,949.36
Other non current financial liabilities						
- Security deposits	-	-	-	-	25.80	25.80
Current borrowings						
- Working capital loans	858.66	-	-	-	-	858.66
Trade payables	3,646.78	-	-	-	-	3,646.78
Creditors for capital expenditure	83.51	-	-	-	-	83.51
Interest accrued but not due	6.25	-	-	-	-	6.25
Unclaimed dividend	28.52	-	-	-	-	28.52
<b>Derivative financial liabilities</b>						
Other forward exchange contracts	19.77	16.12	1.01	-	-	36.90
<b>Total</b>	<b>4,854.27</b>	<b>224.94</b>	<b>231.76</b>	<b>230.75</b>	<b>2,094.06</b>	<b>7,635.78</b>

#### 31 March 2017

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
<b>Non-derivative financial liabilities</b>						
Non current borrowings	391.73	382.66	224.50	230.75	2,557.31	3,786.95
Other non current financial liabilities						
- Security deposits	-	-	-	-	28.26	28.26
Current borrowings						
- Working capital loans	272.08	-	-	-	-	272.08
Trade payables	2,856.49	-	-	-	-	2,856.49
Creditors for capital expenditure	86.82	-	-	-	-	86.82
Interest accrued but not due	11.98	-	-	-	-	11.98
Unclaimed dividend	29.10	-	-	-	-	29.10
<b>Total</b>	<b>3,648.20</b>	<b>382.66</b>	<b>224.50</b>	<b>230.75</b>	<b>2,585.57</b>	<b>7,071.68</b>

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 31 March 2016

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
<b>Non-derivative financial liabilities</b>						
Non current borrowings	415.83	366.32	372.15	388.79	3,471.67	5,014.76
Other non current financial liabilities						
- Security deposits	-	-	-	-	24.49	24.49
Current borrowings						
- Working capital loans	2,177.86	-	-	-	-	2,177.86
- Buyer's credit	807.21	172.30	-	-	-	979.50
Trade payables	2,657.16	-	-	-	-	2,657.16
Creditors for capital expenditure	34.17	-	-	-	-	34.17
Interest accrued but not due	12.98	-	-	-	-	12.98
Unclaimed dividend	27.41	-	-	-	-	27.41
<b>Derivative financial liabilities</b>						
Other forward exchange contracts	22.62	4.39	-	-	-	27.01
<b>Total</b>	<b>6,155.24</b>	<b>543.01</b>	<b>372.15</b>	<b>388.79</b>	<b>3,496.16</b>	<b>10,955.34</b>

### C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the 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 w.r.t purchases and sale made in currency other than functional currency, the foreign exchange exposure of the Company is ascertained on the basis of the progress billings and purchase orders issued.

### D. Currency risk

The Company is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates.

The currency profile of financial assets and financial liabilities are as below:

Particulars	As at 31 March 2018			
	EURO	JPY	USD	GBP
<b>Financial assets</b>				
Trade receivables (INR in lakh)	765.45	-	67.75	9.48
<b>Financial liabilities</b>				
Trade payables (INR in lakh)	-	0.06	108.23	-
Derivatives liabilities (INR in lakh)	36.90	-	-	-
<b>Net exposure to foreign currency risk - assets / (liabilities)</b>	<b>728.55</b>	<b>(0.06)</b>	<b>(40.48)</b>	<b>9.48</b>

## Notes to the standalone financial statements for the year ended 31 March 2018

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

Particulars	As at 31 March 2017			
	EURO	JPY	USD	GBP
<b>Financial assets</b>				
Trade receivables (INR in lakh)	251.66	-	12.07	55.01
Derivative assets (INR in lakh)	22.80	-	-	-
<b>Financial liabilities</b>				
Trade payables (INR in lakh)	-	2.48	27.49	-
<b>Net exposure to foreign currency risk - assets / (liabilities)</b>	<b>274.46</b>	<b>(2.48)</b>	<b>(15.42)</b>	<b>55.01</b>

Particulars	As at 1 April 2016			
	EURO	JPY	USD	GBP
<b>Financial assets</b>				
Trade receivables (INR in lakh)	134.99	-	27.42	8.57
Derivatives assets (INR in lakh)	4.05	-	-	-
<b>Financial liabilities</b>				
Trade payables (INR in lakh)	0.02	2.15	194.62	4.68
Derivatives liabilities (INR in lakh)	0.61	-	26.40	-
<b>Net exposure to foreign currency risk - assets / (liabilities)</b>	<b>138.41</b>	<b>(2.15)</b>	<b>(193.60)</b>	<b>3.89</b>

### Sensitivity analysis

A strengthening of the Indian Rupee, as indicated below, against foreign currency at 31 March would have increased (decreased) profit or loss (before tax) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for previous year, except that the reasonably possible foreign exchange rate variances were different, as indicated below.

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
<b>31 March 2018</b>		
INR/EUR	36.43	(36.43)
INR/USD	(2.02)	2.02
INR/GBP	0.47	(0.47)
INR/JPY	(0.00)	0.00

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
<b>31 March 2017</b>		
INR/EUR	13.72	(13.72)
INR/USD	(0.08)	0.08
INR/GBP	0.28	(0.28)
INR/JPY	(0.01)	0.01





# Notes to the standalone financial statements for the year ended 31 March 2018

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

## E. Interest rate risk

The Company is exposed to interest rate risk arising mainly from non-current and current borrowings with floating interest rates. The Company is exposed to interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	31 March 2018	31 March 2017	1 April 2016
<b>Financial assets:</b>			
<b>Fixed rate instruments</b>			
- Fixed deposits	0.50	23.32	876.07
<b>Total</b>	<b>0.50</b>	<b>23.32</b>	<b>876.07</b>
<b>Variable-rate instruments</b>			
- Rupee term loans	2,576.32	3,755.50	3,763.17
- Working capital facility	858.66	272.08	2,177.86
- Buyer's credit	-	-	979.50
<b>Total</b>	<b>3,434.98</b>	<b>4,027.58</b>	<b>6,920.53</b>

### Fair value sensitivity analysis for fixed-rate instruments

The company's fixed rate instruments are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the previous year.

Particulars	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
<b>31 March 2018</b>		
Rupee term loans	(31.47)	31.47
Working capital facility	(2.35)	2.35
<b>Cash flow sensitivity (net)</b>	<b>(33.82)</b>	<b>33.82</b>

Particulars	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
<b>31 March 2017</b>		
Rupee term loans	(49.14)	49.14
Working capital facility	(9.49)	9.49
<b>Cash flow sensitivity (net)</b>	<b>(58.63)</b>	<b>58.63</b>

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### 45 Capital management

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- maintain an appropriate capital structure of debt and equity.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and sourcing by leveraging opportunities in domestic and international financial markets so as to maintain investors, creditors and markets' confidence and to sustain future development of the business.

The Company monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry. The Company is not subject to externally imposed capital requirements.

The Company monitors capital using gearing ratio which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and cash equivalents. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

Particulars	31 March 2018	31 March 2017	1 April 2016
Total borrowings	3,434.98	4,027.58	6,920.53
Less: Cash and cash equivalents	100.84	228.91	1,042.27
<b>Net debt</b>	<b>3,334.15</b>	<b>3,798.66</b>	<b>5,878.25</b>
<b>Total equity</b>	<b>24,803.57</b>	<b>16,419.74</b>	<b>13,332.42</b>
<b>Net debt to equity ratio</b>	<b>0.13</b>	<b>0.23</b>	<b>0.44</b>

# Notes to the standalone financial statements for the year ended 31 March 2018

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

## 46 First time adoption of Ind AS

These are the Company's first financial statements in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with previous GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The effective date for Company's Ind AS opening Balance Sheet is 1 April 2016 (the date of transition to Ind AS).

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS Balance Sheet at 1 April 2016 (the Company's date of transition). According to Ind AS 101, the first Ind AS financial statements must use recognition and measurement principles that are based on standards and interpretations that are effective at 31 March 2018, the date of first-time preparation of financial statements according to Ind AS. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS financial statements.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

In the Ind AS opening Balance Sheet as at 1 April 2016, the carrying amounts of assets and liabilities from the previous GAAP as at 1 April 2016 are generally recognised and measured according to Ind AS in effect as on 31 March 2018. However for certain individual cases, Ind AS 101 provides for optional exemptions and mandatory exceptions to the general principles of retrospective application of Ind AS. The Company has made use of the following exemptions and exceptions in preparing its Ind AS opening Balance Sheet:

### Optional exemptions availed

#### (i) Property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

### Mandatory exemptions

#### (i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

#### (ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

# Notes to the standalone financial statements for the year ended 31 March 2018

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

## Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

### Reconciliation of equity

Particulars	Notes	As at 1 April 2016			As at 31 March 2017		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>							
<b>Non-current assets</b>							
(a) Property, plant and equipment	a	13,817.57	1,034.43	14,852.00	14,306.16	1,149.62	15,455.78
(b) Capital work-in-progress		106.31	-	106.31	-	-	-
(c) Intangible assets		12.69	-	12.69	8.25	-	8.25
(d) Financial assets						-	
(i) Investments		588.25	-	588.25	1,786.75	-	1,786.75
(ii) Loans		78.25	-	78.25	97.74	-	97.74
(iii) Other financial assets		-	-	-	0.51	-	0.51
(e) Non-current tax assets (net)		11.68	-	11.68	20.37	-	20.37
(f) Other non-current assets		257.89	0.63	258.52	155.59	0.63	156.22
<b>Total non-current assets</b>		<b>14,872.64</b>	<b>1,035.06</b>	<b>15,907.70</b>	<b>16,375.37</b>	<b>1,150.25</b>	<b>17,525.62</b>
<b>Current assets</b>							
(a) Inventories		4,109.31	-	4,109.31	4,593.77	-	4,593.77
(b) Financial assets							
(i) Trade receivables		3,606.43	-	3,606.43	3,422.61	-	3,422.61
(ii) Cash and cash equivalents		1,042.27	-	1,042.27	228.91	-	228.91
(iii) Bank balances other (ii) above		103.48	-	103.48	52.42	-	52.42
(iv) Loans		31.07	-	31.07	21.05	-	21.05
(v) Other financial assets	c	82.50	4.05	86.55	93.42	18.53	111.95
(c) Other current assets	b	1,129.67	3.64	1,133.31	1,129.59	-	1,129.59
<b>Total current assets</b>		<b>10,104.73</b>	<b>7.69</b>	<b>10,112.42</b>	<b>9,541.79</b>	<b>18.53</b>	<b>9,560.30</b>
<b>TOTAL ASSETS</b>		<b>24,977.37</b>	<b>1,042.75</b>	<b>26,020.12</b>	<b>25,917.16</b>	<b>1,168.78</b>	<b>27,085.92</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
(a) Equity share capital		684.46	-	684.46	684.46	-	684.46
(b) Other equity	a,b,c	12,652.33	(4.38)	12,647.95	15,714.21	21.08	15,735.29
<b>Total equity</b>		<b>13,336.79</b>	<b>(4.38)</b>	<b>13,332.41</b>	<b>16,398.67</b>	<b>21.08</b>	<b>16,419.75</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings	b	2,309.52	(7.02)	2,302.50	2,528.70	(6.79)	2,521.91
(ii) Other financial liabilities		24.50	-	24.50	28.25	-	28.25
(b) Provisions		56.88	-	56.88	108.34	(0.71)	107.63
(c) Deferred tax liabilities (net)	d	1,465.77	(2.32)	1,463.45	1,559.56	5.82	1,565.38
(d) Other non-current liabilities	a	12.45	1,034.43	1,046.88	23.93	1,149.63	1,173.56
<b>Total non-current liabilities</b>		<b>3,869.12</b>	<b>1,025.09</b>	<b>4,894.21</b>	<b>4,248.77</b>	<b>1,147.95</b>	<b>5,396.73</b>
<b>Current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings		3,157.36	-	3,157.36	272.08	-	272.08
(ii) Trade payables		2,657.16	-	2,657.16	2,856.49	-	2,856.49
(iii) Other financial liabilities	c	1,522.25	27.01	1,549.26	1,382.19	-	1,382.19
(b) Other current liabilities	f	409.46	(48.12)	361.34	487.76	-	487.76
(c) Provisions		23.93	43.15	67.08	68.81	(0.28)	68.53
(d) Current tax liabilities (net)		1.30	-	1.30	202.39	-	202.39
<b>Total current liabilities</b>		<b>7,771.46</b>	<b>22.04</b>	<b>7,793.50</b>	<b>5,269.72</b>	<b>(0.28)</b>	<b>5,269.44</b>
<b>Total liabilities</b>		<b>11,640.58</b>	<b>1,047.13</b>	<b>12,687.71</b>	<b>9,518.49</b>	<b>1,147.67</b>	<b>10,666.17</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,977.37</b>	<b>1,042.75</b>	<b>26,020.12</b>	<b>25,917.16</b>	<b>1,168.74</b>	<b>27,085.92</b>

\*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Notes	Previous GAAP*	Adjustments	Ind AS
<b>Income</b>				
Revenue from operations		41,832.47	(303.33)	41,529.14
Other income	a	96.80	594.55	691.35
<b>Total income</b>		<b>41,929.26</b>	<b>291.22</b>	<b>42,220.49</b>
<b>Expenses</b>				
Cost of materials consumed	e	13,776.74	-	13,776.74
Changes in inventories of finished products and work-in-progress		(372.52)	-	(372.52)
Excise duty		4,440.24	-	4,440.24
Employee benefits expense	e	3,143.28	(67.41)	3,075.87
Finance costs	b	554.30	3.88	558.18
Depreciation and amortisation expense	a	1,533.44	130.45	1,663.89
Other expenses	c,f	13,355.28	(314.32)	13,040.96
<b>Total expenses</b>		<b>36,430.75</b>	<b>(247.40)</b>	<b>36,183.36</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>5,498.51</b>	<b>538.62</b>	<b>6,037.12</b>
Exceptional items		437.61	(437.61)	-
<b>Profit before tax</b>		<b>5,936.12</b>	<b>101.01</b>	<b>6,037.13</b>
<b>Tax expense:</b>				
Current tax		2,009.71	-	2,009.71
Deferred tax	d	93.79	13.11	106.90
<b>Profit for the year</b>		<b>3,832.63</b>	<b>87.90</b>	<b>3,920.52</b>
<b>Other comprehensive income</b>				
(A) (i) Items that will not be reclassified to profit or loss				
(a) Remeasurement of defined benefit plans	e	-	(14.37)	(14.37)
(ii) Income-tax relating to remeasurement of defined benefit plans		-	4.97	4.97
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>(9.40)</b>	<b>(9.40)</b>
<b>Total comprehensive income for the year</b>		<b>3,832.63</b>	<b>78.50</b>	<b>3,911.12</b>

### Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Particulars	Notes	31 March 2017	1 April 2016
<b>Total equity (shareholder's funds) as per previous Indian GAAP</b>		<b>16,398.67</b>	<b>13,336.79</b>
<b>Adjustments:</b>			
Amortisation of transaction cost as per Effective Interest Rate method	b	(3.88)	11.30
Impact of fair valuation of derivative contracts	c	45.76	(22.96)
Others	f	(3.28)	4.97
Impact of deferred tax on account of the above adjustments	d	(13.11)	2.32
<b>Total adjustments</b>		<b>25.46</b>	<b>(4.38)</b>
Net impact brought forward from opening balance sheet		(4.38)	-
<b>Total equity as per Ind AS</b>		<b>16,419.75</b>	<b>13,332.41</b>

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Notes	Amount
<b>Net profit after tax as per previous Indian GAAP</b>		<b>3,885.68</b>
<b>Adjustments:</b>		
Impact of capitalisation of deferred grant	a	130.45
Remeasurement of defined benefit plans	e	14.37
Amortisation of transaction cost as per Effective Interest Rate method	b	(3.88)
Impact on depreciation on capitalisation of deferred grant	a	(130.45)
Impact of fair valuation of derivative contracts	c	45.76
Others	f	(8.26)
Impact of deferred tax on account of the above adjustments	d	(13.11)
<b>Total adjustments</b>		<b>34.84</b>
<b>Net profit after tax as per Ind AS</b>		<b>3,920.52</b>
Other comprehensive income	e	(9.40)
<b>Total comprehensive income for the year</b>		<b>3,911.12</b>

### Notes to first-time adoption:

#### a. Property, plant and equipment

The Company import certain machineries under EPCG benefits in the form of waiver of import duties which is subject to an export obligation. Under previous Indian GAAP, the company capitalises imported asset net of the benefit in lieu of custom duty waived off under the EPCG scheme.

Under Ind AS, the duty benefit availed under Export Promotion Capital Goods (EPCG) scheme on purchase of plant and equipment should be recognised as government grant and the value of property, plant and equipment should be increased by the amount of EPCG benefits netted off on the respective asset, with a corresponding credit to deferred income.

The above adjustment resulted into increase in Property, plant and equipment by Rs 1,034.43 lakh with corresponding increase into deferred income of same amount under other non-current liabilities as at 1 April 2016. As at 31 March 2017, property, plant and equipment has increased by Rs. 245.65 lakh with corresponding increase into deferred income of same amount. Further, during the year ended 31 March 2017, depreciation charged off into statement of profit and loss of Rs 130.45 lakh with the corresponding effect of booking EPCG grant income of same amount.

#### b. Borrowings

Under previous Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to statement of profit and loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to statement of profit and loss using the effective interest method.

The above adjustment resulted into increase in retained earning by Rs 11.30 lakh with corresponding decline in borrowing by Rs. 7.01 lakh as at 1 April 2016. During the year ended 31 March 2017, interest expenses of Rs 3.88 lakh has been charged off into statement of profit and loss with a corresponding increase in borrowing by same amount.

#### c. Gain on fair value of derivatives

Under Indian GAAP, the Company did not recognised fair value gain/loss on forward contracts on yearly basis. Under Ind AS, the Company is required to recognise fair value gain/loss on forward contracts taken by the Company outstanding as at year end.

As a result, during the year ended 1 April 2016, foreign exchange forward contracts assets of Rs 4.05 lakh and liabilities of Rs 27.01 lakh with corresponding decrease in retained earnings by Rs 22.96 lakh. During the year ended 31 March 2017, foreign exchange forward contracts assets of Rs 22.80 lakh with corresponding decline in statement of profit and profit of Rs 45.76 lakh.

## Notes to the standalone financial statements for the year ended 31 March 2018

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

### d. Deferred taxes

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12: Income Taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in insignificant amount of deferred tax on new temporary differences and accordingly not recognised.

### e. Employee benefits :

Both under Indian GAAP and Ind-AS, the company recognised costs related to its post-employment defined benefit plan on an actuarial basis.

Under Indian GAAP, the entire cost, including actuarial gains and losses are charged to statement of profit and loss. Under Ind-AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised in other comprehensive income.

As a result, profit for the year ended 31 March 2017 increased by Rs 14.37 lakh having their tax impact of Rs 4.97 lakh with corresponding decrease in other comprehensive income during the year.

However, there is no impact on total comprehensive income.

### f. Lease equalisation reserves

Under previous GAAP, operating lease charges are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term, accordingly lease equalisation reserves is recognised.

However, under Ind AS, lease payments under an operating lease shall be recognised as an expense on a straight line basis over lease term only if the payments to the lessor are not structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Since, escalation allowed in lease arrangement taken by the Company represents general inflation, lease payments under an operating lease shall not be required to recognise on a straight line basis over lease term.

The effect of the adjustments resulted in reversal in the value of lease equalisation reserves of Rs. 4.97 lakh with corresponding increase in retained earnings on transition date.

During the year ended 31 March 2017, reversal of the value of lease equalisation reserves of Rs 0.98 lakh with corresponding decrease in in rent expenses.

### g. Other comprehensive income

Under previous GAAP, the Company has not presented other comprehensive income (OCI) separately. Items that have been reclassified from statement of profit and loss to other comprehensive income includes remeasurement of defined benefit plans. Hence, previous GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

### h. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

For **Walker Chandiok & Co LLP**  
Chartered Accountants

Per **Anamitra Das**  
Partner  
Membership No. 062191

**Manohar Lal Aggarwal**  
Chairman  
DIN No.00027380

**Atul Aggarwal**  
Chief Financial Officer  
PAN: AAUPA6243R

**Place:** Faridabad  
**Date:** 23 May, 2018

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

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

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

# Independent Auditor's Report

## To the Members of Sterling Tools Limited

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Sterling Tools Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), and joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2018, 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.

### Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and joint venture 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 Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.





7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

### **Opinion**

8. 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 subsidiary and joint venture, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group and joint venture as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### **Other Matters**

9. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 235.68 lakh and net assets of ₹ 227.53 lakh as at 31 March 2018, total revenues of ₹ 19.41 lakh and net cash inflows amounting to ₹ 120.24 lakh for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 25.86 lakh for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary 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 subsidiary and joint venture, is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

10. The comparative consolidated financial information for the year ended 31 March 2017 and the transition date consolidated opening balance sheet as at 1 April 2016 prepared in accordance with Ind AS included in the consolidated financial statements, are based on the previously issued statutory consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the S.R. Dinodia & Co. LLP whose reports dated 26 May 2017 and 20 May 2016 respectively expressed unmodified opinion on those consolidated financial statements, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

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

11. 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 subsidiary and joint venture, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary company and joint venture company covered under the Act, none of the directors of the Group companies and joint venture companies covered under the Act, are disqualified as on 31 March 2018 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 over financial reporting of the Holding Company, its subsidiary company and joint venture company covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure I'; 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 Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary and joint venture:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and joint venture as detailed in Note 40 to the consolidated financial statements;
  - (ii) the Group and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary company and joint venture company covered under the Act; and
  - (iv) The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

**per Anamitra Das**  
**Partner**  
**Membership No.: 062191**

**Place: Faridabad**  
**Date: 23 May 2018**

**Annexure I to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2018**

**Annexure I**

**Independent Auditor's Report on the Internal Financial Controls 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 (Name of the Company) ('the Holding Company'), its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group') and joint venture as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its subsidiary company and joint venture company, which are companies covered under the Act, as at that date.

**Management's Responsibility for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, its subsidiary company and joint venture company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company, its subsidiary and joint venture 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**

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary company and joint venture company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, 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 IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary company, and joint venture company as aforesaid.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and

**Annexure I to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the consolidated financial statements for the year ended 31 March 2018 (Cont'd)**

fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR 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 IFCoFR of the subsidiary company and joint venture companies, the Holding Company, its subsidiary company and joint venture companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Holding Company, its subsidiary company and joint venture company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**Other Matters**

9. We did not audit the IFCoFR in so far as it relates to one subsidiary company which are companies covered under the Act, whose financial statements reflect total assets of ₹ 236.68 lakh and net assets of ₹ 227.53 lakh as at 31 March 2018, total revenues of ₹ 19.41 lakh and net cash inflows amounting to ₹ 120.24 lakh for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 25.86 lakh for the year ended 31 March 2018, in respect of one joint venture company, which are companies covered under the Act, whose IFCoFR have not been audited by us. The IFCoFR in so far as it relates to such subsidiary company and joint venture company 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 IFCoFR for the Holding Company, its subsidiary company and joint venture company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company and joint venture company 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**

**Place: Faridabad**  
**Date: 23 May 2018**

**per Anamitra Das**  
**Partner**  
**Membership No.: 062191**

# Consolidated balance sheet as at 31 March 2018

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

Particulars	Notes	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	2	15,829.55	16,445.34	14,852.00
(b) Capital work-in-progress	3	976.93	-	106.31
(c) Intangible assets	4	21.74	8.25	12.69
(d) Financial assets				
(i) Investments	5	274.00	148.15	162.61
(ii) Loans	6	125.04	97.74	78.25
(iii) Other financial assets	7	0.90	1.41	-
(e) Non-current tax assets (net)	8	-	20.37	11.68
(f) Other non-current assets	9	470.37	156.22	258.52
<b>Total non-current assets</b>		<b>17,698.53</b>	<b>16,877.48</b>	<b>15,482.06</b>
<b>Current assets</b>				
(a) Inventories	10	5,454.44	4,593.77	4,109.31
(b) Financial assets				
(i) Investments	5	5,353.18	-	-
(ii) Trade receivables	11	4,546.89	3,422.61	3,606.43
(iii) Cash and cash equivalents	12	101.85	229.69	1,042.26
(iv) Bank balances other than (ii) above	13	168.62	52.42	103.48
(v) Loans	14	133.06	238.05	31.07
(vi) Other financial assets	15	169.42	111.94	86.55
(c) Other current assets	16	1,460.93	1,129.60	1,133.32
<b>Total current assets</b>		<b>17,388.39</b>	<b>9,778.08</b>	<b>10,112.42</b>
<b>TOTAL ASSETS</b>		<b>35,086.92</b>	<b>26,655.56</b>	<b>25,594.48</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	17	720.48	684.46	684.46
(b) Other equity	18	23,686.55	15,299.67	12,222.32
<b>Total equity</b>		<b>24,407.03</b>	<b>15,984.13</b>	<b>12,906.78</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	19	1,647.07	2,521.91	2,302.50
(ii) Other financial liabilities [other than those specified in item (b)]	20	25.79	28.25	24.50
(b) Provisions	21	129.26	107.63	56.88
(c) Deferred tax liabilities (net)	22	1,522.09	1,565.38	1,463.45
(d) Other non-current liabilities	23	1,104.29	1,173.56	1,046.88
<b>Total non-current liabilities</b>		<b>4,428.50</b>	<b>5,396.73</b>	<b>4,894.21</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	24	863.24	272.08	3,157.36
(ii) Trade payables	25	3,647.07	2,856.72	2,657.15
(iii) Other financial liabilities [other than those specified in item (c)]	26	1,078.18	1,382.19	1,549.26
(b) Other current liabilities	27	522.06	487.76	361.34
(c) Provisions	21	124.75	68.53	67.08
(d) Current tax liabilities (net)	28	16.09	207.42	1.30
<b>Total current liabilities</b>		<b>6,251.39</b>	<b>5,274.70</b>	<b>7,793.49</b>
<b>Total liabilities</b>		<b>10,679.89</b>	<b>10,671.43</b>	<b>12,687.70</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>35,086.92</b>	<b>26,655.56</b>	<b>25,594.48</b>

Note 1 to 48 form an integral part of these consolidated financial statements.

As per our report of even date attached

For **Walker Chandio & Co LLP**  
Chartered Accountants

Per **Anamitra Das**  
Partner  
Membership No. 062191

Place: Faridabad  
Date: 23 May, 2018

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

**Manohar Lal Aggarwal**  
Chairman  
DIN No.00027380

**Atul Aggarwal**  
Chief Financial Officer  
PAN: AAUPA6243R

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

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

# Consolidated statement of profit and loss for the year ended 31 March 2018

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

Particulars	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Income</b>			
Revenue from operations	29	46,448.93	41,529.14
Other income	30	580.97	698.43
<b>Total income</b>		<b>47,029.90</b>	<b>42,227.57</b>
<b>Expenses</b>			
Cost of materials consumed	31	17,394.56	13,776.73
Changes in inventories of finished products and work-in-progress	32	(569.34)	(372.52)
Excise duty		1,158.34	4,440.24
Employee benefits expense	33	3,352.22	3,075.87
Finance costs	34	378.00	558.30
Depreciation and amortisation expense	35	1,758.86	1,663.89
Other expenses	36	16,046.95	13,041.38
<b>Total expenses</b>		<b>39,519.59</b>	<b>36,183.89</b>
Share of profit of joint venture		25.86	(14.47)
<b>Profit before tax</b>		<b>7,536.17</b>	<b>6,029.21</b>
<b>Tax expense:</b>	22		
Current tax		2,649.87	2,011.76
Deferred tax		(18.88)	106.90
<b>Total tax expense</b>		<b>2,630.99</b>	<b>2,118.66</b>
<b>Profit for the year</b>		<b>4,905.18</b>	<b>3,910.55</b>
<b>Other comprehensive income</b>			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		(70.53)	(14.37)
(ii) Income-tax relating to items that will not be reclassified to profit or loss		24.41	4.97
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income-tax relating to items that will be reclassified to profit or loss		-	-
<b>Other comprehensive loss for the year (net of tax)</b>		<b>(46.12)</b>	<b>(9.40)</b>
<b>Total comprehensive income for the year</b>		<b>4,859.06</b>	<b>3,901.15</b>
<b>Earnings per equity share</b>			
Basic and diluted (Rs.)	37	13.77	11.43
[nominal value of share Rs. 2 (31 March 2017: Rs. 2)]			

Note 1 to 48 form an integral part of these consolidated financial statements.

As per our report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

Per **Anamitra Das**

Partner

Membership No. 062191

**Manohar Lal Aggarwal**

Chairman

DIN No.00027380

**Atul Aggarwal**

Chief Financial Officer

PAN: AAUPA6243R

For & on behalf of Board of Directors

**Sterling Tools Limited**

**Anil Aggarwal**

Managing Director

DIN No.00027214

**Vaishali Singh**

Company Secretary

Membership No. A15108

**Place:** Faridabad

**Date:** 23 May, 2018

## Consolidated statement of changes in equity for the year ended 31 March 2018

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

### (A) Equity share capital

	Number (lakh)	Amount
Balance as at 1 April 2016	68.45	684.46
Changes in equity share capital during the year	273.78	-
<b>Balance as at 31 March 2017</b>	<b>342.23</b>	<b>684.46</b>
Changes in equity share capital during the year	18.01	36.02
<b>Balance as at 31 March 2018</b>	<b>360.24</b>	<b>720.48</b>

### (B) Other equity

	Reserves and surplus				
	Capital reserve	Securities premium	General reserve	Retained earnings	Total
<b>Balance as at 1 April 2016</b>	6.65	340.72	2,395.46	9,479.49	12,222.32
Profit for the year	-	-	-	3,910.55	3,910.55
Remeasurement of defined benefit obligation	-	-	-	(9.40)	(9.40)
Transfer to general reserve	-	-	391.00	(391.00)	-
Interim dividend paid on equity shares (including dividend distribution tax paid of Rs. 139.34 lakh)	-	-	-	(823.80)	(823.80)
<b>Balance as at 31 March 2017</b>	<b>6.65</b>	<b>340.72</b>	<b>2,786.46</b>	<b>12,165.84</b>	<b>15,299.67</b>
Profit for the year	-	-	-	4,905.18	4,905.18
Remeasurement of defined benefit obligation	-	-	-	(46.12)	(46.12)
Transfer to general reserve	-	-	-	-	-
Share issue expenses	-	(10.79)	-	-	(10.79)
Addition during the year	-	4,405.76	-	-	4,405.76
Interim dividend paid on equity shares (including dividend distribution tax paid of Rs.146.67 lakh)	-	-	-	(867.15)	(867.15)
<b>Balance as at 31 March 2018</b>	<b>6.65</b>	<b>4,735.69</b>	<b>2,786.46</b>	<b>16,157.75</b>	<b>23,686.55</b>

Note 1 to 48 form an integral part of these consolidated financial statements.

As per our report of even date attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Per **Anamitra Das**

Partner

Membership No. 062191

**Manohar Lal Aggarwal**

Chairman

DIN No.00027380

**Atul Aggarwal**

Chief Financial Officer

PAN: AAUPA6243R

For & on behalf of Board of Directors

**Sterling Tools Limited**

**Anil Aggarwal**

Managing Director

DIN No.00027214

**Vaishali Singh**

Company Secretary

Membership No. A15108

**Place:** Faridabad

**Date:** 23 May, 2018

## Consolidated statement of cash flows for the year ended 31 March 2018

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>A Cash flow from operating activities</b>		
Net profit before tax	7,536.17	6,029.21
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,758.86	1,663.89
Unrealised foreign exchange loss	5.33	12.54
Interest on delayed payment of advance tax	11.60	16.23
Profit on disposal of property, plant and equipment	(26.48)	(412.68)
Remeasurement loss on defined benefit plans	(46.12)	(9.40)
Finance costs	343.26	511.41
Bad debts written off	-	0.72
Provision for expected credit loss	-	27.30
<b>Operating profit before working capital changes</b>	<b>9,582.62</b>	<b>7,839.22</b>
Increase in financial assets	(1,369.61)	(162.25)
(Increase)/ decrease in other assets	(327.25)	0.96
Increase in financial liabilities	792.72	210.21
Increase in inventory	(860.67)	(484.46)
Increase / (decrease) in other liabilities	(34.97)	253.10
Decrease in provisions	34.57	154.12
<b>Net cash generated from operations</b>	<b>7,817.41</b>	<b>7,810.90</b>
Income-tax paid (net)	(2,813.56)	(1,937.45)
<b>Net cash from operating activities (A)</b>	<b>5,003.85</b>	<b>5,873.45</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment (including capital work- in progress and payment for capital advances)	(2,461.35)	(3,172.08)
Maturity of fixed deposit	23.32	126.07
Disposal of property, plant and equipment	32.80	596.00
Investment in fixed deposit	120.00	(23.32)
Investment in mutual fund	(5,353.18)	-
Investment in joint venture	(125.86)	14.47
<b>Net cash used in investing activities (B)</b>	<b>(7,764.27)</b>	<b>(2,458.86)</b>
<b>C Cash flows from financing activities</b>		
Proceeds from non-current borrowings	53.60	1,536.19
Proceeds from issue of equity share capital	4,431.00	-
Interim dividend paid including dividend distribution tax	(867.16)	(823.80)
Repayment of non-current borrowings	(1,227.05)	(1,543.09)
Proceeds from current borrowings	591.16	-
Repayment of current borrowings	-	(2,885.06)
Interest paid	(348.98)	(511.41)
<b>Net cash from/ (used in) financing activities (C)</b>	<b>2,632.57</b>	<b>(4,227.17)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(127.85)</b>	<b>(812.57)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>229.69</b>	<b>1,042.26</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>101.84</b>	<b>229.69</b>



## Consolidated statement of cash flows for the year ended 31 March 2018

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash on hand	5.30	8.15
Balances with scheduled banks:		
- in current accounts	0.50	-
- in fixed deposit accounts	96.05	221.54
	<b>101.85</b>	<b>229.69</b>

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

Particulars	Non-current borrowings	Current borrowings	Dividend
Opening balance as on 1 April 2017	3,755.50	272.08	-
Add: Non cash changes due to-			
- Interest expense	324.73	15.09	-
- Fair value changes	3.43	-	-
- Interim dividend	-	-	867.15
Add: Cash inflows during the year			
- Proceeds from non-current borrowings	53.60	-	-
- Proceeds from current borrowings	-	591.16	-
Add: Cash inflows during the year			
- Proceeds from non-current borrowings	(1,227.05)	-	-
- Proceeds from current borrowings	(333.89)	(15.09)	-
- Interim dividend paid including dividend distribution tax	-	-	(867.16)
<b>Closing balance as on 31 March 2018</b>	<b>2,576.32</b>	<b>863.24</b>	<b>(0.00)</b>

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

Note 1 to 48 form an integral part of these consolidated financial statements.  
As per our report of even date attached

For **Walker Chandiok & Co LLP**  
Chartered Accountants

Per **Anamitra Das**  
Partner  
Membership No. 062191

**Manohar Lal Aggarwal**  
Chairman  
DIN No.00027380

**Atul Aggarwal**  
Chief Financial Officer  
PAN: AAUPA6243R

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

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

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

**Place:** Faridabad  
**Date:** 23 May, 2018

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## 1. GROUP INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Sterling Tools Limited (the "Holding Company") is a company limited by shares is incorporated on 7 June, 1979 and domiciled in India (CIN: L29222DL1979PLC009668). The address of the Holding Company's registered office is K-40, Connaught Circus, New Delhi-110001. The equity shares of the Holding Company is listed on Bombay Stock Exchange and National Stock Exchange in India. The Holding Company is engaged in the manufacturing and marketing of high tensile cold forged fasteners. It is one of the progressive Original Equipment Manufacturer (OEM) suppliers in India with a client base that spans automotive companies in India, Europe and USA.

### B. Basis of preparation

#### (1) Statement of compliance

These consolidated financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable). These are group's first Ind AS compliant consolidated financial statements and Ind AS 101 'First Time Adoption of Indian Accounting Standards' has been applied.

For all the periods upto and including 31 March 2017, the group prepared its consolidated financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Act to extent applicable. The group followed the provisions of Ind AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition, viz. 1 April 2016. Some of the group's Ind AS accounting policies used in the opening Balance Sheet are different from its previous GAAP policies applied as at 31 March 2016, and accordingly the adjustments were made to restate the opening balances as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognised directly through retained earnings as at 1 April 2016. This is the effect of the general rule of Ind AS 101 which is to apply Ind AS retrospectively.

An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the group is provided in note 46.

These consolidated financial statements of Sterling Tools Limited as at and for the year ended 31 March 2018 (including comparatives) were approved and authorised for issue by Board of Directors on 23 May 2018.

#### (2) Standards issued but not yet effective

The following Indian accounting standards were issued but these were not yet effective as on 31 March 2018:

Ind AS 115, "Revenue from Contracts with Customers"

Ind AS 115 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.



# Notes to the consolidated financial statements for the year ended 31 March 2018

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

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced

Ind AS 115 is effective for fiscal years beginning on or after January 1, 2018.

The management believes that the impact of the above standard is not likely to be material.

## (3) 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 parent and its subsidiary 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 subsidiary 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 subsidiary is shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

### (ii) Joint ventures

Interest in joint venture is accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investment are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equal or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and joint venture are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

## (4) Basis of measurement

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

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

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

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### (5) Functional and presentation currency

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

### 6) Current and non-current classification

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

An asset is current when it is:

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

Current assets include current portion of non-current financial assets. All other assets are classified as non-current.

A liability is current when:

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

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

### Operating cycle

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

### (7) 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 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:

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

-Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

-Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 44- financial instruments

### 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, which included, accumulated depreciation and accumulated impairment losses, if any.

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

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

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

##### 1.2 Subsequent costs

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

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

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## 1.3 Decommissioning costs

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

## 1.4 Derecognition

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

## 1.5 Transition to Ind AS

The group has elected to avail the option under Ind AS 101 by not applying the provisions of Ind AS 16 retrospectively and continue to use the previous GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS. Therefore, the carrying amount of property, plant and equipment as per the previous GAAP as at 1 April 2016, i.e. the group's date of transition to Ind AS, was maintained on transition to Ind AS.

## (2) Depreciation

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

Leasehold improvements are amortised over the lease period.

Depreciation on additions to/deductions from property, plant & 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 and consequent advice, 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) Intangible assets

### 3.1 Recognition and measurement

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

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

### 3.2 Derecognition

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

### 3.3 Amortisation

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

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

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### 3.4 Transition to Ind AS

The group has elected to utilise the option under Ind AS 101 by not applying the provisions of Ind AS 38 retrospectively and continue to use the previous GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS. Therefore, the carrying amount of intangible assets as per the previous GAAP as at 1 April 2016, i.e. the group's date of transition to Ind AS, was maintained on transition to Ind AS.

### (4) 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.

### (5) Impairment of non-financial assets

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

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

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

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

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



## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### (6) 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.

The comparison of cost and net realisable value 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 & 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.

### (7) Provisions and contingent liabilities and contingent assets

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

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

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

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

Contingent Assets are neither recognised nor disclosed in the consolidated financial statements.



# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## (8) Government grants

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

## (9) 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, which are subject to an insignificant risk of changes in value.

## (10) 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 profit or 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 statement of profit and loss.

## (11) Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, it is probable that the economic benefits associated with the transactions will flow to the entity, the associated costs can be estimated reliably, there is no continuing management involvement, and the amount of revenue can be measured reliably. The above mentioned factors coincides with dispatch of goods from the factory/ storage area and port (in case of exports). Amount disclosed as revenue are inclusive of excise duty and net of returns, quantity discounts, trade discounts, sales tax and exclusive of goods and service tax.

Income from Export Incentives viz. Duty Drawback and Focus Product Scheme is recognised on accrual basis.

## (12) 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).

## (13) Employee Benefits

### 13.1 Short term employee benefits

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

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### 13.2 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 profit or 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 profit or loss.

### 13.3 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.

### 13.4 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.

## (14) Lease

### Accounting for operating leases- As a lessee

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

## (15) Taxes on income

Income tax expense comprises current and deferred tax. Current tax expense is recognised in profit or 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.

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

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 profit or 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.

### (16) Earning per share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the group 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 group 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.

### (17) Operating segment

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.

### (18) 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.

### 19) 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.

#### 19.1 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.

# Notes to the consolidated financial statements for the year ended 31 March 2018

(All amounts are in 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 statement of profit and loss.

## Derecognition

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

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

## Impairment of financial assets

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

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

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

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## 19.2 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 profit or 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 profit or loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

### Derecognition

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

## 19.3 Offsetting

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

## D. Use of estimates and management judgments

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.

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

In order to enhance understanding of the consolidated financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is as under:

### **(1) Useful life of property, plant and equipment**

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The group reviews at the end of each reporting date the useful life of property, plant and equipment, and are adjusted prospectively, if appropriate.

### **(2) Recoverable amount of property, plant and equipment**

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

### **(3) Employee benefit plans**

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

### **(4) Leases not in legal form of lease**

Significant judgment is required to apply lease accounting rules under Appendix C to Ind AS 17 'Determining whether an arrangement contains a lease'. In assessing the applicability to arrangements entered into by the group, management has exercised judgment to evaluate the right to use the underlying asset, substance of the transactions including legally enforceable agreements and other significant terms and conditions of the arrangements to conclude whether the arrangement needs the criteria under Appendix C to Ind AS 17.

### **(5) Provisions and contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### 2. PROPERTY, PLANT AND EQUIPMENT

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Electrical installations and equipments	Computer system	Total
<b>Gross block</b>									
As at 1 April 2016*	1,173.68	3,253.00	17,874.82	115.08	456.40	171.87	437.59	34.56	23,517.00
Additions	989.55	158.36	2,136.88	9.83	78.71	33.46	7.31	20.08	3,434.18
Disposals/assets written off	95.18	-	29.46	-	65.92	1.07	-	3.03	194.66
<b>Balance as at 31 March 2017</b>	<b>2,068.05</b>	<b>3,411.36</b>	<b>19,982.24</b>	<b>124.91</b>	<b>469.19</b>	<b>204.26</b>	<b>444.90</b>	<b>51.61</b>	<b>26,756.52</b>
Additions			1,025.74	20.34	56.53	32.74	-	6.33	1,141.68
Disposals/assets written off		9.71							9.71
<b>Balance as at 31 March 2018</b>	<b>2,068.05</b>	<b>3,401.65</b>	<b>21,007.98</b>	<b>145.25</b>	<b>525.72</b>	<b>237.00</b>	<b>444.90</b>	<b>57.94</b>	<b>27,888.49</b>
<b>Accumulated depreciation</b>									
As at 1 April 2016*	-	915.68	7,139.39	56.83	124.83	115.15	287.52	25.60	8,665.00
Charge for the year	-	102.90	1,419.42	12.31	51.46	23.99	37.84	9.61	1,657.53
Adjustments for disposals	-	-	1.27	-	6.18	0.95	-	2.95	11.36
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>1,018.58</b>	<b>8,557.54</b>	<b>69.14</b>	<b>170.11</b>	<b>138.19</b>	<b>325.36</b>	<b>32.26</b>	<b>10,311.17</b>
Charge for the year		107.83	1,523.29	12.55	51.89	23.47	23.79	8.32	1,751.14
Adjustments for disposals		3.38							3.38
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>1,123.03</b>	<b>10,080.83</b>	<b>81.69</b>	<b>222.00</b>	<b>161.66</b>	<b>349.15</b>	<b>40.58</b>	<b>12,058.94</b>
<b>Net block as at 1 April 2016*</b>	<b>1,173.68</b>	<b>2,337.32</b>	<b>10,735.43</b>	<b>58.25</b>	<b>331.57</b>	<b>56.72</b>	<b>150.08</b>	<b>8.96</b>	<b>14,852.00</b>
<b>Net block as at 31 March 2017</b>	<b>2,068.05</b>	<b>2,392.78</b>	<b>11,424.70</b>	<b>55.77</b>	<b>299.08</b>	<b>66.07</b>	<b>119.54</b>	<b>19.35</b>	<b>16,445.34</b>
<b>Net block as at 31 March 2018</b>	<b>2,068.05</b>	<b>2,278.62</b>	<b>10,927.15</b>	<b>63.56</b>	<b>303.72</b>	<b>75.34</b>	<b>95.75</b>	<b>17.36</b>	<b>15,829.55</b>

\* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

#### Notes:

- Refer note a of Note 19 "Non current financial liabilities- Borrowings" for details regarding property, plant and equipment which are pledged as security for obtaining long-term borrowings.
- Refer Note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

### 3. CAPITAL WORK-IN-PROGRESS

Particulars	Amount
Deemed cost as at 1 April 2016	106.31
Additions	1,764.58
Capitalised during the year	1,870.89
<b>Balance as at 31 March 2017</b>	<b>-</b>
Additions	1,857.11
Capitalised during the year	880.18
<b>Balance as at 31 March 2018</b>	<b>976.93</b>



## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### 4. INTANGIBLE ASSETS

Particulars	Computer software	Total
<b>Gross block</b>		
As at 1 April 2016*	12.69	12.69
Additions	1.91	1.91
Disposals/assets written off	-	-
<b>Balance as at 31 March 2017</b>	<b>14.60</b>	<b>14.60</b>
Additions	21.20	21.20
Disposals/assets written off	-	-
<b>Balance as at 31 March 2018</b>	<b>35.80</b>	<b>35.80</b>
<b>Accumulated amortisation</b>		
As at 1 April 2016*	-	-
Charge for the year	6.35	6.35
Adjustments for disposals	-	-
<b>Balance as at 31 March 2017</b>	<b>6.35</b>	<b>6.35</b>
Charge for the year	7.71	7.71
Adjustments for disposals	-	-
<b>Balance as at 31 March 2018</b>	<b>14.06</b>	<b>14.06</b>
<b>Net block as at 1 April 2016*</b>	<b>12.69</b>	<b>12.69</b>
<b>Net block as at 31 March 2017</b>	<b>8.25</b>	<b>8.25</b>
<b>Net block as at 31 March 2018</b>	<b>21.74</b>	<b>21.74</b>

\* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

### 5 NON-CURRENT INVESTMENTS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Unquoted investment</b>			
<b>Investment in equity instrument in Joint Venture (valued at cost)</b>			
3,405,000 equity shares (31 March 2017: 2,405,000 equity shares; 1 April 2016: 2,405,000 equity shares) of Rs 10 each fully paid up in Sterling Fabory India Private Limited, a joint venture (refer note: a)	274.00	148.15	162.61
	<b>274.00</b>	<b>148.15</b>	<b>162.61</b>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	274.00	148.15	162.61
Aggregate amount of impairment in value of investments	-	-	-



# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## Note:

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

Name of jointly controlled entities	Place of business	% of ownership interest			Accounting method
		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	
Sterling Fabory India Private Limited	India	50	50	50	Equity method

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Current investments</b>	-	-	-
<b>Quoted investment</b>			
<b>Investment in mutual funds (fair value through profit and loss)</b>			
a) 77.65 units in DSP Blackrock Money Manager Fund -Regular Plan-Growth	1.80	-	-
b) 3,981,081.90 units in Edelweis Arbitrage Fund-Monthly Dividend Direct Plan	497.76	-	-
c) 3,628,626.63 units in ICICI Prudential Equity Arbitrage Fund -Direct Plan-Dividend Reinvestment	524.11	-	-
d) 4,778,023.51 units in Kotak Equity Arbitrage Fund-Direct Plan-Dividend Reinvestment	525.18	-	-
e) 3,143,942.76 units in UTI Spread Fund-Direct Plan-Dividend Reinvestment	524.13	-	-
f) 1,000,000.00 units in DSP Blackrock India Enhanced Equity Fund	1,056.60	-	-
g) 21,986.53 units in SBI Magnum Insta Cash Fund Liquid Floater-Direct Plan Growth	639.61	-	-
h) 150,000.00 units in Edelweis Alpha Fund	1,583.99	-	-
	<b>5,353.18</b>	-	-
Aggregate amount of quoted investments and market value thereof	5,353.18	-	-
Aggregate amount of unquoted investments	-	-	-
Aggregate amount of impairment in value of investments	-	-	-

## 6 NON-CURRENT FINANCIAL ASSETS - LOANS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<i>Unsecured, considered good</i>			
Security deposits	125.04	97.54	77.57
Others	-	0.20	0.68
	<b>125.04</b>	<b>97.74</b>	<b>78.25</b>

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## 7 NON-CURRENT FINANCIAL ASSETS - OTHERS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposit accounts with original maturity period more than 12 months *	-	0.50	-
Interest accrued but not due	-	0.01	-
Security deposits	0.90	0.90	-
	<b>0.90</b>	<b>1.41</b>	<b>-</b>

\* Deposit of Rs. 0.50 lakh has been used as margin money against guarantee issued by the bank.

## 8 NON-CURRENT TAX ASSETS (NET)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income-tax (net)	-	20.37	11.68
	<b>-</b>	<b>20.37</b>	<b>11.68</b>

## 9 OTHER NON-CURRENT ASSETS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital advances	446.23	128.00	233.06
Prepaid expenses	3.88	20.39	22.64
Balances with statutory authorities	20.26	4.01	2.82
Advances recoverable in cash or in kind	-	3.82	-
	<b>470.37</b>	<b>156.22</b>	<b>258.52</b>

## 10 INVENTORIES

(Valued at lower of cost and net realisable value)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw material	2,280.52	1,732.17	1,580.40
Raw materials- goods-in-transit	-	1.23	5.81
Work in progress	1,084.35	472.60	184.09
Finished products	1,746.27	2,131.94	2,029.43
Stores and consumables	334.30	253.04	308.92
Stores, spares and consumables- goods-in-transit	9.00	2.79	0.66
	<b>5,454.44</b>	<b>4,593.77</b>	<b>4,109.31</b>

## 11 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Trade receivables</b>			
Unsecured, considered good	4,546.89	3,422.61	3,606.43
Unsecured, considered doubtful	27.30	27.30	24.93
	4,574.19	3,449.91	3,631.36
Less: allowance for expected credit loss	(27.30)	(27.30)	(24.93)
	<b>4,546.89</b>	<b>3,422.61</b>	<b>3,606.43</b>

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### Movement in the allowance for expected credit loss

	For the year ended 31 March 2018	For the year ended 31 March 2017
Balance at the beginning of the year	27.30	24.93
Add: Allowance provided during the year	-	2.37
Less: Amounts written off during the year	-	-
<b>Balance at the end of the year</b>	<b>27.30</b>	<b>27.30</b>

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with scheduled banks :			
- in current accounts	96.05	221.54	227.02
- in fixed deposit accounts	0.50	-	800.00
Demand draft on hand	-	-	5.72
Cash on hand	5.30	8.15	9.52
	<b>101.85</b>	<b>229.69</b>	<b>1,042.26</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

### 13 CURRENT FINANCIAL ASSETS - OTHER BANK BALANCES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposit accounts with original maturity of more than 3 months but less than 12 months	120.00	23.32	76.07
Unpaid dividend accounts	28.52	29.10	27.41
Other bank balances	20.10	-	-
	<b>168.62</b>	<b>52.42</b>	<b>103.48</b>

### 14 CURRENT FINANCIAL ASSETS - LOANS

*Unsecured considered good*

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans to employees	10.37	14.45	15.43
Security deposit	5.93	5.10	1.25
Interest accrued but not due	5.18	1.50	14.39
Loans to related party	111.58	217.00	-
	<b>133.06</b>	<b>238.05</b>	<b>31.07</b>



# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## 15 CURRENT FINANCIAL ASSETS - OTHERS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Derivative asset	-	22.80	4.05
Gratuity and insurance recoverable	3.95	6.34	7.27
Interest accrued but not due	1.28	-	-
Export incentive receivable	164.19	82.80	75.23
	<b>169.42</b>	<b>111.94</b>	<b>86.55</b>

## 16 OTHER CURRENT ASSETS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	145.62	106.98	119.72
Balance with revenue authorities	337.10	332.00	332.07
Advance to suppliers	978.21	684.38	675.26
Other receivable	-	6.24	6.26
	<b>1,460.93</b>	<b>1,129.60</b>	<b>1,133.32</b>

## 17 EQUITY SHARE CAPITAL

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Authorised:</b>			
50,000,000 [31 March 2017: 50,000,000 equity shares of Rs 2/- each (1 April 2016: 10,000,000 equity shares of Rs 10/- each)] equity shares of Rs 2/- each	1,000.00	1,000.00	1,000.00
<b>Issued, subscribed &amp; paid up:</b>			
36,024,211 [31 March 2017: 34,223,000 equity shares of Rs 2/- each (1 April 2016: 6,844,600 equity shares of Rs 10/- each)] equity shares of Rs 2/- each	720.48	684.46	684.46
	<b>720.48</b>	<b>684.46</b>	<b>684.46</b>

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

	For the year ended 31 March 2018		For the year ended 31 March 2017	
	Number (in lakh)	Amount	Number (in lakh)	Amount
Outstanding at the beginning of the year	342.23	684.46	68.45	684.46
Add: Subdivision of equity shares	-	-	273.78	-
Addition during the year	18.01	36.02	-	-
<b>Outstanding at the end of the year</b>	<b>360.24</b>	<b>720.48</b>	<b>342.23</b>	<b>684.46</b>

### b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 2 per share (31 March 2017: Rs 2 per share; 1 April 2016: Rs 10 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 2018, the amount of per share interim dividend recognised as distributions to equity shareholders is Rs. 10 per share (31 March 2017: Rs 10 per share; 1 April 2016: Rs 15 per share).

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.

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

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

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of shares (lakh)	% holding	No. of shares (lakh)	% holding	No. of shares (lakh)	% holding
Mr. Manohar Lal Aggarwal, Promoter	38.55	10.70%	38.55	11.26%	7.71	11.26%
Mr. Anil Aggarwal, Promoter	73.66	20.45%	78.41	22.91%	15.68	22.91%
Mr. Atul Aggarwal, Promoter	86.48	24.01%	86.48	25.27%	17.30	25.27%
Mr. Jagdish Kumar Aggarwal	18.34	5.09%	18.35	5.36%	3.87	5.66%
Meidoh Company Limited	18.01	5.00%	-	0.00%	-	0.00%

d. During the period ended 31 March 2017, the Company has subdivided each equity shares of face value of Rs 10 each into 5 (five) equity shares of Rs 2 each with effect from 10 January 2017 duly approved by the shareholders through Postal Ballot on 20 December 2016.

e. No shares have been issued pursuant to contract without payment being received in cash, allotted as fully paid-up shares by way of bonus issues nor has any bought back of shares happened during the period of five years immediately preceding the reporting date.

## 18 OTHER EQUITY

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital reserve	6.65	6.65	6.65
Security premium reserve	4,735.69	340.72	340.72
General reserve	2,786.46	2,786.46	2,395.46
Retained earnings	16,157.75	12,165.84	9,479.49
<b>Total</b>	<b>23,686.55</b>	<b>15,299.67</b>	<b>12,222.32</b>

### i) Capital reserve

	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of the year	6.65	6.65
Add:- Addition during the year	-	-
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>6.65</b>	<b>6.65</b>

Capital reserves represents proceeds of forfeited shares.

### ii) Security premium reserve

	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of the year	340.72	340.72
Add:- Addition during the year	4,405.76	-
Less:- Utilised during the year	10.79	-
Balance at the end of the year	<b>4,735.69</b>	<b>340.72</b>

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### iii) General reserve

	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of the year	2,786.46	2,395.46
Add:- Addition during the year	-	391.00
Less:- Utilised during the year	-	-
Balance at the end of the year	<b>2,786.46</b>	<b>2,786.46</b>

The Company transferred certain percentage of retained earnings to general reserve as per the provisions for dividend distribution under the Companies Act, 2013.

### iv) Retained earnings

	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of the year	12,165.84	9,479.49
Add: Profit for the year	4,905.18	3,910.55
Less: Utilised during the year	-	-
- Interim dividend on equity shares	720.48	684.46
- Dividend distribution tax on interim dividend	146.67	139.34
- Transfer to any reserves	-	391.00
- Remeasurement of defined benefit obligation	(46.12)	(9.40)
Balance at the end of the year	<b>16,157.75</b>	<b>12,165.84</b>

## 19 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Indian rupee loan from banks (secured)</b>			
- Term loans	2,576.32	3,755.50	3,763.17
Less: Interest accrued but not due (refer note 26)	(6.25)	(11.98)	(12.98)
Less: Current maturities of long-term borrowings (refer note 26)	(923.00)	(1,221.61)	(1,447.69)
	<b>1,647.07</b>	<b>2,521.91</b>	<b>2,302.50</b>

- The term loans are secured by equitable mortgage of certain land and building at Plot No. 4, 5A, 52, 53, 54 & 54A DLF Industrial Estate, Phase-I, Delhi - Mathura Road and factory land and building situated at Prithla Village, Faridabad and hypothecation of plant and machinery and other property, plant and equipment and personal guarantee by some of the directors of the Company.
- The repayment profile of the term loans from banks is as set out below:

#### 31 March 2018

Rate of interest (%)	Amount	Instalments starting on	Repayment mode	Instalments ending on	Number of instalments outstanding
9.45%	449.03	February 2016	Monthly	January 2021	34
9.45%	1,095.67	June 2016	Monthly	May 2021	38
9.55%	322.40	January 2015	Monthly	December 2019	21
9.55%	423.25	February 2017	Monthly	January 2021	34
9.45%	284.03	November 2017	Monthly	October 2022	45

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## 31 March 2017

Rate of interest (%)	Amount	Instalments starting on	Repayment mode	Instalments ending on	Number of instalments outstanding
10.85%	350.39	June 2013	Monthly	September 2017	6
10.85%	609.03	February 2016	Monthly	January 2021	46
10.85%	1,441.67	June 2016	Monthly	May 2021	50
10.65%	514.40	January 2015	Monthly	December 2019	33
10.65%	556.18	February 2017	Monthly	December 2020	45
10.55%	278.64	November 2017	Monthly	October 2022	57

## 1 April 2016

Rate of interest (%)	Amount	Instalments starting on	Repayment mode	Instalments ending on	Number of instalments outstanding
11.00%	109.80	June 2011	Monthly	July 2016	4
11.00%	1,025.78	June 2013	Monthly	November 2017	20
11.00%	769.03	April 2014	Monthly	February 2017	58
11.00%	981.63	January 2015	Monthly	January 2020	37
11.05%	89.55	November 2014	Monthly	April 2016	11
11.90%	3.02	June 2016	Monthly	April 2019	1
10.90%	706.39	February 2017	Monthly	January 2022	45
10.90%	72.00	February 2016	Monthly	January 2021	60

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

## 20 NON-CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits	25.79	28.25	24.50
	<b>25.79</b>	<b>28.25</b>	<b>24.50</b>

## 21 PROVISIONS

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Non-current	Current	Non-current	Current	Non-current	Current
<b>Provisions for employee benefits</b>						
Compensated absences	91.44	15.75	95.19	11.28	56.88	18.96
Gratuity (refer note 38)	37.82	109.00	12.44	57.25	-	48.12
	<b>129.26</b>	<b>124.75</b>	<b>107.63</b>	<b>68.53</b>	<b>56.88</b>	<b>67.08</b>

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### 22 DEFERRED TAX LIABILITIES (NET)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Deferred tax liability</b>			
Fixed assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,670.53	1,630.89	1,561.39
Fair value of forward exchange contracts	(12.77)	7.89	
Effective interest rate adjustment	1.37	2.57	3.91
<b>Gross deferred tax liability</b>	<b>1,659.13</b>	<b>1,641.35</b>	<b>1,565.30</b>
<b>Deferred tax assets</b>			
Employee benefits	137.04	66.52	80.68
Allowance for expected credit loss	-	9.45	8.63
Fair value of forward exchange contracts		-	7.95
Others		-	4.59
<b>Gross deferred tax assets</b>	<b>137.04</b>	<b>75.97</b>	<b>101.85</b>
<b>Net deferred tax liability</b>	<b>1,522.09</b>	<b>1,565.38</b>	<b>1,463.45</b>

#### Movement in deferred tax balances

Particulars	As at 31 March 2017	Recognised in profit and loss	Recognised in OCI	As at 31 March 2018
<b>Deferred tax liabilities</b>				
Fixed assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,630.89	39.64		1,670.53
Effective interest rate adjustment	2.57	(1.20)		1.37
Fair value of forward exchange contracts	7.89	(20.66)		(12.77)
<b>Sub- total (a)</b>	<b>1,641.35</b>	<b>17.78</b>	<b>-</b>	<b>1,659.13</b>
<b>Deferred tax assets</b>				
Allowance for expected credit loss	9.45	(9.45)		-
Employee benefits	66.52	46.11	24.41	137.04
<b>Sub- total (b)</b>	<b>75.97</b>	<b>36.66</b>	<b>24.41</b>	<b>137.04</b>
<b>Net deferred tax liabilities (a)-(b)</b>	<b>1,565.38</b>	<b>(18.88)</b>	<b>(24.41)</b>	<b>1,522.09</b>



# Notes to the consolidated financial statements for the year ended 31 March 2018

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

Particulars	As at 1 April 2016	Recognised in profit and loss	Recognised in OCI	As at 31 March 2017
<b>Deferred tax liabilities</b>				
Fixed assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,561.39	69.50	-	1,630.89
Others	3.91	(1.34)	-	2.57
<b>Sub- total (a)</b>	<b>1,565.30</b>	<b>68.16</b>	<b>-</b>	<b>1,633.46</b>
<b>Deferred tax assets</b>				
Allowance for expected credit loss	8.63	0.82	-	9.45
Employee benefits	80.68	(19.13)	4.97	66.52
Fair value of forward exchange contracts	7.95	(15.84)	-	(7.89)
Others	4.59	(4.59)	-	-
<b>Sub- total (b)</b>	<b>101.85</b>	<b>(38.74)</b>	<b>4.97</b>	<b>68.08</b>
<b>Net deferred tax liabilities (a)-(b)</b>	<b>1,463.45</b>	<b>106.90</b>	<b>(4.97)</b>	<b>1,565.38</b>

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Current tax expense</b>		
Current year	2,649.87	2,022.20
Adjustment for prior periods	-	(10.44)
	<b>2,649.87</b>	<b>2,011.76</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(18.88)	106.90
	<b>(18.88)</b>	<b>106.90</b>
<b>Total income tax expense</b>	<b>2,630.99</b>	<b>2,118.66</b>

## ii) Income tax recognised in other comprehensive income

	31 March 2018			31 March 2017		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
Remeasurement of defined benefit plans	(70.53)	24.41	(46.12)	(12.65)	4.38	(8.27)
	<b>(70.53)</b>	<b>24.41</b>	<b>(46.12)</b>	<b>(12.65)</b>	<b>4.38</b>	<b>(8.27)</b>

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### iii) Reconciliation of effective tax rate

	31 March 2018		31 March 2017	
	Rate	Amount	Rate	Amount
<b>Profit before tax</b>		<b>7,536.17</b>		<b>6,029.21</b>
Tax using the Company's domestic tax rate of 34.6081 % (31 March 2017 - 34.6081%)	34.61%	2,608.13	34.61%	2,086.59
Tax effect of:				
Permanent differences	0.30%	22.87	0.53%	32.07
<b>At the effective income tax rate</b>	<b>34.91%</b>	<b>2,631.00</b>	<b>35.14%</b>	<b>2,118.66</b>

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

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

	31 March 2018	31 March 2017
Base rate	30.00%	30.00%
Add: Surcharge @ 12%	3.60%	3.60%
	<b>33.60%</b>	<b>33.60%</b>
Add: Education cess @ 3%	1.01%	1.01%
	<b>34.61%</b>	<b>34.61%</b>

## 23 OTHER NON-CURRENT LIABILITIES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred income	1,073.54	1,149.63	1,034.43
Others	30.75	23.93	12.45
	<b>1,104.29</b>	<b>1,173.56</b>	<b>1,046.88</b>

## 24 CURRENT FINANCIAL LIABILITIES - BORROWINGS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans repayable on demand from banks (secured)			
-Working capital facilities	858.66	272.08	2,177.86
-Buyers credit for capital goods	-	-	979.50
Loan from related party (unsecured)	4.58	-	-
	<b>863.24</b>	<b>272.08</b>	<b>3,157.36</b>

### Note:

- a) 'The working capital facilities include working capital demand loan, cash credit and buyers/ suppliers credit. The same 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 & 54A DLF Industrial Estate, Phase-I, Delhi- Mathura Road and factory land and building situated at Prithla Village, Faridabad and personal guarantee by some of the directors of the Holding Company.
- b) The outstanding balance is repayable on demand and the rate of interest ranges between 9 % to 11 % per annum.

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## 25 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade payables	3,647.07	2,856.72	2,657.15
	<b>3,647.07</b>	<b>2,856.72</b>	<b>2,657.15</b>

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

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year			
- Principal Amount	164.00	145.32	34.47
- Interest	0.29	0.14	0.14
ii) The amount of interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	0.29	0.14	0.14
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.29	0.14	0.14
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-	-

- b) This information has been compiled in respect of parties to the extent they could be identified as Micro, small and medium enterprises on the basis of information available with the management as at 31 March 2018.

## 26 CURRENT FINANCIAL LIABILITIES - OTHERS

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of long-term borrowings (refer note 19)	923.00	1,221.61	1,447.69
Creditors for capital expenditure	83.51	86.82	34.17
Interest accrued but not due	6.25	11.98	12.98
Unclaimed dividend*	28.52	29.10	27.41
Derivative liability	36.90	-	27.01
Others	-	32.68	-
	<b>1,078.18</b>	<b>1,382.19</b>	<b>1,549.26</b>

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

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### 27 OTHER CURRENT LIABILITIES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance from customer	158.93	153.02	39.74
Statutory dues payable	363.13	334.74	321.60
	<b>522.06</b>	<b>487.76</b>	<b>361.34</b>

### 28 CURRENT TAX LIABILITIES

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for income-tax (net)	16.09	207.42	1.30
	<b>16.09</b>	<b>207.42</b>	<b>1.30</b>

### 29 REVENUE FROM OPERATIONS

	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products (including excise duty)		
- Finished goods	45,880.33	41,147.34
Other operating income		
- Steel scrap sale	400.45	264.34
- Export incentives	168.15	117.46
<b>Total</b>	<b>46,448.93</b>	<b>41,529.14</b>

### 30 OTHER INCOME

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest on -		
- fixed deposits	6.35	34.61
- security deposit with electricity department	4.52	7.59
- income-tax refund	-	0.10
- loans to related party	17.99	-
<b>Other non operating income</b>		
Liabilities no longer required written back	2.87	27.94
Export promotion capital guarantee grant income	136.64	130.45
Gain on foreign exchange fluctuation	26.38	8.17
Profit on disposal of property, plant and equipment	26.48	412.68
Gain on fair value of forward contracts	-	45.76
Income from mutual fund investment		
- gain on sale of mutual fund	24.76	-
- dividend income	27.07	-
- gain on fair value of mutual fund	248.18	-
Bad debts recovered	23.52	6.64
Scrap sales	30.93	16.97
Miscellaneous income	5.28	7.52
	<b>580.97</b>	<b>698.43</b>

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### 31 COST OF MATERIALS CONSUMED

	For the year ended 31 March 2018	For the year ended 31 March 2017
Raw material at the beginning of the year	1,732.43	1,581.26
Add: purchases	17,942.95	13,927.90
Less: Raw material at the end of the year	2,280.82	1,732.43
<b>Total cost of materials consumed</b>	<b>17,394.56</b>	<b>13,776.73</b>

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventories at the beginning of the year		
- Finished goods	2,131.95	2,029.43
- Work-in-progress	472.60	184.09
	<b>2,604.55</b>	<b>2,213.52</b>
Inventories at the end of the year		
- Finished goods	1,746.27	2,131.94
- Work-in-progress	1,084.35	472.60
	<b>2,830.62</b>	<b>2,604.54</b>
<b>Increase in inventory</b>	<b>(226.07)</b>	<b>(391.02)</b>
Increase/(decrease) in excise duty on finished goods	(343.27)	18.50
	<b>(569.34)</b>	<b>(372.52)</b>

### 33 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salary, wages & bonus	2,950.24	2,672.46
Contribution to provident & other funds	246.14	249.34
Gratuity	49.75	59.28
Staff welfare expenses	106.09	94.79
	<b>3,352.22</b>	<b>3,075.87</b>

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

### 34 FINANCE COSTS

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense on borrowings measured at amortised cost	343.26	511.41
Other borrowing cost	23.14	23.18
Net exchange loss on foreign currency borrowings to the extent considered as an adjustment to interest cost	-	7.48
Interest on delayed payment of taxes	11.60	16.23
	<b>378.00</b>	<b>558.30</b>



## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### 35 DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation expense	1,751.15	1,657.54
Amortisation expense	7.71	6.35
	<b>1,758.86</b>	<b>1,663.89</b>

### 36 OTHER EXPENSES

	For the year ended 31 March 2018	For the year ended 31 March 2017
Consumption of stores and spares	3,779.33	3,259.50
Job work charges	2,056.08	1,265.01
Consumption of packing materials	662.67	548.31
Power and fuel	3,498.15	2,737.18
Rent	49.14	88.05
Repairs and maintenance	-	-
- Building	480.60	509.34
- Plant and machinery	1,259.45	1,076.10
Security charges	80.58	75.08
Insurance	63.29	75.39
Legal and professional charges	111.27	91.04
Rates and taxes	25.51	45.11
Sales promotion	155.09	129.82
Freight outward	1,535.58	1,194.90
Travelling and conveyance	192.08	179.31
Contract labour charges	1,056.47	895.89
Payment to auditors (refer details below)	20.21	16.91
Commission to director	240.00	171.00
Corporate social responsibility expenses	92.20	62.80
Provision for expected credit loss	-	27.30
Claim obligation expenses	-	32.68
Bad debts written off	-	0.72
Loss on fair value of forward contracts	59.70	-
Miscellaneous expenses	629.55	559.94
	<b>16,046.95</b>	<b>13,041.38</b>

#### Details of payments to auditors

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>As auditor</b>		
- Statutory audit	11.20	10.30
- Tax audit	1.00	1.80
- Limited review	7.50	1.20
<b>In other capacity</b>		
- Other services	0.03	3.31
- Reimbursement of expenses	0.48	0.31
	<b>20.21</b>	<b>16.91</b>

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### 37 EARNINGS PER SHARE

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit for the year attributable to equity shareholders (A)	4,905.18	3,910.55
Weighted average number of equity shares outstanding during the year (B) (lakh)	356.29	342.23
Nominal value per share (Rs.)	2.00	2.00
Basic and diluted earnings per equity share (face value of share- Rs 2 each) (A/B) (Rs.)	13.77	11.43

### 38 Employee benefits

#### i) Defined contribution plans

The Company makes fixed contribution towards provident fund and ESI to a defined contribution retirement benefit plan for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. Similarly, the contribution is made in ESI at a specified percentage of payroll cost.

The Company recognised Rs 193.06 lakh (31 March 2017: Rs 179.78 lakh) for provident fund contributions and Rs 36.19 lakh (31 March 2017: Rs 20.62 lakh) for ESI contribution in the Statement of Profit and Loss and included in "Employee benefits expenses" in note 33. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

#### ii) Defined benefit plans

##### Gratuity

Contribution to Gratuity funds- Life Insurance Corporation of India, Group Gratuity Scheme

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contribution to recognised funds in India. From the period ended 31 March 2017, the unfunded gratuity obligation of directors starting from current financial year is determined based on actuarial valuation using the Projected Unit Credit Method.

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

- A) Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Gratuity (unfunded) *		Gratuity (funded)	
	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Present value of obligation at the beginning of the year</b>	14.28	-	419.23	357.22
Included in profit or loss:				
Current service cost	-	-	46.13	41.37
Past service cost	-	14.28	-	-
Interest cost	1.07	-	30.62	27.72
<b>Total amount recognised in profit or loss</b>	1.07	14.28	76.75	69.09
Included in other comprehensive income:				
Remeasurement loss/(gain) arising from:				
- demographic assumptions	(0.09)	-	-	-
- financial assumptions	-	-	-	18.99
- experience adjustment	38.46	-	31.80	(4.63)
<b>Total amount recognised in other comprehensive income</b>	38.37	-	31.80	14.36
<b>Other</b>				
Less: Benefits paid			21.91	21.44
<b>Present value of obligations at the end of year</b>	<b>53.72</b>	<b>14.28</b>	<b>505.87</b>	<b>419.23</b>

Change in the fair value of plan assets	Gratuity (unfunded) *		Gratuity (funded)	
	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017
Fair value of plan asset at the beginning of the year	-	-	363.82	309.10
Included in profit or loss:				
Expected return on plan assets	-	-	28.08	24.10
Contributions paid	-	-	43.14	52.08
Benefits paid	-	-	21.91	21.44
Included in other comprehensive income:				
Actuarial gain	-	-	0.36	-
<b>Fair value of plan asset at the end of the year</b>	<b>-</b>	<b>-</b>	<b>412.77</b>	<b>363.82</b>

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

Category of assets (% allocation)	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	(%)	Amount	(%)	Amount	(%)	Amount
Insurance policies	100	412.77	100	363.82	100	309.10



# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## Net defined benefit liability recognised in the balance sheet

	Gratuity (unfunded) *			Gratuity (funded)		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Present value of funded obligation at the end of the year	53.72	14.28	-	505.87	419.23	357.22
Fair value of plan asset as at the end of the period	-	-	-	412.77	363.82	309.10
<b>Net defined benefit liability</b>	<b>53.72</b>	<b>14.28</b>	<b>-</b>	<b>93.10</b>	<b>55.41</b>	<b>48.12</b>

\* From the period ended 31 March 2017, the unfunded gratuity obligation of directors starting from current financial year is determined based on actuarial valuation using the Projected Unit Credit Method.

## B) Actuarial assumptions

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

	Gratuity (unfunded) *			Gratuity (funded)		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Discount rate (per annum)	7.50%	7.50%	NA	7.50%	7.50%	8.00%
Salary growth rate (per annum)	7.00%	7.00%	NA	7.00%	7.00%	7.00%
Mortality rates inclusive of provision for disability	IALM (2006 - 08)	IALM (2006 - 08)	NA	IALM (2006 - 08)	IALM (2006 - 08)	IALM (2006 - 08)
Retirement age (years)	58	58	NA	58	58	58
Withdrawal rate (%)	2% to 10%	2% to 10%	NA	2% to 10%	2% to 10%	2% to 10%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## C) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Gratuity (Funded)			
	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	464.47	553.97	382.61	461.94
Salary escalation rate (1% movement)	556.45	461.56	461.08	382.14

	Gratuity (unfunded)			
	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	53.20	54.27	13.36	15.35
Salary escalation rate (1% movement)	53.72	53.72	14.28	14.28

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.

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### D) Risk exposure

#### i) Changes in discount rate

A decrease in discount yield will increase plan liabilities.

#### ii) Mortality table

The gratuity plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in plan liabilities.

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

	31 March 2018	31 March 2017	1 April 2016
Less than 1 year	68.66	35.84	48.12
Between 1-2 years	31.07	36.74	12.31
Between 2-5 years	80.83	82.73	37.81
Over 5 years	250.82	174.43	62.02
<b>Total</b>	<b>431.38</b>	<b>329.74</b>	<b>160.26</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 14.01 years (31 March 2017: 14.52 years, 1 April 2016: 10.97 years).

Expected contribution to post-employment benefit plans in the next year is Rs 46.55 lakh (31 March 2017: Rs 27.70 lakh).

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

	31 March 2018	31 March 2017	1 April 2016
Less than 1 year	40.35	1.84	-
Between 1-2 years	0.35	1.75	-
Between 2-5 years	19.30	9.28	-
Over 5 years	-	2.86	-
<b>Total</b>	<b>60.00</b>	<b>15.73</b>	<b>-</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 1.95 years (31 March 2017: 12.58 years, 1 April 2016: Nil years).

Expected contribution to post-employment benefit plans in the next year is Rs 26.86 lakh (31 March 2017: Rs 7.71 lakh).

#### 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 long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation. A provision of Rs. 15.49 lakh (31 March 2017: Rs. 44.28 lakh) for the year have been made on the basis of actuarial valuation as at the year end and debited to the Statement of Profit and Loss.

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## 39 Operating segments

Segment information is presented in respect of the Company's key operating segments. The operating segments are based on the Company's management and internal reporting structure.

The Company's Board of directors have been identified as the Chief Operating Decision Maker ('CODM') as they monitors the results for the purpose of making decisions about resource allocation and performance assessment and responsible for all major decision w.r.t. preparation of budget, planning, expansion, alliance, joint venture, merger and acquisitions, and expansion of new facility.

Accordingly, there is only one reportable segment for the Company which is "Automotive products", hence no specific disclosures have been made.

## Entity wide disclosures

### A. Information about products and services

The Company is engaged in the manufacturing and marketing of high tensile cold forged fasteners. Company operates in one product line, therefore product wise revenue disclosure is not applicable.

### B. Information about geographical area

The major sales of the Company are made to customers which are domiciled in India.

### C. Information about major customers

Revenues of Rs 11,857.53 lakh and Rs 6,823.50 lakh (31 March 2017: Rs 9,142.86 lakh and Rs 5,036.52 lakh) are derived from a two external customers.

## 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 account (net of capital advances) Rs. 2,059.46 lakh (Rs. 138.28 lakh as at 31 March 2017, Rs. 493.54 lakh as at 1 April 2016).

The Company in 2014-15 had paid amounts to Senior Town Planner, Faridabad Circle, Faridabad, for the "change in land use" of part of the land situated at its Prithla unit. As per the agreed terms, there will be certain external development charges which are payable on a future date. However, the quantum of such future liability is not quantified in the said letter.

### B. Contingent liabilities and other commitments

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Guarantees excluding financial guarantees:</b>			
i) Bank guarantee (net of margin of Rs 0.50 lakh (Rs. 0.50 lakh as at 31 March 2017; Rs nil as at 1 April 2016)	39.22	15.29	15.36
<b>Other money for which the company is contingently liable:</b>			
i) Disputed liability - Central Excise Act (refer note 'a' below)	93.17	93.17	93.17
ii) Interest on disputed liability- Central Excise Act (refer note 'b' below)	48.89	42.84	36.78
iii) Letter of credit	723.06	-	134.93
iv) EPCG- duty in relation to export obligation	9,778.00	3,608.46	187.84
v) Disputed liability for AY 2009-10 under Haryana Value Added Tax Act, 2003 on account sale of capital good (cars). The same is pending before The Hon'ble Haryana Tax Tribunal at Chandigarh. (refer note 'c' below)	-	0.99	0.99
vi) Demand under Income-tax Act, 1961			
- Assessment year: 2013-14	0.62	0.62	0.62
- Assessment year: 2014-15	0.00	0.94	11.86
vii) Disputed liability under Central Excise audit- II (refer note 'd' below)	-	-	222.26
viii) Liability of sales tax due to pending C Forms	97.58	1,240.22	1,441.70

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

- a) Excise demand amounting to Rs 39.90 lakh for the period February 2010 to March 2010 and Rs 53.27 lakh for the period November 2010 to January 2011 under Central Excise Act arised due to dispute regarding assessable value with reference to MRP against which appeals were filed before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), New Delhi. These demand orders are still in the dispute till final adjudication.
- b) Interest amounting to Rs. 48.89 lakh on the demands raised by excise authorities has been calculated by the Company based on the fact mentioned in demand cum show-cause notices pending adjudication.
- c) Haryana tax tribunal, Chandigarh passed the order dated 22 February 2017 in favour of the assessee on account of sale of capital good (cars).
- d) The office of the Commissioner of Central Excise Audit and Service Tax, Faridabad-I, has dropped the proceedings initiated against the Company for Rs. 222.26 lakh as disclosed under point no. (vii) above, vide order No. 02/16-17/Commr/YG/FBD-I dated 27-04-2016.

### C. Contingent assets- Nil

#### 41 Operating lease as lessee

The Company has entered into various agreements of cancellable and non-cancellable operating lease for factory premises, nitrogen plant, transformer and offices rent amounting to Rs. 49.14 lakh (Rs. 88.05 lakh as at 31 March 2017) has been debited to Statement of Profit and Loss for the year ending 31 March 2018. The future minimum lease payment is as under:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Not later than one year	19.86	44.49
Later than one year and not later than five years	12.40	19.22
<b>Total</b>	<b>32.26</b>	<b>63.71</b>

#### 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 exist 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 (w.e.f. 15 November 2016)
Enterprise over which KMP exercise control and/or significant influence	Sterling Technologies Private Limited Sterling Automobiles Private Limited Sterling Mobikes Private Limited Jaycee Automobiles Private Limited Sterling Fincap Private Limited Prism Global Creative Products Private Limited Jaycee Premium Cars Private Limited Noble Cars Private Limited Fabory Netherlands Fabory USA Grand Rapids Fabory Shanghai
Key Management Personnel	Mr. Manohar Lal Aggarwal - Chairman Mr. Anil Aggarwal - Managing Director Mr. Atul Aggarwal - Whole Time Director and CFO Mr. Anish Aggarwal - Relative of Key Management Personnel Triloki Nath Kapoor- Independent director Malini Sud- Independent director Chhotu Ram Sharma- Independent director
Joint venture company	Sterling Fabory India Private Limited

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>i) Enterprises over which Key Management Personnel has significant influence</b>		
<b>a) Interest income</b>		
Sterling Fincap Private Limited	17.99	19.44
	<b>17.99</b>	<b>19.44</b>
<b>b) Expenses paid- repairs and maintenance</b>		
Sterling Automobiles Private Limited	4.78	4.47
Jaycee Automobiles Private Limited	11.19	8.16
	<b>15.97</b>	<b>12.63</b>
<b>c) Expenses paid- sales promotion</b>		
Sterling Mobikes Private Limited	-	0.19
	<b>-</b>	<b>0.19</b>
<b>d) Rent paid</b>		
Sterling Technologies Private Limited	11.30	1.50
	<b>11.30</b>	<b>1.50</b>
<b>e) Purchase of asset</b>		
Sterling Automobiles Private Limited	-	27.10
Jaycee Automobiles Private Limited	51.40	-
	<b>51.40</b>	<b>27.10</b>
<b>f) Advance given for purchase of asset and received back</b>		
Jaycee Automobiles Private Limited	-	70.00
	<b>-</b>	<b>70.00</b>
<b>g) Purchase of material</b>		
Sterling Mobikes Private Limited	1.97	-
	<b>1.97</b>	<b>-</b>
<b>ii) Transaction with Key Management Personnel &amp; their relatives</b>		
<b>Remuneration paid (Refer note 'iii' below)</b>		
Mr. Manohar Lal Aggarwal	132.59	116.83
Mr. Anil Aggarwal	133.54	123.37
Mr. Atul Aggarwal	131.30	112.70
Mr. Anish Aggarwal	8.30	4.00
	<b>405.73</b>	<b>356.90</b>
<b>Commission paid</b>		
Mr. Manohar Lal Aggarwal	80.00	57.00
Mr. Anil Aggarwal	80.00	57.00
Mr. Atul Aggarwal	80.00	57.00
	<b>240.00</b>	<b>171.00</b>
<b>Unsecured loan</b>		
Mr. Anil Aggarwal	4.58	-
	<b>4.58</b>	<b>-</b>
<b>Compensation to Key management personnel *</b>		
- Short term employee benefits	607.23	494.58
- Defined contribution plans	38.50	33.32
	<b>645.73</b>	<b>527.90</b>

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

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Director sitting fees</b>		
Triloki Nath Kapoor	4.50	3.75
Malini Sud	3.50	2.25
Chhotu Ram Sharma	4.75	4.00
	<b>12.75</b>	<b>10.00</b>

### v) Closing balances

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Remuneration payable</b>			
Mr. Manohar Lal Aggarwal	3.70	4.60	0.48
Mr. Anil Aggarwal	1.92	2.51	3.69
Mr. Atul Aggarwal	0.41	2.57	0.56
Mr. Anish Aggarwal	1.13	-	0.19
<b>Total</b>	<b>7.16</b>	<b>9.68</b>	<b>4.92</b>

### Unsecured loan

Mr. Anil Aggarwal	4.58	-	-
	<b>4.58</b>	<b>-</b>	<b>-</b>

### Commission payable

Mr. Manohar Lal Aggarwal	51.57	37.27	30.73
Mr. Anil Aggarwal	51.57	37.27	30.73
Mr. Atul Aggarwal	51.57	37.27	30.73
<b>Total</b>	<b>154.71</b>	<b>111.81</b>	<b>92.19</b>

### Outstanding payables

Sterling Automobiles Private Limited	0.46	0.23	0.29
Jaycee Automobiles Private Limited	2.43	0.05	-
<b>Total</b>	<b>2.89</b>	<b>0.28</b>	<b>0.29</b>

### Outstanding receivables

Sterling Fincap Private Limited	111.59	216.99	-
<b>Total</b>	<b>111.59</b>	<b>216.99</b>	<b>-</b>

## III Terms and conditions

All transactions were made on normal commercial terms and conditions.

All outstanding balances are unsecured and are repayable in cash.

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### 43 Corporate social responsibility expenses

- (a) Gross amount required to be spent by the Company (i.e. 2% of average net profits u/s 198 of Companies Act, 2013 of last three years): Rs. 86.52 lakh
- (b) Amount spent during the year ended 31 March 2018:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total	Outstanding amount to be spent for FY 2017-18
(i)	Construction/ acquisition of any asset	-		-	-
(ii)	On purposes other than (i) above	1.10	Children welfare related activities and societies	92.20	-
		13.39	Employment generation		
		3.60	Payment to educational and other welfare societies		
		74.11	Others		

- (a) Gross amount required to be spent by the Company (i.e. 2% of average net profits u/s 198 of Companies Act, 2013 of last three years): Rs. 64.83 lakh
- (b) Amount spent during the year ending 31 March 2017:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total	Outstanding amount to be spent for FY 2016-17
(i)	Construction/ acquisition of any asset			-	-
(ii)	On purposes other than (i) above	10.21	Charity to eye hospital and other health welfare societies	62.80	2.03
		10.03	Children welfare related activities and societies		
		5.00	Payment to Golf Foundation		
		36.06	Payment to educational and other welfare societies		
		1.50	Others		

### 44 Fair value measurements

#### I Financial instruments

##### (a) Financial instruments by category

Except derivative financial instruments which are measured at fair value through profit or loss, all other financial assets and liabilities viz. trade receivables, security deposits, cash and cash equivalents, other bank balances, interest receivable, other receivables, trade payables, employee related liabilities and short term loans from banks, 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.

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

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:

### As at 31 March 2018

Particulars	Carrying amount				Fair value			
	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Investments	5,353.18	-	-	5,353.18	5,353.18	-	-	5,353.18
<b>Financial assets not measured at fair value</b>								
Investments	-	274.00	-	274.00	-	-	274.00	274.00
Loans	-	258.10	-	258.10	-	-	258.10	258.10
Other financial assets	-	170.33	-	170.33	-	-	170.33	170.33
Trade receivables	-	4,546.89	-	4,546.89	-	-	4,546.89	4,546.89
Cash and cash equivalents	-	101.85	-	101.85	-	-	101.85	101.85
Other bank balance	-	168.62	-	168.62	-	-	168.62	168.62
	<b>5,353.18</b>	<b>5,519.79</b>	<b>-</b>	<b>10,872.97</b>	<b>5,353.18</b>	<b>-</b>	<b>5,519.79</b>	<b>10,872.97</b>
<b>Financial liabilities measured at fair value</b>								
Other forward exchange contracts	36.90	-	-	36.90	-	36.90	-	36.90
<b>Financial liabilities not measured at fair value</b>								
Borrowings	-	-	3,433.31	3,433.31	-	-	3,433.31	3,433.31
Trade payables	-	-	3,647.07	3,647.07	-	-	3,647.07	3,647.07
Other financial liabilities	-	-	144.07	144.07	-	-	144.07	144.07
	<b>36.90</b>	<b>-</b>	<b>7,224.45</b>	<b>7,261.35</b>	<b>-</b>	<b>36.90</b>	<b>7,224.45</b>	<b>7,261.35</b>

### As at 31 March 2017

Particulars	Carrying amount				Fair value			
	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Other forward exchange contracts	22.80	-	-	22.80	-	22.80	-	22.80
<b>Financial assets not measured at fair value</b>								
Investments	-	148.15	-	148.15	-	-	148.15	148.15
Loans	-	335.79	-	335.79	-	-	335.79	335.79
Other financial assets	-	90.56	-	90.56	-	-	90.56	90.56
Trade receivables	-	3,422.61	-	3,422.61	-	-	3,422.61	3,422.61
Cash and cash equivalents	-	229.69	-	229.69	-	-	229.69	229.69
Other bank balance	-	52.42	-	52.42	-	-	52.42	52.42
	<b>22.80</b>	<b>4,279.22</b>	<b>-</b>	<b>4,302.02</b>	<b>-</b>	<b>22.80</b>	<b>4,279.22</b>	<b>4,302.02</b>
<b>Financial liabilities not measured at fair value</b>								
Borrowings	-	-	4,015.60	4,015.60	-	-	4,015.60	4,015.60
Trade payables	-	-	2,856.72	2,856.72	-	-	2,856.49	2,856.49
Other financial liabilities	-	-	188.82	188.82	-	-	156.14	156.14
	<b>-</b>	<b>-</b>	<b>7,061.14</b>	<b>7,061.14</b>	<b>-</b>	<b>-</b>	<b>7,028.23</b>	<b>7,028.23</b>



# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## As at 1 April 2016

Particulars	Carrying amount				Fair value			
	Mandatorily at FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Other forward exchange contracts	4.05	-	-	4.05	-	4.05	-	4.05
<b>Financial assets not measured at fair value</b>								
Investments	-	162.61	-	162.61	-	-	162.61	162.61
Loans	-	109.32	-	109.32	-	-	109.32	109.32
Other financial assets	-	82.50	-	82.50	-	-	82.50	82.50
Trade receivables	-	3,606.43	-	3,606.43	-	-	3,606.43	3,606.43
Cash and cash equivalents	-	1,042.26	-	1,042.26	-	-	1,042.26	1,042.26
Other bank balance	-	103.48	-	103.48	-	-	103.48	103.48
	<b>4.05</b>	<b>5,106.60</b>	<b>-</b>	<b>5,110.65</b>	<b>-</b>	<b>4.05</b>	<b>5,106.60</b>	<b>5,110.65</b>
<b>Financial liabilities measured at fair value</b>								
Other forward exchange contracts	27.01	-	-	27.01	-	27.01	-	27.01
<b>Financial liabilities not measured at fair value</b>								
Borrowings	-	-	6,907.55	6,907.55	-	-	6,907.55	6,907.55
Trade payables	-	-	2,657.15	2,657.15	-	-	2,657.15	2,657.15
Other financial liabilities	-	-	99.05	99.05	-	-	99.05	99.05
	<b>27.01</b>	<b>-</b>	<b>9,663.75</b>	<b>9,690.76</b>	<b>-</b>	<b>27.01</b>	<b>9,663.75</b>	<b>9,690.76</b>

The group has an established control framework with respect to the measurement of fair values. The finance and accounts team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the board of directors. The team regularly reviews significant unobservable inputs and 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 years ended 31 March 2018 and 31 March 2017.

## 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 at the balance sheet date.	Not applicable	Not applicable

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## **Fair value of financial assets and liabilities measured at amortized cost**

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

For other financial liabilities/ assets that are measured at fair value, the carrying amounts are equal to the fair values.

## **II. Financial risk management**

The group's principal financial liabilities comprise borrowings, derivatives, trade payables and other payables. The group's principal financial assets include trade & other receivables, and cash and short-term deposits that derive directly from its operations.

The group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk.

### **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 Company primarily sells high tensile cold forged fasteners to bulk customers comprising mainly automotive manufacturers operate in India and Outside India. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in Note 39(C).

#### **Cash and cash equivalents and deposits with banks**

Cash and cash equivalents of the 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 have invested in unquoted equity instruments of its subsidiary and its joint venture. The management actively monitors the operation of subsidiary and joint venture which affect investments. The Holding Company does not expect the counterparty to fail to meet its obligations, and has not experienced any significant impairment losses in respect of any of the investments.

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## (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 2018	31 March 2017	1 April 2016
<b>Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)</b>			
Non-current loans	125.04	97.74	78.25
Non-current Investments	274.00	148.15	162.61
Other non-current financial assets	0.90	1.41	-
Cash and cash equivalents	101.85	229.69	1,042.26
Other bank balances	168.62	52.42	103.48
Current loans	133.06	238.05	31.07
Other current financial assets	169.42	111.94	86.55
	<b>972.89</b>	<b>879.40</b>	<b>1,504.22</b>
<b>Financial assets for which loss allowance is measured using life time Expected Credit Losses (ECL)</b>			
Trade receivables	4,546.89	3,422.61	3,606.43
	<b>4,546.89</b>	<b>3,422.61</b>	<b>3,606.43</b>

## Provision for expected credit losses

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

The group has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Hence, no impairment loss has been recognised during the reporting periods in respect of these assets.

### (b) Financial assets for which loss allowance is measured using life time expected credit losses

The group has customers with strong capacity to meet the obligations and therefore the risk of default is negligible in respect of outstanding from customers. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full. Hence, no impairment loss has been recognised during the reporting periods in respect of trade receivables.

## Ageing analysis of trade receivables

The ageing analysis of the trade receivables is as below:

Ageing	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	Total
Gross carrying amount as 31 March 2018	4,413.92	86.07	31.60	5.66	9.64	4,546.89
Gross carrying amount as 31 March 2017	3,351.80	33.27	10.84	4.73	21.97	3,422.61
Gross carrying amount as 1 April 2016	3,464.13	27.06	18.61	8.50	88.13	3,606.43

## 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 2018, the group had a working capital of Rs 11,136.99 lakh including cash and cash equivalents of Rs 101.85 lakh. As at 31 March 2017, the group had a working capital of Rs 4,503.38 lakh including cash and cash equivalents of Rs 229.69 lakh.

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## (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 2018	As at 31 March 2017	As at 1 April 2016
<b>Non- derivative financial liabilities</b>			
<b>Floating-rate borrowings</b>			
- Expiring within one year	5,704.48	5,405.92	3,348.14
- Expiring beyond one year	-	265.13	1,426.31

## (ii) Maturities of financial liabilities

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

### 31 March 2018

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
<b>Non-derivative financial liabilities</b>						
Non current borrowings	210.78	208.82	230.75	230.75	2,068.26	2,949.36
Other non current financial liabilities						
- Security Deposits	-	-	-	-	25.79	25.79
Current borrowings						
- Working capital loans	858.66	-	-	-	-	858.66
Trade payables	3,647.07	-	-	-	-	3,647.07
Creditors for capital expenditure	83.51	-	-	-	-	83.51
Interest accrued but not due	6.25	-	-	-	-	6.25
Unclaimed dividend	28.52	-	-	-	-	28.52
<b>Derivative financial liabilities</b>						
Other forward exchange contracts	19.77	16.12	1.01	-	-	36.90
<b>Total</b>	<b>4,854.56</b>	<b>224.94</b>	<b>231.76</b>	<b>230.75</b>	<b>2,094.05</b>	<b>7,636.06</b>

### 31 March 2017

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
<b>Non-derivative financial liabilities</b>						
Non current borrowings	391.73	382.66	224.50	230.75	2,557.31	3,786.95
Other non current financial liabilities						
- Security Deposits	-	-	-	-	28.25	28.25
Current borrowings						
- Working capital loans	272.08	-	-	-	-	272.08
Trade payables	2,856.72	-	-	-	-	2,856.72
Creditors for capital expenditure	86.82	-	-	-	-	86.82
Interest accrued but not due	11.98	-	-	-	-	11.98
Unclaimed Dividend	29.10	-	-	-	-	29.10
<b>Total</b>	<b>3,648.43</b>	<b>382.66</b>	<b>224.50</b>	<b>230.75</b>	<b>2,585.56</b>	<b>7,071.90</b>

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## 1 April 2016

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
<b>Non-derivative financial liabilities</b>						
Non current borrowings	415.83	366.32	372.15	388.79	3,471.67	5,014.76
Other non current financial liabilities						
- Security Deposits	-	-	-	-	24.50	24.50
Current borrowings						
- Working capital loans	2,177.86	-	-	-	-	2,177.86
- Buyer's credit	807.21	172.30	-	-	-	979.51
Trade payables	2,657.15	-	-	-	-	2,657.15
Creditors for capital expenditure	34.17	-	-	-	-	34.17
Interest accrued but not due	12.98	-	-	-	-	12.98
Unclaimed Dividend	27.41	-	-	-	-	27.41
<b>Derivative financial liabilities</b>						
Other forward exchange contracts	22.62	4.39	-	-	-	27.01
<b>Total</b>	<b>6,155.23</b>	<b>543.01</b>	<b>372.15</b>	<b>388.79</b>	<b>3,496.17</b>	<b>10,955.35</b>

## C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board of directors is responsible for setting up of policies and procedures to manage market risks of the company. The group is carrying out imports of certain raw materials and capital goods and exports finished goods which are denominated in the currency other than the functional currency of the group which exposes it to foreign currency risk. In order to minimise the risk, the group executes forwards contract w.r.t purchases and sale made in currency other than functional currency, the foreign exchange exposure of the group is ascertained on the basis of the progress billings and purchase orders issued.

## D. Currency risk

The group is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates.

The currency profile of financial assets and financial liabilities are as below:

Particulars	As at 31 March 2018			
	EURO	JPY	USD	GBP
<b>Financial assets</b>				
Trade receivables (INR in lakh)	765.45	-	67.75	9.48
<b>Financial liabilities</b>				
Trade payables (INR in lakh)	-	0.06	108.23	-
Derivatives liabilities (INR in lakh)	36.90	-	-	-
<b>Net exposure to foreign currency risk - assets / (liabilities)</b>	<b>728.55</b>	<b>(0.06)</b>	<b>(40.48)</b>	<b>9.48</b>

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

Particulars	As at 31 March 2017			
	EURO	JPY	USD	GBP
<b>Financial assets</b>				
Trade receivables (INR in lakh)	251.66	-	12.08	55.01
Derivative assets (INR in lakh)	22.80	-	-	-
<b>Financial liabilities</b>				
Trade payables (INR in lakh)	-	2.48	27.49	-
<b>Net exposure to foreign currency risk - assets / (liabilities)</b>	<b>274.46</b>	<b>(2.48)</b>	<b>(15.41)</b>	<b>55.01</b>

Particulars	As at 1 April 2016			
	EURO	JPY	USD	GBP
<b>Financial assets</b>				
Trade receivables (INR in lakh)	134.99	-	27.42	8.57
Derivatives assets (INR in lakh)	4.05	-	-	-
<b>Financial liabilities</b>				
Trade payables (INR in lakh)	0.02	2.15	194.62	4.68
Derivatives liabilities (INR in lakh)	0.61	-	26.40	-
<b>Net exposure to foreign currency risk - assets / (liabilities)</b>	<b>138.41</b>	<b>(2.15)</b>	<b>(193.60)</b>	<b>3.89</b>

### Sensitivity analysis

A strengthening of the Indian Rupee, as indicated below, against foreign currency at 31 March would have increased (decreased) profit or loss (before tax) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for previous year, except that the reasonably possible foreign exchange rate variances were different, as indicated below.

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
<b>31 March 2018</b>		
INR/EUR	36.43	(36.43)
INR/USD	(2.02)	2.02
INR/GBP	0.47	(0.47)
INR/JPY	(0.00)	0.00

5% movement	Profit and loss (before tax)	
	Strengthening	Weakening
<b>31 March 2017</b>		
INR/EUR	13.72	(13.72)
INR/USD	(0.08)	0.08
INR/GBP	0.28	(0.28)
INR/JPY	(0.01)	0.01



# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## E. Interest rate risk

The group is exposed to interest rate risk arising mainly from non current and current borrowings with floating interest rates. The group is exposed to interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	31 March 2018	31 March 2017	1 April 2016
<b>Financial assets:</b>			
<b>Fixed rate instruments</b>			
- Fixed deposits	120.50	23.32	876.07
<b>Total</b>	<b>120.50</b>	<b>23.32</b>	<b>876.07</b>
<b>Variable-rate instruments</b>			
- Rupee term loans	1,647.07	2,521.91	2,302.50
- Working capital facility	858.66	272.08	2,177.86
- Buyer's credit	-	-	979.50
<b>Total</b>	<b>2,505.73</b>	<b>2,793.99</b>	<b>5,459.86</b>

### Fair value sensitivity analysis for fixed-rate instruments

The group's fixed rate instruments are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the previous year.

Particulars	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
<b>31 March 2018</b>		
Rupee term loans	(31.47)	31.47
Working capital facility	(2.35)	2.35
<b>Cash flow sensitivity (net)</b>	<b>(33.82)</b>	<b>33.82</b>

Particulars	Profit or loss (before tax)	
	100 bp increase	100 bp decrease
<b>31 March 2017</b>		
Rupee term loans	(9.49)	9.49
Working capital facility	(49.14)	49.14
<b>Cash flow sensitivity (net)</b>	<b>(58.63)</b>	<b>58.63</b>

## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### 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 Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and sourcing by leveraging opportunities in domestic and international financial markets so as to maintain investors, creditors and markets' confidence and to sustain future development of the business.

The group monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry. The group is not subject to externally imposed capital requirements.

The group monitors capital using gearing ratio which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and cash equivalents. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

Particulars	31 March 2018	31 March 2017	1 April 2016
Total borrowings	3,439.56	4,027.58	6,920.53
Less : Cash and cash equivalents	101.85	229.69	1,042.26
<b>Net debt</b>	<b>3,541.41</b>	<b>4,257.26</b>	<b>7,962.79</b>
<b>Total equity</b>	<b>24,407.03</b>	<b>15,984.13</b>	<b>12,906.78</b>
<b>Net debt to equity ratio</b>	<b>0.15</b>	<b>0.27</b>	<b>0.62</b>



# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## 46 First time adoption of Ind AS

These are the group's first consolidated financial statements in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the group has prepared its consolidated financial statements in accordance with previous GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The effective date for group's Ind AS opening Balance Sheet is 1 April 2016 (the date of transition to Ind AS).

The accounting policies set out in Note 1 have been applied in preparing the consolidated financial statements for the year ended 31 March 2018, the comparative information presented in these consolidated financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS Balance Sheet at 1 April 2016 (the group's date of transition). According to Ind AS 101, the first Ind AS consolidated financial statements must use recognition and measurement principles that are based on standards and interpretations that are effective at 31 March 2018, the date of first-time preparation of consolidated financial statements according to Ind AS. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS consolidated financial statements.

An explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows is set out in the following tables and notes.

In the Ind AS opening Balance Sheet as at 1 April 2016, the carrying amounts of assets and liabilities from the previous GAAP as at 1 April 2016 are generally recognised and measured according to Ind AS in effect as on 31 March 2018. However for certain individual cases, Ind AS 101 provides for optional exemptions and mandatory exceptions to the general principles of retrospective application of Ind AS. The group has made use of the following exemptions and exceptions in preparing its Ind AS opening Balance Sheet:

### Optional exemptions available

#### (i) Property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

### Mandatory exemptions

#### (i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The group has made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

#### (ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

### Reconciliation of equity

Particulars	Notes	As at 1 April 2016			As at 31 March 2017		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
<b>ASSETS</b>							
<b>Non-current assets</b>							
(a) Property, plant and equipment	a	13,817.57	1,034.43	14,852.00	15,295.71	1,149.63	16,445.34
(b) Capital work-in-progress		106.31	-	106.31	-	-	-
(c) Intangible assets		12.69	-	12.69	8.25	-	8.25
<b>(d) Financial assets</b>							
(i) Investments		162.61	-	162.61	148.15	-	148.15
(ii) Loans		78.25	-	78.25	97.74	-	97.74
(iii) Other financial assets		-	-	-	1.41	-	1.41
(e) Non-current tax assets (net)		11.68	-	11.68	20.37	-	20.37
(f) Other non-current assets		257.89	0.63	258.52	155.59	0.63	156.22
<b>Total non-current assets</b>		<b>14,447.00</b>	<b>1,035.06</b>	<b>15,482.06</b>	<b>15,727.22</b>	<b>1,150.26</b>	<b>16,877.48</b>
<b>Current assets</b>							
(a) Inventories		4,109.31	-	4,109.31	4,593.77	-	4,593.77
<b>(b) Financial assets</b>							
(i) Trade receivables		3,606.43	-	3,606.43	3,422.61	-	3,422.61
(ii) Cash and cash equivalents		1,042.26	-	1,042.26	229.69	-	229.69
(iii) Bank balances other (ii) above		103.48	-	103.48	52.42	-	52.42
(iv) Loans		31.07	-	31.07	238.05	-	238.05
(v) Other financial assets	c	82.50	4.05	86.55	93.42	18.52	111.94
(c) Other current assets	b	1,129.67	3.65	1,133.32	1,129.60	-	1,129.60
<b>Total current assets</b>		<b>10,104.72</b>	<b>7.70</b>	<b>10,112.42</b>	<b>9,759.56</b>	<b>18.52</b>	<b>9,778.08</b>
<b>TOTAL ASSETS</b>		<b>24,551.72</b>	<b>1,042.76</b>	<b>25,594.48</b>	<b>25,486.78</b>	<b>1,168.78</b>	<b>26,655.56</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
(a) Equity share capital		684.46	-	684.46	684.46	-	684.46
(b) Other equity	a,b,c	12,226.70	(4.38)	12,222.32	15,278.59	21.08	15,299.67
<b>Total equity</b>		<b>12,911.16</b>	<b>(4.38)</b>	<b>12,906.78</b>	<b>15,963.05</b>	<b>21.08</b>	<b>15,984.13</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
<b>(a) Financial liabilities</b>							
(i) Borrowings	b	2,309.51	(7.01)	2,302.50	2,528.70	(6.79)	2,521.91
(ii) Other financial liabilities		24.50	-	24.50	28.25	-	28.25
(b) Provisions		56.88	-	56.88	108.33	(0.70)	107.63
(c) Deferred tax liabilities (net)	d	1,465.77	(2.32)	1,463.45	1,559.56	5.82	1,565.38
(d) Other non-current liabilities	a	12.45	1,034.43	1,046.88	23.93	1,149.63	1,173.56
<b>Total non-current liabilities</b>		<b>3,869.11</b>	<b>1,025.10</b>	<b>4,894.21</b>	<b>4,248.77</b>	<b>1,147.96</b>	<b>5,396.73</b>
<b>Current liabilities</b>							
<b>(a) Financial liabilities</b>							
(i) Borrowings		3,157.36	-	3,157.36	272.08	-	272.08
(ii) Trade payables		2,657.15	-	2,657.15	2,856.72	-	2,856.72
(iii) Other financial liabilities	c	1,522.25	27.01	1,549.26	1,382.19	-	1,382.19
(b) Other current liabilities	f	409.46	(48.12)	361.34	487.76	-	487.76
(c) Provisions		23.93	43.15	67.08	68.81	(0.28)	68.53
(d) Current tax liabilities (net)		1.30	-	1.30	207.42	-	207.42
<b>Total current liabilities</b>		<b>7,771.45</b>	<b>22.04</b>	<b>7,793.49</b>	<b>5,274.98</b>	<b>(0.28)</b>	<b>5,274.70</b>
<b>Total liabilities</b>		<b>11,640.56</b>	<b>1,047.14</b>	<b>12,687.70</b>	<b>9,523.76</b>	<b>1,147.68</b>	<b>10,671.43</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,551.72</b>	<b>1,042.76</b>	<b>25,594.48</b>	<b>25,486.80</b>	<b>1,168.75</b>	<b>26,655.56</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.



## Notes to the consolidated financial statements for the year ended 31 March 2018

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

### Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Notes	Previous GAAP*	Adjustments	Ind AS
<b>Income</b>				
Revenue from operations		41,832.47	(303.33)	41,529.14
Other income	a	103.88	594.55	698.43
<b>Total income</b>		<b>41,936.34</b>	<b>291.22</b>	<b>42,227.57</b>
<b>Expenses</b>				
Cost of materials consumed	e	13,776.73	-	13,776.73
Changes in inventories of finished products and work-in-progress		(372.52)	-	(372.52)
Excise duty		4,440.24	-	4,440.24
Employee benefits expense	e	3,143.28	(67.41)	3,075.87
Finance costs	b	554.42	3.88	558.30
Depreciation and amortisation expense	a	1,533.44	130.45	1,663.89
Other expenses	c,f	13,355.70	(314.32)	13,041.38
<b>Total expenses</b>		<b>36,431.28</b>	<b>(247.40)</b>	<b>36,183.88</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>5,505.06</b>	<b>538.62</b>	<b>6,043.69</b>
Exceptional items		437.61	(437.61)	-
Share of profit of joint venture		(14.47)	-	(14.47)
<b>Profit before tax</b>		<b>5,928.20</b>	<b>101.01</b>	<b>6,029.23</b>
<b>Tax expense:</b>				
Current tax		2,011.76	-	2,011.76
Deferred tax	d	93.79	13.11	106.90
<b>Profit for the year</b>		<b>3,822.66</b>	<b>87.90</b>	<b>3,910.56</b>
<b>Other comprehensive income</b>				
(A) (i) Items that will not be reclassified to profit or loss				
(a) Remeasurement of defined benefit plans	e	-	(14.37)	(14.37)
(ii) Income-tax relating to remeasurement of defined benefit plans		-	4.97	4.97
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>(9.40)</b>	<b>(9.40)</b>
<b>Total comprehensive income for the year</b>		<b>3,822.66</b>	<b>78.50</b>	<b>3,901.17</b>

### Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Particulars	Notes	31 March 2017	1 April 2016
<b>Total equity (shareholder's funds) as per previous Indian GAAP</b>		<b>15,962.92</b>	<b>12,910.50</b>
<b>Adjustments:</b>			
Amortisation of transaction cost as per Effective Interest Rate method	b	(3.88)	11.30
Impact of fair valuation of derivative contracts	c	45.76	(22.96)
Others	f	(4.44)	5.63
Impact of deferred tax on account of the above adjustments	d	(12.51)	2.32
<b>Total adjustments</b>		<b>24.93</b>	<b>(3.72)</b>
Net impact brought forward from opening balance sheet		(3.72)	-
<b>Total equity as per Ind AS</b>		<b>15,984.13</b>	<b>12,906.78</b>

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Notes	Amount
<b>Net profit after tax as per previous Indian GAAP</b>		<b>3,876.22</b>
<b>Adjustments:</b>		
Impact of capitalisation of deferred grant	a	130.45
Remeasurements of defined benefit plans	e	14.50
Amortisation of transaction cost as per Effective Interest Rate method	b	(3.88)
Impact on depreciation on capitalisation of deferred grant	a	(130.45)
Impact of fair valuation of derivative contracts	c	45.77
Others	f	(4.61)
Impact of deferred tax on account of the above adjustments	d	(17.45)
<b>Total adjustments</b>		<b>34.33</b>
<b>Net profit after tax as per Ind AS</b>		<b>3,910.55</b>
Other comprehensive income	e	(9.40)
<b>Total comprehensive income for the year</b>		<b>3,901.15</b>

## Notes to first-time adoption:

### a. Property, plant and equipment

The Holding Company import certain machineries under EPCG benefits in the form of waiver of import duties which is subject to an export obligation. Under previous Indian GAAP, the company capitalises imported asset net of the benefit in lieu of custom duty waived off under the EPCG scheme.

Under Ind AS, the duty benefit availed under Export Promotion Capital Goods (EPCG) scheme on purchase of plant and equipment should be recognised as government grant and the value of property, plant and equipment should be increased by the amount of EPCG benefits netted off on the respective asset, with a corresponding credit to deferred income.

The above adjustment resulted into increase in Property, plant and equipment by Rs 1,034.43 lakh with corresponding increase into deferred income of same amount under other non-current liabilities as at 1 April 2016. As at 31 March 2017, property, plant and equipment has increased by Rs. 245.65 lakh with corresponding increase into deferred income of same amount. Further, during the year ended 31 March 2017, depreciation charged off into statement of profit and loss of Rs 130.45 lakh with the corresponding effect of booking EPCG grant income of same amount.

### b. Borrowings

Under previous Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to statement of profit and loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to statement of profit and loss using the effective interest method.

The above adjustment resulted into increase in retained earning by Rs 11.30 lakh with corresponding decline in borrowing by Rs. 7.01 lakh as at 1 April 2016. During the year ended 31 March 2017, interest expenses of Rs 3.88 lakh has been charged off into statement of profit and loss with a corresponding increase in borrowing by same amount.

### c. Gain on fair value of derivatives

Under Indian GAAP, the group did not recognised fair value gain/loss on forward contracts on yearly basis. Under Ind AS, the group is required to recognise fair value gain/loss on forward contracts taken by the group outstanding as at year end.

As a result, during the year ended 1 April 2016, foreign exchange forward contracts assets of Rs 4.05 lakh and liabilities of Rs 27.01 lakh with corresponding decrease in retained earnings by Rs 22.96 lakh. During the year ended 31 March 2017, foreign exchange forward contracts assets of Rs 22.80 lakh with corresponding decline in statement of profit and profit of Rs 45.76 lakh.

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## d. Deferred taxes

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12: Income Taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in insignificant amount of deferred tax on new temporary differences and accordingly not recognised.

## e. Employee benefits :

Both under Indian GAAP and Ind-AS, the group recognised costs related to its post-employment defined benefit plan on an actuarial basis.

Under Indian GAAP, the entire cost, including actuarial gains and losses are charged to statement of profit and loss. Under Ind-AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised in other comprehensive income.

As a result, profit for the year ended 31 March 2017 increased by Rs 14.37 lakh having their tax impact of Rs 4.97 lakh with corresponding decrease in other comprehensive income during the year.

However, there is no impact on total comprehensive income.

## f. Lease equalisation reserves

Under previous GAAP, operating lease charges are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term, accordingly lease equalisation reserves is recognised.

However, under Ind AS, lease payments under an operating lease shall be recognised as an expense on a straight line basis over lease term only if the payments to the lessor are not structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Since, escalation allowed in lease arrangement taken by the group represents general inflation, lease payments under an operating lease shall not be required to recognise on a straight line basis over lease term.

The effect of the adjustments resulted in reversal in the value of lease equalisation reserves of Rs. 4.97 lacs with corresponding increase in retained earnings on transition date.

During the year ended 31 March 2017, reversal of the value of lease equalisation reserves of Rs 0.98 lakh with corresponding decrease in in rent expense

## g. Other comprehensive income

Under previous GAAP, the group has not presented other comprehensive income (OCI) separately. Items that have been reclassified from statement of profit and loss to other comprehensive income includes remeasurement of defined benefit plans. Hence, previous GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

## h. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

## 47 Additional information required by Schedule III:

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share in profit/ (loss)	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss
<b>Holding Company</b>				
Sterling Tools Limited	24,179.50	99.07%	4,845.83	99.73%
<b>Subsidiary</b>				
Haryana Ispat Private Limited	227.53	0.93%	13.23	0.27%
<b>Total</b>	<b>24,407.03</b>	<b>100%</b>	<b>4,859.06</b>	<b>100%</b>

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## 48 Interests in other entities

### (a) Subsidiaries

Name of entity	Principal place of business	Ownership interest held by the group			Ownership interest held by non-controlling interests			Principal activities
		31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016	
Haryana Ispat Private Limited	India	100%	100%	-	-	-	-	Leasing of immovable property

### (b) Joint venture

The group has a 50% interest in a joint venture i.e. Sterling Fabory (India) Private Limited which was incorporated in March 2010 with M/s Fabory Masters in Fasteners Group B.V., Netherlands. The Company is engaged in the business of sale of fasteners. The principal place of business of the joint venture is in India.

Name of entity	% of ownership interest	Quoted fair value			Carrying amount			Accounting method
		31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016	
Sterling Fabory (India) Private Limited	50%	-*	-*	-*	274.00	148.15	162.61	Equity method

\* 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 2018	As at 31 March 2017	As at 1 April 2016
<b>Current assets</b>			
- Cash and cash equivalents	141.14	91.72	56.15
- Other assets	642.94	357.50	388.26
<b>Total current assets</b>	<b>784.08</b>	<b>449.22</b>	<b>444.41</b>
<b>Total non-current assets</b>	<b>64.10</b>	<b>64.58</b>	<b>71.73</b>
<b>Current liabilities</b>			
- Trade payables	285.05	191.97	169.61
- Other financial liabilities	-	-	-
- Other liabilities	5.99	9.70	6.57
<b>Total current liabilities</b>	<b>291.04</b>	<b>201.67</b>	<b>176.18</b>
<b>Total non-current liabilities</b>	<b>9.15</b>	<b>15.85</b>	<b>14.72</b>
<b>Net assets</b>	<b>547.99</b>	<b>296.28</b>	<b>325.24</b>

# Notes to the consolidated financial statements for the year ended 31 March 2018

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

## Summarised statement of profit and loss

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	1,216.09	971.66
Profit before tax	52.03	(31.98)
Tax expenses	(0.22)	(3.21)
Profit after tax	52.25	(28.77)
Other comprehensive income	(0.53)	(0.18)
Total comprehensive income	51.72	(28.95)
Dividend received	-	-

## Reconciliation of carrying amounts

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening net assets	296.29	325.24
Profit for the year	52.25	(28.77)
Other comprehensive income	(0.53)	(0.18)
Dividends paid	-	-
Issue of equity shares	200.00	-
<b>Closing net assets</b>	<b>548.01</b>	<b>296.29</b>
Group's share in %	50%	50%
Group's share in INR lakh	274.00	148.15
<b>Carrying amount of investment in joint venture</b>	<b>274.00</b>	<b>148.15</b>

For **Walker Chandiok & Co LLP**  
Chartered Accountants

Per **Anamitra Das**  
Partner  
Membership No. 062191

**Place:** Faridabad  
**Date:** 23 May, 2018

**Manohar Lal Aggarwal**  
Chairman  
DIN No.00027380

**Atul Aggarwal**  
Chief Financial Officer  
PAN: AAUPA6243R

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

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

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





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