



# STERLING TOOLS LIMITED

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## 42<sup>nd</sup> ANNUAL GENERAL MEETING TUESDAY, 21<sup>ST</sup> September, 2021 at 10.00 A.M. through Video Conferencing and Other Audio Video Visual Means

### WELCOME SPEECH by Company Secretary

“I, Vaishali Singh, Company Secretary & Compliance Officer of Sterling Tools Limited.

“A very Good morning to all the Shareholders, Board of Directors, Auditors and Scrutinizer, who have joined us today, in the 42<sup>nd</sup> Annual General Meeting of Sterling Tools Limited through Video Conferencing and Other Audio Video Visual Mode”. Hope, all of you are safe & in good health and wish you all to stay that way.

Before commencing the official proceedings, I would like to inform all the attendees about the following points-

- In order to ensure the safety of all the stakeholders, this AGM is being organized through video conferencing, which is in compliance with the guidelines issued by the Ministry of Corporate Affairs, Government of India and the Securities and Exchange Board of India. The Company has taken all the efforts feasible under the current circumstances to enable all of you to participate in the meeting through video conferencing and to vote electronically. The Proceedings of this annual general meeting shall be deemed to have been conducted at the registered office of the Company at New Delhi.
- Mr. Anil Aggarwal, Chairman & Managing Director of the company shall preside over the meeting as the Chairperson of this Annual General Meeting.
- Facility of joining the AGM is being made available on first come first serve basis.

	<ul style="list-style-type: none"> <li>All members who have joined this meeting are by default placed on mute mode to avoid any disturbance from background to ensure smooth conduct of the meeting.</li> </ul> <p>I would now like to request all the Board Members to introduce themselves and confirm from where they are joining this meeting.</p>
<b>Mr. Anil Aggarwal</b>	"Good Morning everyone, this is Anil Aggarwal, Managing Director and Chairman, joining the AGM from Corporate Office at Faridabad.
<b>Mr. Atul Aggarwal</b>	"Good Morning everyone, this is Atul Aggarwal, whole time Director, joining the AGM from Corporate Office at Faridabad.
<b>Mr. Akhill Aggarwal</b>	"Good Morning everyone, this is Akhill Aggarwal, Director, joining the AGM from my office, Faridabad".
<b>Sh. C.R. Sharma</b>	<p>"Good Morning everyone this is C.R. Sharma, Independent Director, joining the AGM from my Residence at Gurugram. I am representing the Audit Committee, being the Chairperson of the said Committee.</p> <p>I'm also representing the Stakeholders' Relationship Committee as Mr. Shailendra Swarup, the Chairperson of said Committee is unable to join this AGM because of his pre-occupations elsewhere and he has authorized me to represent the said Committee as Chairman</p>
<b>Dr. T.N. Kapoor</b>	"Good Morning everyone this is T.N. Kapoor Independent Director, joining the AGM from my residence at Vasant Kunj, New Delhi.
<b>Mrs. Malini Sud</b>	"Good Morning everyone this is Malini Sud, Independent Director, joining the AGM from my office at Defence Colony, New Delhi.
<b>Mr. Jaideep Wadhwa</b>	"Good Morning everyone this is Jaideep Wadhwa, Director, joining the AGM from my Residence in New Delhi.
<b>Mr. Kabir Bhandari</b>	"Good Morning everyone this is Kabir Bhandari, Independent Director, joining the AGM from my office at New Delhi.
<b>Mr. Rakesh Batra</b>	"Good Morning everyone this is Rakesh Batra, Independent Director, joining the AGM from my Residence at New Delhi.

<b>CFO</b>	“Good Morning everyone this is Pankaj Gupta, CFO, joining the AGM from Corporate Office at Faridabad.
<b>CS</b>	Apart from them, we also have Statutory auditors-Walker Chandiook & Co. and Secretarial Auditor, M/s Dhananjay Shukla & Associates, and Mr. Santosh Pradhan, the Scrutinizer who have joined this meeting from their respective locations.
	<p>Mr. Shailender Swarup and Dr. T.N. Kapoor can't join this AGM due to their pre-occupations else.</p> <p>I would further like to request Mr. Anil Aggarwal, Chairman to commence the proceedings of 42<sup>nd</sup> Annual General Meeting.</p>
<b>Chairman</b>	<p>Thank you everyone.</p> <p>We have the requisite quorum present through video conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by MCA and Section 103 of the Companies Act, 2013.</p> <p>The quorum being present, I call this meeting to order.</p> <p>Since all the members are joining this meeting through Video Conferencing, pursuant to the Circular of Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM.</p> <p>The Register of Directors, KMP and their Shareholding and other Statutory Registers as required under Companies Act, 2013 have been made available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send their requests to <a href="mailto:csec@stlfasteners.com">csec@stlfasteners.com</a>.</p> <p>The Statutory Auditors, Walker Chandiook &amp; Co., and Secretarial Auditor, M/s Dhananjay Shukla &amp; Associates, have expressed unqualified opinion in the respective audit reports for the financial year 2020-2021. There were no qualifications or adverse comments on financial statements and matters, which have any material bearing on the functioning of the Company. The Statutory Auditors' report on standalone financial statements and consolidated</p>

	<p>financial statements are available on Page numbers 97 and 163 of the annual report. Secretarial Auditor report is enclosed as Annexure VIII to the Board's report on Page number 48 of the annual report.</p> <p>I now request our Statutory Auditors, Mr. Ankit Aggarwal to read out the Audit' report for the benefit of shareholders.</p>
<p><b>Ankit Aggarwal</b></p>	<p>Thank you, Chairman Sir. In the interest of time and with the permission of shareholders, I would be reading the first two paragraphs of our audit report.</p> <p>We have audited the accompanying standalone and consolidated financial statements of Sterling Tools Limited, which comprise the standalone and consolidated Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, notes to the financial statements including a summary of significant accounting policies and other explanatory information.</p> <p>In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone and consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with IND AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021 and <b><u>there is no qualification in our report.</u></b></p> <p>Thank you.</p>
<p><b>Chairman</b></p>	<p>Thank you, Mr. Ankit Aggarwal!</p> <p>Dear Shareholders,</p> <p>As the Notice and Directors' Report had already been emailed to all the members, I propose to take them as read.</p>

Before we move to the business items to be transacted through this AGM, wish to share my views on the performance of the Company during F.Y. 2020-21 and the outlook for future.

### **Chairman Speech**

**Dear Shareholders:**

Today, as we convene the 42<sup>nd</sup> Annual General Meeting of Sterling Tools Ltd., I warmly welcome everyone on behalf of the Board of Directors to this virtual platform.

May I start by observing a minute of silence in memory of the citizens of our country and specifically our colleagues, associates, friends and acquaintances who passed away during this terrible Pandemic. My colleagues on the Board and I offer our heartfelt condolences to all those who have lost loved ones in the last year.

**Esteemed shareholders,**

I would like to acknowledge and appreciate the efforts that have been taken by the Government and especially the medical community in this fight against Covid.

The COVID-19 global pandemic has changed human as well as organizational behavior, in some cases permanently, in response to this new reality. As a responsible corporate citizen, it is your Company's relentless endeavor to ensure the health and safety of its employees. We are working with various local authorities, agencies and hospitals, supporting them financially and also meeting some of their requirements of medical products/equipment. As a part of the CSR activities, your company has made significant contributions in the fight against Covid-19.

In addition to Covid-19 relief your company's CSR funds have largely been invested in other health projects including cancer relief and Cochlear implants as well as on education of economically weaker sections of society.

### **Performance of Auto Industry in 2020-21**

The Indian auto industry has experienced some unforeseen volatility and disruptions, along with many planned changes over the past 5-6 years – CV axle loading norm revisions, BSVI transition, new safety norms, NBFC crisis, EV policy, GST, etc. The impact of all these changes was a decline in vehicle sales over the past 3 years from a growth of 5% in FY19, to a degrowth of 18% in FY20. In FY 21, the automobile industry witnessed a significant impact due to the pandemic and registered a further degrowth of 13%. Passenger vehicles sales volumes are now below FY16, two wheelers - lowest since FY15, commercial vehicles – lowest since FY11 and three wheelers – lowest since FY03. Undoubtedly, FY21 was a difficult year for the automobile industry including auto-ancillaries.

The turnover of the **automotive component industry** stood at ₹3.40 lakh crore (\$45.9 billion) for the period April **2020** to March 2021, registering a degrowth of 3 per cent over the previous year. In the volatility created by the pandemic the industry displayed great resolve, including your Company, and supported our customers by ensuring business continuity across the value chain.

### **Financial Performance of your Company during F.Y. 2020-21:**

In spite of several challenges because of Covid-19 and the slow down in Automotive Sector in Financial Year 2020-21, your Company was able to deliver a reasonable financial as well as operational performance. At a standalone Company level, revenue from operations decreased marginally from Rs. 36,424 lacs to 35,295 lacs. Profit After Tax (PAT) decreased from Rs. 2904.91 lacs to Rs. 2441.80 lacs. The complete details of the performance of the Company, have been included in the Annual Report, which is circulated to all the stakeholders and is with you. With your permission, I would like to take them as read.

Considering the overall financial performance of the Company for the year and to maintain a consistent track record of declaring dividends, the Board of Directors have recommended a dividend of Rs. 1 per equity share (50%) for the financial year 2020-2021.

Despite a challenging year, Sterling Tools has continued to invest and build a strong Leadership Team as it foresees numerous opportunities for both organic and inorganic growth in the near future.

Your Company maintains low debt levels and capital deployment is closely monitored regularly.

### **Outlook for Future**

As per the International Monetary Fund (IMF), the latest forecast for India's GDP growth is about 9.5% and the long-term prospects for the Indian economy continue to be robust. Various reforms and growth initiatives of the Government, including privatization of public sector enterprises, targeted investment incentives through the Production-Linked Incentives (PLI) Schemes and the new Labor Code, are likely to spur investments and drive business growth in the medium-term.

Vehicle sales are expected to record strong growth in 2021-22, post recovery from effects of the COVID-19 pandemic and absence of third wave. Electric vehicles, especially two-wheelers, are also likely to witness strong sales growth in 2021-22, driven by incentives from Central and State Governments and increasing number of new brands and models on offer in the market.

In the medium term, the Indian automotive industry (including component manufacturing) is expected to reach a turnover of Rs. 16 to-18 trillion (US\$ 251.4-282.8 billion) by 2026.

### **Road Map for your Company**

The Indian Auto Industry is beginning to transition from ICE based vehicles to electric vehicles in future and Sterling is also adapting itself to this shift in powertrain technology. Even though the impact of the shift to EVs will not be substantial on the demand for fasteners in the short term, the Company is preparing itself to take on this challenge in future.

	<p>The Company’s Electric Vehicle component Subsidiary, Sterling Gtake E-Mobility Ltd., which was incorporated in January 2020 provides a foothold in the EV segment and positions the Company to be “Future Ready”. The said Subsidiary Company has bagged an Order of Rs. 60 Crores from a major renowned Indian Two Wheeler EV Manufacturer for Motor Control Units (MCUs).</p> <p>Further, the state-of-the-art fastener manufacturing facility at Bangalore is now commissioned to enable the Company to increase its share of business in South India.</p> <p>With intense impetus on the vaccination program and other proactive initiatives of the Government, we are confident of a strong resurgence in customer demand in FY22 and anticipate a strong business pipeline. Additionally, we are also taking initiatives to reduce costs wherever possible.</p> <p>I take this opportunity to sincerely appreciate the dedication and zeal of all our employees who strived through a difficult period and ensured that as an organization, we surmounted all the challenges and progressed. I would also like to thank all my colleagues on the Board for their continued guidance. We acknowledge the unstinted support extended by our valued Customers, Associates, Business Partners, Bankers and the State and Union Governments. Finally, I thank all our shareholders for their enduring trust and confidence. Your support has given us the confidence to keep pushing ourselves, beyond challenges, and complexities, to deliver good returns and consistent value for you year after year.</p> <p>I wish all of you and your families a safe and healthy year ahead.</p> <p>Thank You</p> <p><b>Anil Aggarwal</b> <b>Chairman &amp; Managing Director</b></p>
<b>Chairman</b>	<p>Now I request to Company Secretary to give details of Agenda items and voting process</p>



**CS**

Thank you Sir!

Dear Shareholders

In terms of Companies Act, 2013 and the Listing Regulations, the Company has provided to shareholders remote e-voting facility through the system of NSDL to all the persons who were members on 14<sup>th</sup> September, 2021 being the cut off date for vote on all the resolutions set out in the notice of AGM. The remote e-voting period commenced at **9:00 am 17<sup>th</sup> September, 2021 and ended at 5:00 pm 20<sup>st</sup> September, 2021.**

Such members, who have not already cast their vote through remote e-voting, can cast their vote now during this meeting through e-voting facility by visiting the NSDL voting page. The voting is opened and shall remain open till 15 minutes after the conclusion of this AGM.

Mr. Santosh Pradhan, Company Secretary in Practice has been appointed as the Scrutinizer to scrutinize the vote cast at remote e-voting and open Voting at this AGM.

Since the meeting is being conducted through Video Conferencing and the resolutions stated in the Notice of AGM are already put to vote through remote e-voting, there will no proposing and seconding of the resolutions.

Scrutinizer shall immediately after the conclusion of voting at the AGM, unblock the votes cast through Remote e-voting and voting during AGM and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any. The results of the voting shall be declared within 48 hours of the conclusion of this AGM.

The Results declared along with the Scrutinizer's Report shall be placed on the website of the Company and on the website of NSDL and Stock Exchanges.

In the Notice of this 42<sup>nd</sup> AGM, 6 resolutions have been proposed for the approval by the members. There are 3 Ordinary Businesses and 3 Special Businesses.

	<p>Ordinary Business</p> <ol style="list-style-type: none"> <li>1. To receive, consider and adopt the standalone and consolidated Audited Financial Statements for the financial year ended 31st March, 2021 together with the reports of Directors and Auditors thereon.</li> <li>2. To declare the final Dividend of 50% for the F.Y. 2020-21.</li> <li>3. To appoint a Director in place of Mr. Jaideep Wadhwa who retires by rotation and being eligible, offers himself for re-appointment;</li> </ol> <p>Special Business</p> <ol style="list-style-type: none"> <li>4. Ratification of Remuneration of Cost Auditor for financial year 2021-22</li> <li>5. Appointment and Regularization of appointment of Shri Rakesh Batra as Independent Director of the Company.</li> <li>6. To approve the remuneration payable to Mr. Jaideep Wadhwa, Non-Executive Non Independent Director during the F.Y. ending March 31, 2022</li> </ol> <p>Resolution No 1 to 5 have been proposed to be passed as Ordinary Resolutions and Resolution no. 6 has been proposed to be passed as Special Resolution.</p>
<p><b>Questions by shareholders if any- Company Secretary</b></p>	<p>Now we move to question-answer session. Only those Shareholders who have sent their queries in advance or have registered themselves for speaking at the meeting shall be eligible to raise their query.</p> <p>We will announce the name of the Shareholder one by one who has registered himself/herself for speaking. To start speaking, the Shareholders are requested to switch on their video mode. If such Shareholder is not able to join through video for any reason then that member can join through the audio mode only. The Shareholders are advised to use headphone for Clear Audio and switch off other background applications, if any, running.</p> <p>If there is connectivity issue for any speaker shareholder end, then we will request to next speaker shareholder to speak. Once the connectivity improves, we will call again the first</p>

registered speaker shareholder. We request to speaker shareholder to kindly limit the speech/ queries within 3 minutes.

As per the information which the shareholders have sent to us, Now I request Mr. Ajay Jain to express his views/ask the question:

**Mr. Ajay Jain**

Now I request Mr. Chetan Chadha to express his views/ask the question:

**Mr. Chetan Chadha**

Now I request Mr. Bhupendra Singh Reen to express his views/ask the question:

**Mr. Bhupendra Singh Reen**

Now I request Mr. Viraj Kacharia to express his views/ask the question:

**Mr. Viraj Kacharia**

Now I request Mr. Raju Verma to express his views/ask the question:

**Mr. Raju Verma**

Now I request Mr. Anuj Sharma to express his views/ask the question:

**Mr. Anuj Sharma**

Now I request Mr. Nikhil Upadhyay to express his views/ask the question:

**Mr. Nikhil Upadhyay**

Now I request Mr. Abhishek Kalra to express his views/ask the question:

**Mr. Abhishek Kalra**

	<p><b>Mr. Rajat Setiya</b></p> <p><b>Mr. Manjit Singh</b></p> <p>We have received few emails from our shareholders with some questions relating to our Business, future vision and business alliances which will be answered to them in a week' time</p> <p><i>With this, we conclude the Q &amp; A session from all the shareholders.</i></p> <p><i>Questions asked through Chat box, if any, will be replied to respective shareholders in a week' time.</i></p>
<p><b>Vote of thanks by Chairman</b></p>	<p>I would like to thanks to all the shareholders who participated in the Annual General Meeting of the Company to make it successful</p> <p>Now I authorize the Company Secretary to conclude the meeting. The results would be announced on or before the 23<sup>rd</sup> September, 2021 and the same would be intimated to Stock Exchanges and will be uploaded on the website of the Company and NSDL.</p> <p>Thank you.</p>
<p><b>Company Secretary</b></p>	<p>I Request to all shareholders please cast your vote who have not casted yet. If you have any difficulty to cast the vote please write in the Q &amp; A box we will help you for the same Voting is open more 15 minute from now.</p>