



STERLING TOOLS LIMITED

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Dear Shareholders:

It gives me great pleasure to welcome you all to the 41st Annual General Meeting of your Company.

I would have liked to address you in person, but as you know, we are holding this meeting over a virtual platform due to the prevailing unprecedented circumstances. I would like to thank each one of you for sparing the time to join us today from distant locations, and for your continued faith in Sterling and its management. I hope you and your family members are healthy and safe.

Like the rest of the World, India too is struggling with Covid-19 pandemic. This situation has posed huge challenges to Nations across globe. Governments are in a dilemma as to how long they continue with lockdown which you know leads to complete shutdown of Economic activity.

As infection rate continues to rise in India, we are learning to live and work in these challenging times. The only hope is to have a vaccine available as earliest as possible so that Economic activities start in its full swing.

I must salute the spirit of the Government authorities, healthcare workers, police, and the public, in fighting the pandemic.

We as a responsible Corporate Citizen, are also looking at constructive ways and means of dealing with the situation, while taking care of all our employees, stakeholders and continuously focusing on the everchanging customers' requirements.

Performance of Automobile Industry during F.Y. 2019-20

The Indian automobile sector registered a drop of nearly 18 percent in domestic sales in the financial year 2019-20. Last quarter, due to the ongoing coronavirus pandemic-related lockdown and the BS-IV to BS-VI transition, the industry witnessed one of its sharpest decline in domestic sales.

The COVID-19 outbreak, which started showing its effect in March 2020, not only impacted sales but also disrupted the global supply chain. This worsened things for the Indian automobile component industry which was already struggling because of the vehicle sales slowdown in the country. According to figures released by the Automotive Component Manufacturers Association of India (ACMA), the turnover of the automotive component industry in India stood at ₹3.49 lakh crore. There is a de-growth of 11.7 per cent during FY 2019-20 as compared to the previous financial year.

Financial Performance of your Company during F.Y. 2019-20:

The financial performance of your Company in the year 2019-20 has been explained comprehensively, in the Annual Report which is with you.

I hope you have had the opportunity to read the Integrated Annual Report and assessed our operational and financial delivery.

A snapshot of your Company's performance during the last F.Y.:

- Revenue from operations de-grew by 28.89%;
- Operating profit decreased by 28.58%;
- Comprehensive Income stood at Rs. 3318.48 lacs decreased by 26.02% and
- EPS at Rs. 8.06/- against Rs. 12.45 for the F.Y. 2019-20.

Review of Current Performance:

The Company's operational as well as financial performance during the first Quarter of Current Financial Year 2020-21 has already been released, after Board' approval, on 10th August, 2020.

The Consolidated revenues de-grew by 80% as compared to corresponding quarter in previous financial year. Your Company has implemented stringent cost control measures and only critical capital expenditures were allowed to conserve the financial resources.

Due to complete lockdown in April and May of this year, the first quarter' performance has been impacted drastically.

Outlook for Future

We are hopeful that your Company from second quarter with the opening of Economy activity and with the good monsoon, will perform much better.

You are aware that the entire world is adopting the global shift to Electrification of vehicles. The Company is also working on several EV related projects and is fully geared to meet these challenges. The

Company's Electric Vehicle component venture Sterling Gtake E-Mobility Ltd was incorporated in January 2020 and its manufacturing facility is scheduled for completion in Oct 20. This venture, and others that may follow, will provide Sterling a foothold in the EV segment and make the Company "Future Ready"

As I look forward, I wish and hope that the global efforts in fighting the pandemic bear some quick results and we are able to emerge out of these testing times and get back to leading our lives.

Acknowledgement

I extend my sincere thanks to all shareholders, Customers, Bankers, Vendors and the employees of the Company for their continuous support.

Thank You

Anil Aggarwal

Chairman cum Managing Director