



## STERLING TOOLS LIMITED

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### Annexure-A

Dear Shareholders,

Good morning. On behalf of the Board of directors, I warmly welcome you all to the 43rd Annual General Meeting of your Company. It is always a pleasure to connect with you all, and – although virtual – it is a privilege to host you today. I thank you for your continued trust, encouragement and unequivocal support to the Company and its Management.

Year 2021-22 started with the horrific second wave of Covid pandemic and we are fortunate that its impact was limited to the first quarter. Today, although Covid seems to be passe, yet there is a need to take all precautions including booster shots of the vaccine. I hope 2022-23 will be a healthy year for all of us.

The global economy started to recover with relaxation of Covid-19 restrictions, however the shortage of semiconductors, supply-chain disruptions and rising input costs impacted the industry at large. Indian Government policies have supported economic revival and a few noticeable milestones are all-time high exports and record GST collections, making India one of the fastest growing global economies.

The overall Indian auto industry witnessed a de-growth of (-) 6% in FY22. All segments faced supply-side challenges on account of chip shortage, though despite some recovery from a low base, sales of all four segments are below the 2018-19 level. While some segments like Commercial Vehicles and SUVs are seeing improvement in demand, the mass segments like two-wheelers and smaller cars are facing serious affordability issues. On the positive side, all four segments of the industry have increased their exports. In fact, two-wheelers achieved their highest ever exports.

Your Company grew faster than the industry and our total fasteners sales increased by 33% to reach Rs.474.6 Crores both on account of higher business from our existing customers and new customer addition. Offsetting the impact of mounting steel prices and commodity inflation through internal cost efficiencies, our EBITDA increased by 8.5% to Rs. 73.3Crores. Your company has a strong balance sheet and the free cash flows enable us to look forward to new and attractive growth opportunities.

One such initiative was the setting up of a manufacturing facility for Motor Control Units (MCUs) under our subsidiary company Sterling Gtake E-mobility Limited in Jan 2020. In the short time since its inception, this entity achieved a total sale of Rs.38.4Crore during the year, and became a supplier to major electric vehicles manufacturers in India.

Auto component manufacturing industry in India today is of Global standards and to be aligned with this, your company has a clear focus on continuous improvement

across processes, equipment, and people. Our state-of-the-art Bangalore plant received awards from ACMA for excellence in Manufacturing, Digitalization, HSE and HR.

Your Company remains committed to the highest standards of Safety, Health, and Environment (SHE) and Corporate Governance. We have 1.436MW solar energy generation in our plants and we plan to enhance the same in line with our commitment for better environment.

As our endeavor to provide a consistent return to our shareholders, the Board has recommended a final dividend at the rate of 50% i.e., Rs.1.00 per share on the face value of Rs.2.00 per share. The total dividend payout would amount to Rs.3.60 Crores.

The Directors' Report and the Audited Accounts for the Financial Year ended 31st March, 2022 have been with you and, with your consent, I shall take them as read.

We firmly believe that the cornerstone of our sustainable growth lies in our ability to support our communities and create value for society. Our CSR initiatives focus on providing healthcare and education.

On behalf of the Board of Directors, I assure you that we are well positioned to both, face challenges and leverage future business opportunities. I thank our workforce for their daily and untired efforts to overcome the market challenges and keeping up the performance. Lastly, I would like to express thanks to all our shareholders, customers, suppliers, and Governments for their support. We remain committed to build long-term value for you always.

I wish all of you and your families a safe and healthy year ahead.

Thanking You

ANIL AGGARWAL Digitally signed by ANIL  
AGGARWAL  
Date: 2022.09.23 12:21:30 +05'30'

**Anil Aggarwal**  
**Chairman & Managing Director**