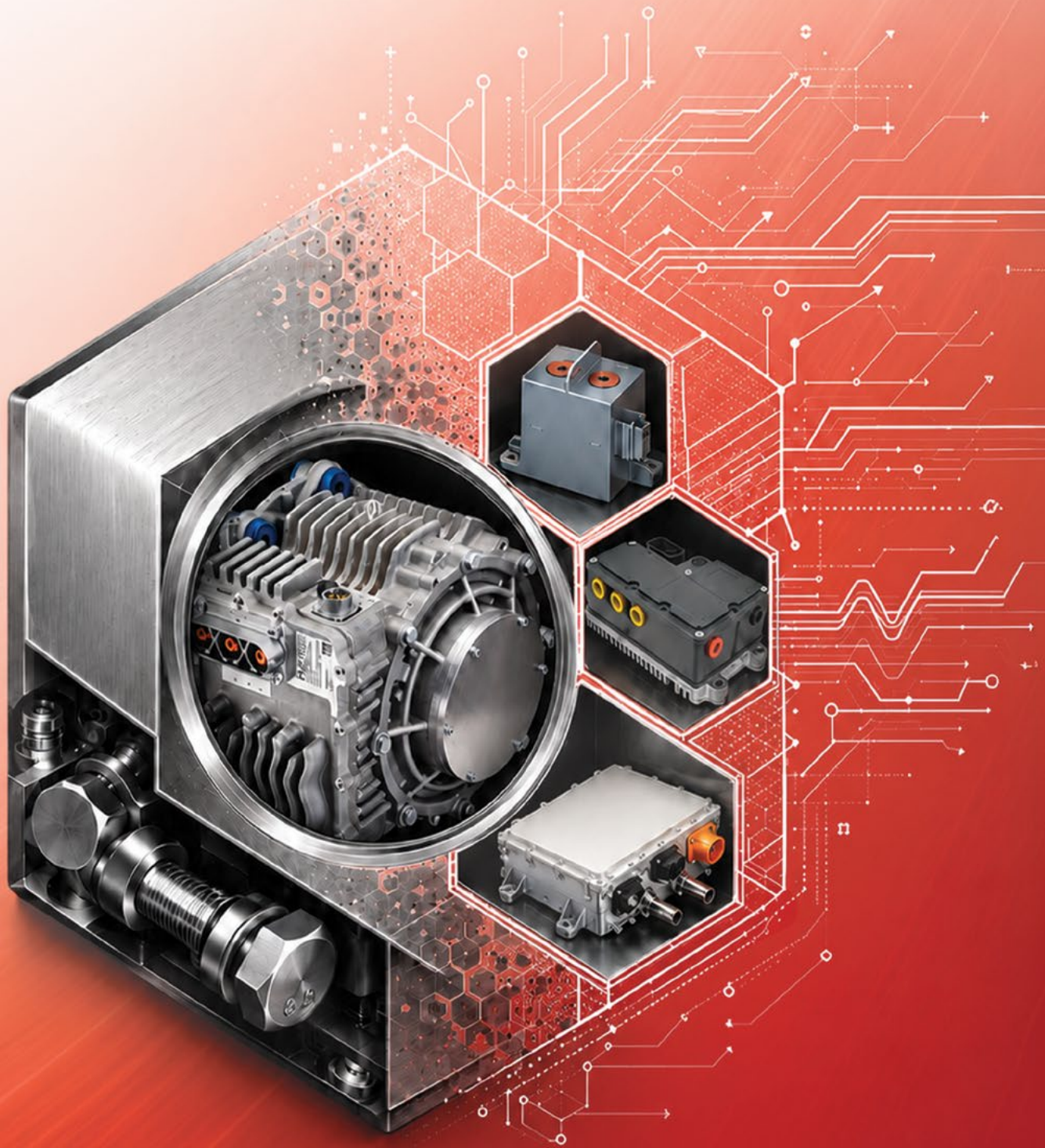




STRENGTHENING TODAY.
SHAPING TOMORROW.

Across the pages

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Investor Information

₹ 2.75 per share
Dividend Declared

530759
BSE Code

04th Sep 2026
AGM Date

STERTOOLS
NSE Symbol

L29222DL1979PLC009668
CIN

Long Term: [ICRA] AA- (Stable)
and Short Term: [ICRA] A1+
Credit rating

Disclaimer

This document contains statements about expected future events and financials of Sterling Tools Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this annual report.

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Notice for the AGM



STRENGTHENING TODAY. SHAPING TOMORROW.

Enduring businesses are built by balancing two responsibilities. The first is to continuously strengthen the enterprise that exists today by improving competitiveness, deepening customer relationships and delivering consistent financial performance. The second is to invest in the capabilities that will define tomorrow, often well before they become commercially significant.

Our journey over the past years reflects this balance. The fasteners business outperformed the market, strengthening its customer franchise, expanding profitability and generating robust cash flows. At the same time, we remained steadfast in building our presence across electric mobility, advancing our technology portfolio,

expanding localisation and preparing for the next phase of industry evolution. Although the pace of EV adoption has moderated, we believe the long-term opportunity remains compelling and our commitment to it remains unchanged.

This balanced approach guides our decisions.

We will strengthen the foundations that sustain our business today while investing with discipline and conviction in the technologies, products and partnerships that will shape its future. It is through this continuity of purpose that we believe Sterling Tools will continue to create lasting value for all its stakeholders.



About Us

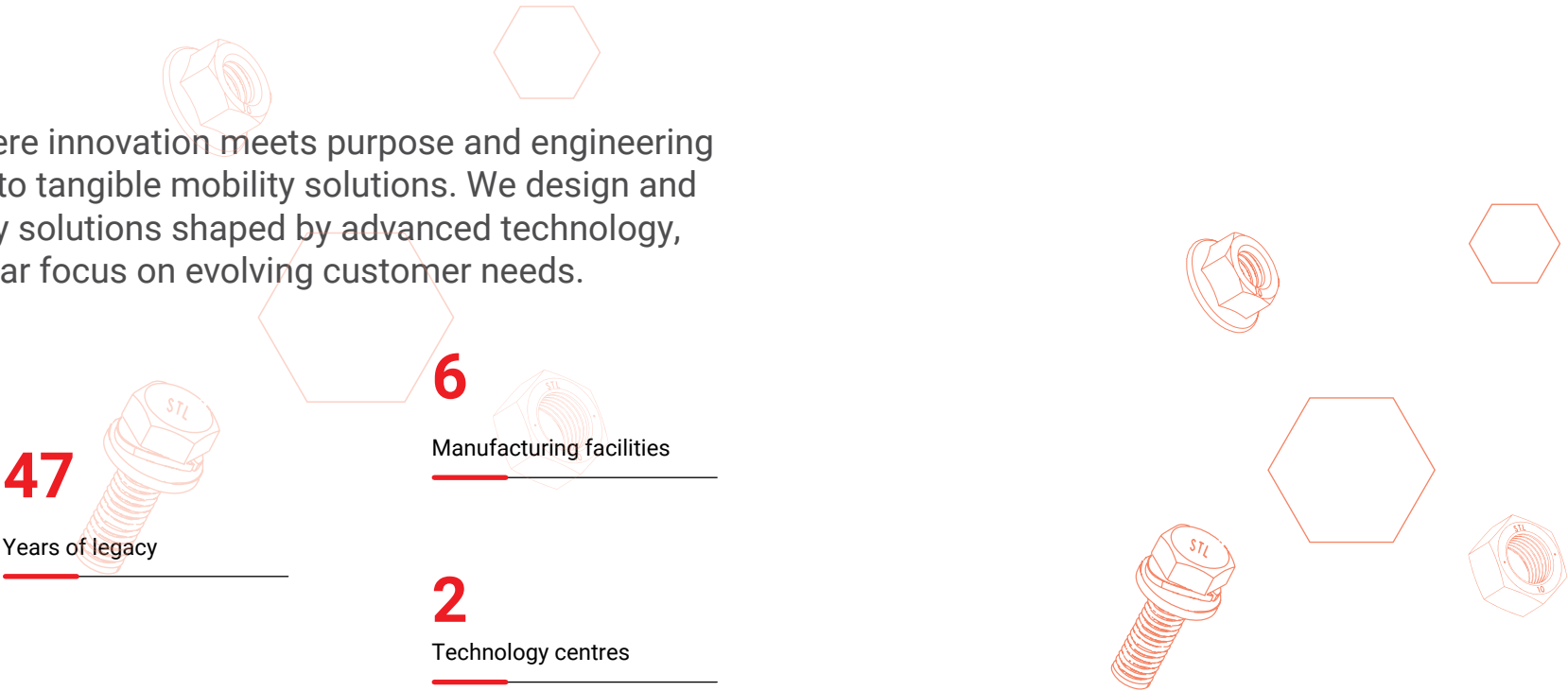
We are an organisation where innovation meets purpose and engineering discipline turns ambition into tangible mobility solutions. We design and deliver future-ready mobility solutions shaped by advanced technology, precise execution and a clear focus on evolving customer needs.

Drawing on our deep expertise, we respond to the evolving requirements of the automotive ecosystem and have established ourselves as a brand associated with quality, reliability and trust.

Over 47 years, we have built a reputation grounded in manufacturing precision, product reliability and the ability to serve some of the most demanding OEMs across the global automotive industry. Today, we operate across two distinct but complimentary businesses: a mature, high-volume fasteners operation serving customers across India and major international markets and a fast-growing electric vehicle components business that positions us at the centre of India's mobility transition.

In 2021, we established Sterling E-Mobility Solutions Limited (SEM), a wholly owned subsidiary, to participate in the structural shift towards electric vehicles. SEM has since developed into India's leading manufacturer of Motor Control Units, with an installed capacity of 720,000 MCUs per annum from its dedicated plant in Faridabad. The MCU portfolio covers 2-wheelers, 3-wheelers, light commercial vehicles and heavy commercial vehicles, supported by two technology centres and a team of over 60 engineers. Beyond MCUs, our product portfolio is expanding to include magnet-free traction motors developed with UK-based Advanced Electric Machines, on-board chargers and DC/DC converters.

With over 2,000 people across our operations, we bring together the process discipline of a large-scale manufacturer and the agility of a company actively developing next-generation mobility solutions. Our ability to serve both the established internal combustion engine market and the emerging electric vehicle market from the same organisational platform is what defines our relevance in the current phase of the automotive industry's evolution.



Vision

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



Mission

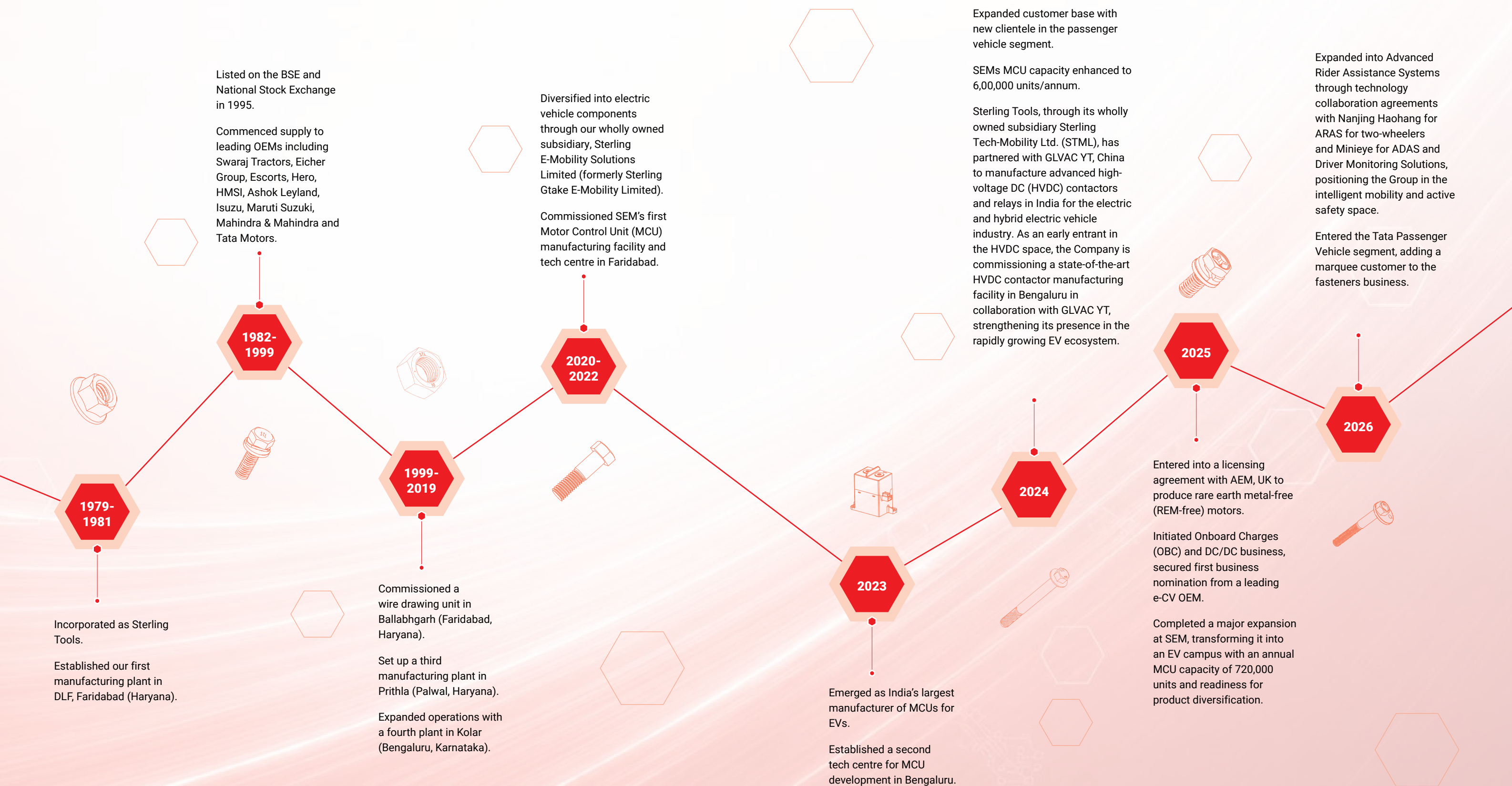
We provide reliable and superior quality auto components to our customers by deploying best in class manufacturing practices, clean and green technology, entrepreneurial spirit and passion of our people.



Philosophy

Our philosophy embodies a comprehensive approach to manufacturing, quality control and human resource development. By focusing on the overall balance of all attributes, we strive for perfection and excellence in our output, ensuring customer satisfaction. This enables us to deliver superior products while fostering an environment where our people can thrive and contribute to our collective success.

Our Journey



Chairman's Message



Dear Shareholders,

Resilience is the ability to turn periods of uncertainty into foundations for future strength. FY26 reaffirmed this belief as we navigated an environment marked by economic uncertainty, geopolitical developments and evolving industry dynamics without losing sight of our long-term direction. Every investment we made and strategic decision we took was guided by the objective of building a stronger institution for the future.

Our strategic priorities remain clear. In the near term, we are strengthening manufacturing capabilities, expanding our EV platform and reinforcing our core business. Beyond that, we are building Sterling Tools into a technology-led mobility enterprise with differentiated capabilities across precision fasteners, EV powertrain systems and power electronics, creating a business positioned for the next phase of industrial growth.

Resilience Driving Opportunity

The global economy remained characterized by uncertainty through much of FY26. Inflation, geopolitical tensions and shifting supply chains redefined the operating environment. Yet, India's growth story remained resilient, underpinned by strong domestic consumption, accelerating infrastructure development and sustained policy support for manufacturing-led growth.

The automotive sector reflected this confidence. Passenger vehicles recorded their highest-ever annual sales of 46.4 lakh units, growing 7.9% year-on-year, while the two-wheeler segment achieved its highest-ever annual sales of 2.17 crore units, growing 10.7% year-on-year and surpassing the earlier peak of FY19. Commercial vehicles and three-wheelers also posted healthy double-digit growth, underscoring the structural strength of India's mobility landscape and reinforcing our conviction in the opportunities that lie ahead.

Performance Built on Strong Fundamentals

Amid this operating environment, our standalone fasteners business delivered another year of resilient growth. Total income increased by 11.4% to ₹725.9 crores, while EBITDA grew 17.1%, resulting in a margin expansion to 15.3%.

On a consolidated basis, EBITDA stood at ₹93.7 crores and Profit After Tax at ₹29.3 crores, reflecting the strength of our operating model, an improved product mix and disciplined execution.

Our fasteners business remains the foundation of Sterling Tools. During the year, we further strengthened relationships with leading OEMs, expanded our business with existing customers and entered the Tata Passenger Vehicle segment, strengthening our position in the domestic automotive ecosystem. We also secured new business wins worth approximately ₹64 crores, providing greater revenue visibility and reaffirming the competitiveness of our core franchise. Importantly, our fasteners business remains strongly cash generative and net debt free, providing a solid financial foundation to internally fund our long-term investments across EV and technology-led growth initiatives.

Creating New Engines of Growth

The future of the automotive industry is being redefined by electrification, localisation and sustainability. We see this transition as an opportunity to build on the strength of our core business while establishing Sterling Tools as a trusted partner in the next generation of mobility technologies.

As mobility converges with the broader energy ecosystem, new opportunities are emerging across charging infrastructure, battery storage and high-voltage applications. Our investments in precision engineering and advanced power electronics position us to participate meaningfully in this long-term transformation.

Expanding Our Technology Horizon

This fiscal marked another important milestone in our EV journey. Sterling E-Mobility Solutions Limited (SEM) evolved from a Motor Control Unit-focused business into a broader powertrain and power electronics platform, with capabilities spanning motor control systems, DC/DC

converters, onboard and off-board chargers, integrated drive systems and rare-earth magnet-free motors. This expansion reflects our strategic intent to align with the industry's shift towards integrated, application-specific mobility solutions.

Our ambition extends beyond products to integrated mobility solutions, strengthening our strategic relevance, increasing content per vehicle and creating long-term value across the EV ecosystem. By expanding our technology capabilities across the EV value chain, we are strengthening our strategic relevance to customers, increasing content per vehicle and positioning Sterling Tools for long-term value creation.

We are also broadening our presence into intelligent mobility and vehicle safety. Through our collaborations with Nanjing Haohang for Advanced Rider Assistance Systems (ARAS) for two-wheelers, and with MINIEYE for Advanced Driver Assistance Systems (ADAS) and driver monitoring, we are positioning Sterling Tools to address a critical safety gap in India's mobility ecosystem, aligned with the mandatory ADAS and DDAWS regulations effective from January 2027.

Building Capabilities for Tomorrow

While FY26 presented near-term challenges for our EV business as industry adoption progressed more gradually than anticipated, our long-term conviction remained unchanged. We continued to strengthen our technology platform, expand customer engagements and invest in capabilities that will define the next phase of mobility. Through Sterling Tech-Mobility, we are also building differentiated competencies in critical power electronics and high-value EV components, supporting India's import substitution agenda while expanding our role across the evolving EV value chain. Together, these investments are strengthening our competitive position and laying the foundation for sustainable long-term value creation.

Driving the Transition Responsibly

Sustainability is fundamental to the way we envision long-term value creation. As we expand our presence across electric mobility and advanced technologies, we are contributing to a cleaner, more resilient industrial ecosystem while strengthening our own operational sustainability through responsible resource management, renewable energy adoption and continuous improvements in environmental performance.

Rewarding Our Shareholders

Reflecting our performance and our confidence in the future, the Board has recommended a final dividend of ₹2.75 per equity share for the financial year, reaffirming our commitment to deliver consistent value to our shareholders.

Acknowledgment

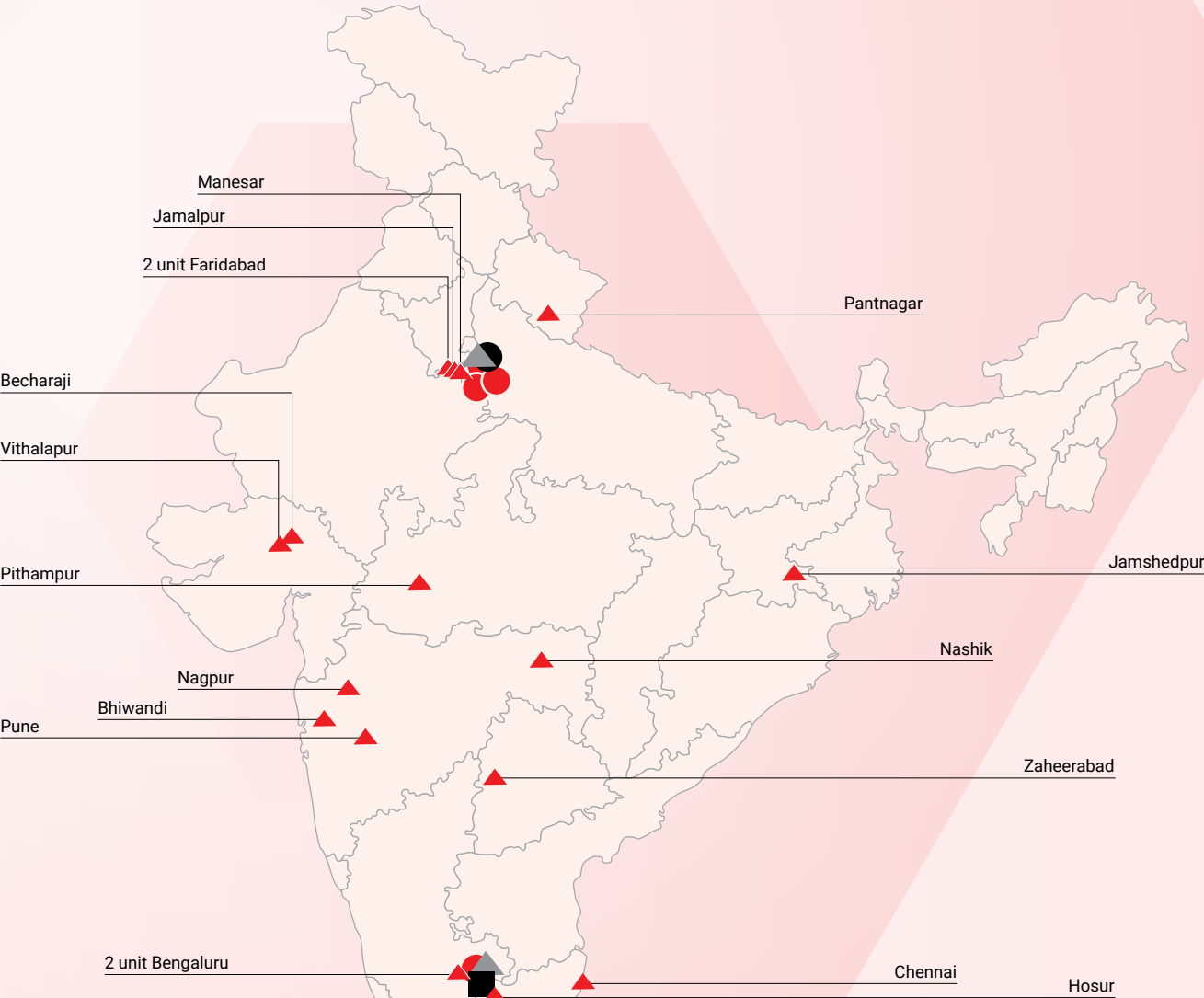
No institution can sustain its growth without the dedication and character of its people. I extend my sincere appreciation to every member of the Sterling family for their commitment, resilience and unswerving pursuit of excellence. Their ability to embrace change while remaining anchored in our values has been instrumental in strengthening our business and advancing our strategic ambitions.

As we continue to diversify and build new capabilities, we will remain guided by a culture founded on quality, accountability, collaboration and continuous improvement. These enduring values will continue to define who we are and shape the institution we aspire to build.

Sincerely,

Anil Aggarwal
Chairman

Our Presence



STL (STANDALONE)

- Fasteners**
 - 4 Manufacturing Plants
 - Faridabad, Haryana
 - Prithla, Haryana
 - Bengaluru, Karnataka
 - Ballabgarh, Faridabad
 - ▲ 18 Warehouses
 - 18 Locations across India

SEM

- EV Powertrain & Power Electronics**
 - 1 MCU Manufacturing Plant
 - Faridabad
 - ▲ 2 Tech Centres
 - Faridabad
 - Bengaluru

STML

- 1 HVDC Contactors & Relays Manufacturing Plant
 - Bengaluru

This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/ states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

Business Overview

STL Fasteners

STL's fasteners business has operated as a Tier-1 supplier to India's automotive industry for 47 years. Today it serves every major vehicle segment, from passenger cars and two-wheelers to commercial vehicles, farm equipment and construction machinery. The segment has product range that spans powertrain, engine, chassis, suspension and seating applications.

With an installed capacity of 4,000 MT per month across three manufacturing plants and a wire drawing facility, it is the 2nd largest manufacturer of fasteners for OEMs in India and the Group's primary engine of cash generation.

4,000 MT

Monthly installed capacity

88%

Revenue from OEM channel



Customer segments

STL supplies OEMs across Six segments in India and exports to the Europe, North America, South America and the Asia. We have a Pan-India coverage through a network of 100+ distributors.

Passenger vehicles	Two-wheelers	Commercial vehicles
Farm equipment	Exports	Construction

What?

sets us apart

Fully integrated manufacturing

Every stage of the manufacturing process is managed in-house, enabling complete traceability and quality control for every component.

Zero-defect standard

100% optical sorting on critical product sizes and IATF 16949 certification across all facilities, supporting the stringent quality requirements of leading OEMs.

Continuous product innovation

80-90 new products introduced annually, backed by a portfolio of 2,000+ part numbers serving every major vehicle segment.

Sterling E-Mobility (SEM)(Formerly known as Sterling Gtack E-Mobility Limited)

SEM began as one of India's first manufacturers of Motor Control Units for electric vehicles. Over the last few years, it has evolved into a comprehensive EV Powertrain and Power Electronics business. The transition reflects a deliberate capability-building strategy so as to position itself as a System provider to the EV industry.

Segment diversification



Platform evolution

Motor Control Units (MCUs)

One of the most extensive MCU portfolios in India : covering two-wheelers, three-wheelers, light and heavy commercial vehicles



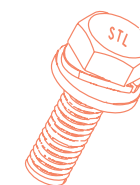
Integrated motor and controller systems

2in1 and 3in1 units that reduce cabling complexity and integration cost for OEMs



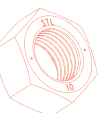
On-board chargers and DC/DC converters

Integration of On Board Chargers, DC/DC converters & PDUs in one housing provide significant advantages to LCV and PV customers. Such units are also finding applications in LV 2W & 3W applications.



Multi Function Units

4in1, 5in1 & 6in1 units for the heavy commercial vehicle segment are the new portfolio additions which enable OEM plan simple vehicle architectures driving cost saving at the product & system level.



Manufacturing for electric mobility

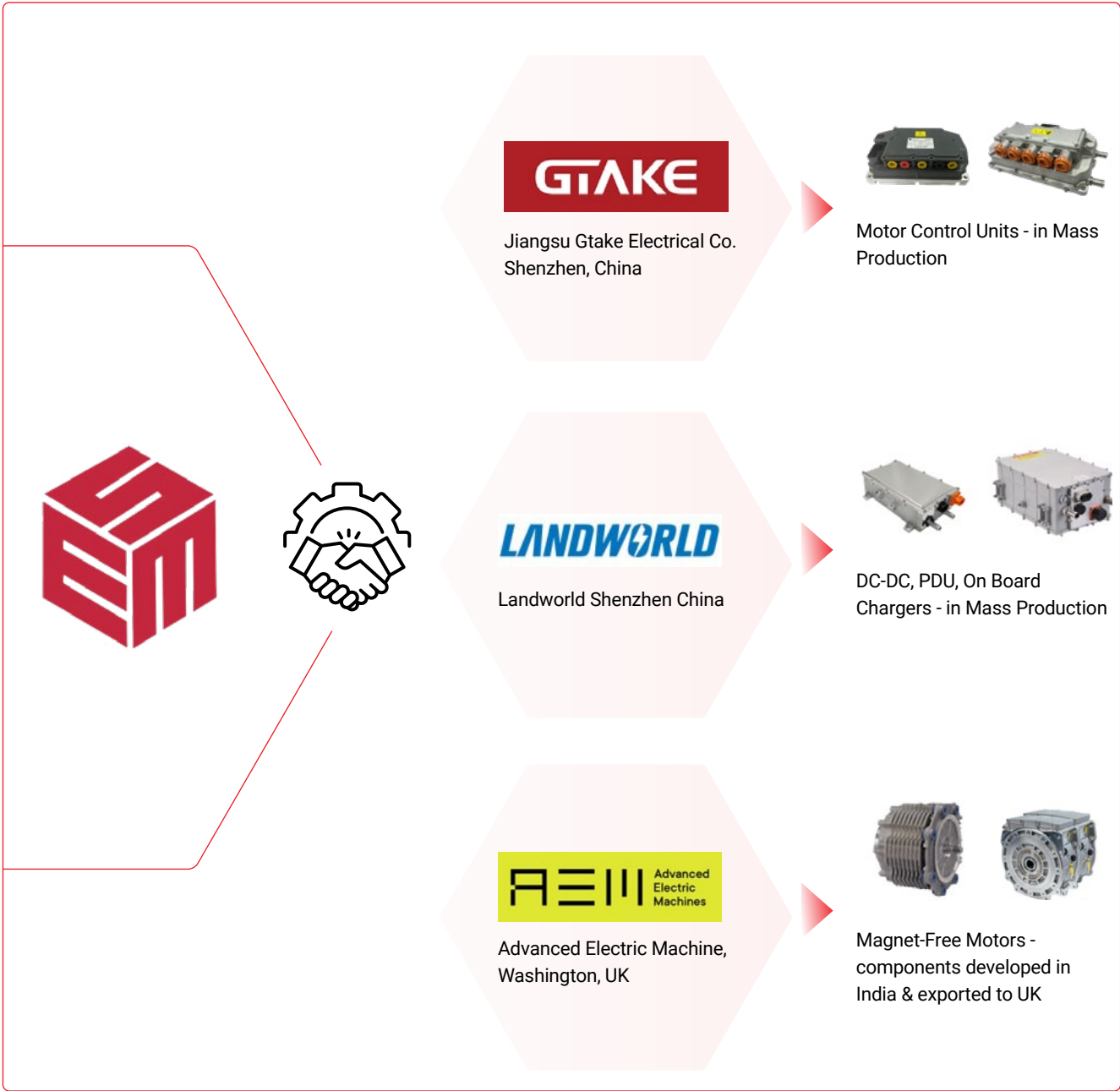
The evolution of the product portfolio has required a corresponding shift in manufacturing capabilities and processes. As SEM expanded its portfolio to high voltage MCUs, integrated motor and controller unit's onboard chargers and DC/DC converters, manufacturing requirements have become increasingly sophisticated.

SEM's facility in Faridabad has been designed for tighter tolerances, sophisticated manufacturing, automated assembly, extensive poka yoke and rigorous in-house validation.



Strategic Alliances

As Sterling E-Mobility's product portfolio has expanded from Motor Control Units into a broader Powertrain and Power Electronics platform, technology partnerships have played a central role in building this capability. Each alliance brings a specific area of expertise that compliments our manufacturing and engineering strengths, enabling us to introduce new product categories efficiently without developing every underlying technology in-house.



EV Business

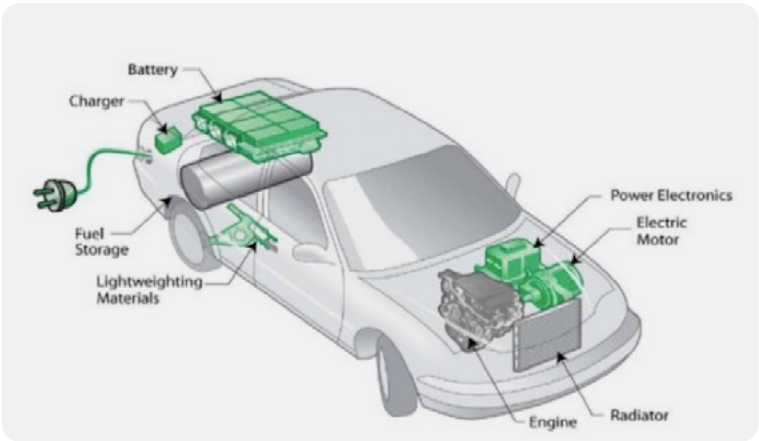
20
Business Contracts (SEM)

33
Live Customer Programs (SEM)

Sterling Tech-Mobility Ltd. (STML)

STML addresses a gap that has existed in India's EV supply chain since its inception: a near-total dependence on imported high-voltage safety components. In collaboration with Kunshan GLVAC Yuantong New Energy Technology Co. Ltd., STML has established a fully automated manufacturing facility in Bengaluru to produce HVDC contactors and relays for the domestic market.

Target applications



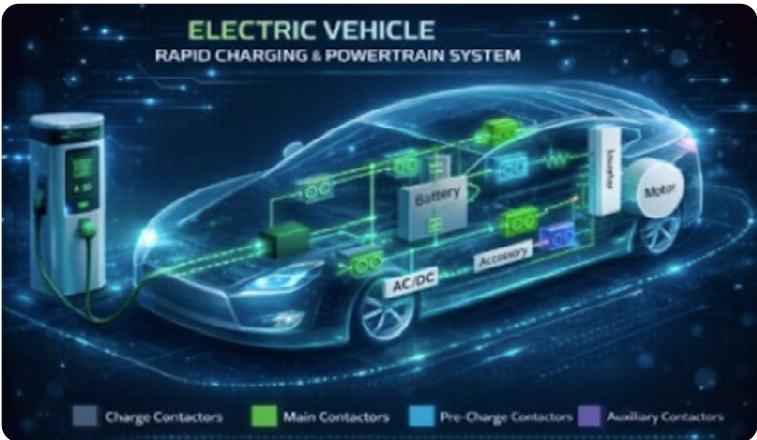
Battery packs and BDUs



Charging infrastructure



Solar and energy storage



Electric and hybrid vehicles



Power distribution units



Smart grid applications

Financial Performance (Consolidated)

Total Income			EBITDA			Net Worth			Net Fixed Asset Turnover		
▲ 13% CAGR Growth			▲ 6% CAGR Growth								
(₹ in crores)			(₹ in crores)			(₹ in crores)			(Times)		
FY 2026		840	FY 2026		88	FY 2026		526	FY 2026		2.61
FY 2025		1,038	FY 2025		121	FY 2025		500	FY 2025		3.15
FY 2024		939	FY 2024		114	FY 2024		447	FY 2024		3.30
FY 2023		775	FY 2023		100	FY 2023		400	FY 2023		2.70
FY 2022		513	FY 2022		70	FY 2022		356	FY 2022		1.81

PAT			PBT			Debt/Equity			Current Ratio		
(₹ in crores)			(₹ in crores)			(Times)			(Times)		
FY 2026		29	FY 2026		38	FY 2026		0.25	FY 2026		1.97
FY 2025		58	FY 2025		77	FY 2025		0.28	FY 2025		2.14
FY 2024		55	FY 2024		72	FY 2024		0.26	FY 2024		2.04
FY 2023		48	FY 2023		63	FY 2023		0.33	FY 2023		1.84
FY 2022		26	FY 2022		35	FY 2022		0.31	FY 2022		2.06



Key Highlights

Financial

₹725.9 Cr

Standalone Total Income

15.5%

EBITDA Margin

₹110.96 Cr

EBITDA

₹64.2 Cr

PAT

₹74.0 Cr

PBT (before exceptional items)



Operational & Business



47+ Years

Legacy in Fastener Manufacturing

6

Manufacturing Plants (Group Level)

18

Warehouses across India

100+

Distributor Network

₹64 Cr

New Business Wins (STL)

EV Business

28

Active Customer Programs (SEM)

7,20,000

MCU Capacity

6

Technology Partnerships

7

STML Program Wins



Market Position & Scale



2nd

Largest Fastener Manufacturer in India

4

Export Markets (Continents) (STL)

1 MCU

New OEM Added (Tata PV) (SEM)

2,000+

Workforce Strength

Strategic & Future Readiness

₹200 Cr

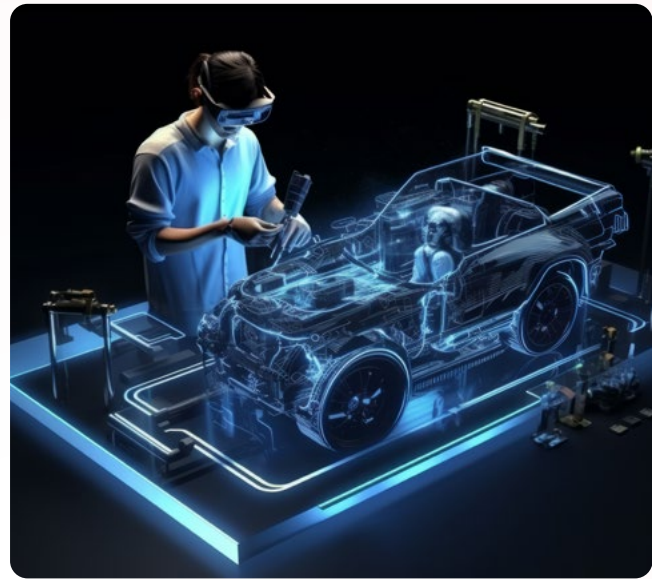
Current HVDC Market Opportunity

FY26 Successfully Installed and commissioned high - tech automated HV DC Contactor manufacturing facility

FY27 locally made HV DC Contactor Supplies Commence

Jan 2027, ADAS & DDAWS Regulation Alignment

July/Aug 2026 HVDC Commercial Production Commences



Operating Environment



Trend	Our Positioning
Strong Domestic Automotive Recovery	
The Indian automotive industry recorded its strongest performance in years during FY26, with passenger vehicles, two-wheelers and commercial vehicles all posting healthy growth, supported by improving affordability and stronger consumer sentiment.	We grew standalone fasteners revenue by 11.4% to ₹725.9 crore in FY26, outpacing underlying industry growth. Performance was supported by new OEM customer additions and continued momentum across commercial vehicle accounts.
EV Adoption Progressing at a Measured Pace	
India's transition toward electric vehicles is gaining ground across segments, though adoption has built gradually rather than at earlier industry expectations. Two-wheeler electrification has seen the most consistent progress, while commercial vehicle electrification is being driven primarily by government procurement programmes for electric buses.	We have continued to invest steadily in EV products, technology, localisation and customer programmes through this period. Sterling E-Mobility is today engaged across 28 active customer programmes spanning two-wheelers, three-wheelers, buses and trucks.
Rising Input Cost Pressure	
Steel and energy prices have seen upward movement in recent months, driven by commodity market volatility and supply chain disruptions, with pressure expected to continue flowing through in the coming period.	We maintain a pass-through arrangement with our OEM customers for steel, which provides structural protection from steel price movements. For broader input costs including energy and chemicals, we are focused on a combination of operational efficiencies, value engineering and working with customers to reflect the cost environment in our pricing.

Trend	Our Positioning
Shift Toward Integrated EV Architectures	
The EV industry is moving toward integrated power electronics architectures, where multiple functions including motor control, DC/DC conversion and charging are combined into compact 4-in-1 and 5-in-1 systems.	Through Sterling E-Mobility, we are expanding capabilities in integrated motor and controller solutions, supported by technology partnerships with Jiangsu Gtake, Landworld Technology and Advanced Electric Machines, enabling participation in next-generation EV platforms.
Emerging Regulatory Push on Vehicle Safety	
Increasing focus on rider and driver safety is driving demand for advanced safety technologies across vehicle segments.	We have entered this space through partnerships with Nanjing Haohang for Advanced Rider Assistance Systems (ARAS) and MINIEYE for ADAS and Driver Monitoring Solutions, creating a platform to participate in the evolving automotive safety market.
Geopolitical and Commodity Volatility	
Uncertainties arising from the West Asia conflict, including its effect on crude oil prices, freight rates, currency movements and global shipping routes, have created a more unpredictable cost environment for the automotive supply chain. These factors present a monitorable risk for the sector as a whole entering FY27.	We are managing this through disciplined cost control, operational efficiency improvements and pass-through arrangements with customers where applicable. Our fasteners business remains net debt free and strongly cash generative, which gives us the financial stability to absorb near-term cost pressures without compromising our investment plans in EV components and technology.

Our Offerings

Over 47 years of manufacturing expertise, we have built a product portfolio that addresses the evolving requirements of automotive and electric mobility sectors. Our offerings span high-tensile cold-forged fasteners for diverse vehicle segments and a growing range of EV powertrain and power electronics solutions, all engineered to meet the exact quality and performance standards of OEM customers.

From critical fastening solutions to motor control units, integrated powertrain systems and high-voltage components, every product we manufacture reflects our focus on engineering precision, product reliability and enduring customer relationships.

Sterling Tools Limited (STL)



Axle Bolts
2W, PV, CV



Engine Bolts
PV, CV, 2W, Agri



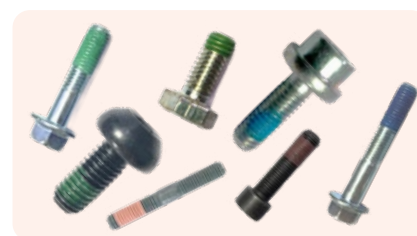
Wheel Bolts
PV, CV



Standard Bolts
PV, CV, CE



Special Fasteners
All segments



Sealant Parts
PV, CV, CE

Sterling E-Mobility Solutions (SEM)(Formerly known as Sterling Gtake E-Mobility Limited)



MCUs for 2W and 3W
E-2W, E-3W



MCUs for Light Commercial Vehicles
E-LCV



MCUs for Medium and Heavy Commercial Vehicles
E-MCV, E-HCV



Magnet-Free Traction Motors
E-2W, E-3W, E-LCV



On-Board Chargers
All EV segments



DC/DC Converters
All EV segments

Sterling Tech Mobility (STML)



HVDC Contactors and Relays
All EV segments



EV, Hybrid

Segments: 2W = two-wheeler; PV = passenger vehicle; CV = commercial vehicle; CE = construction equipment; Agri = agricultural equipment; E- prefix = electric variant

Manufacturing Capabilities

Manufacturing has always been the foundation of the Group’s reputation among OEM customers. During the year, we strengthened operational performance through structured daily work management and targeted capacity additions at critical stages of our production processes, enhancing efficiency, throughput and responsiveness.

The manufacturing discipline and process excellence developed over decades are now being extended to the EV components and power electronics businesses of Sterling E-Mobility and Sterling Tech-Mobility, creating a common operational framework that supports quality, scale and execution across the Group.

₹ 840 cr

FY26 group revenue

100%

Facilities IATF 16949:2016 certified

40%+

SEM workforce in product engineering



Engineering-led value creation

Our engineering teams work closely with customers from the earliest stages of product development, addressing quality, manufacturing and delivery considerations before products enter production.

Design optimisation

Cold forging design refinement and net-shape part development reduce downstream machining

Process elimination

Removing redundant steps and introducing high-productivity machines to cut cycle time

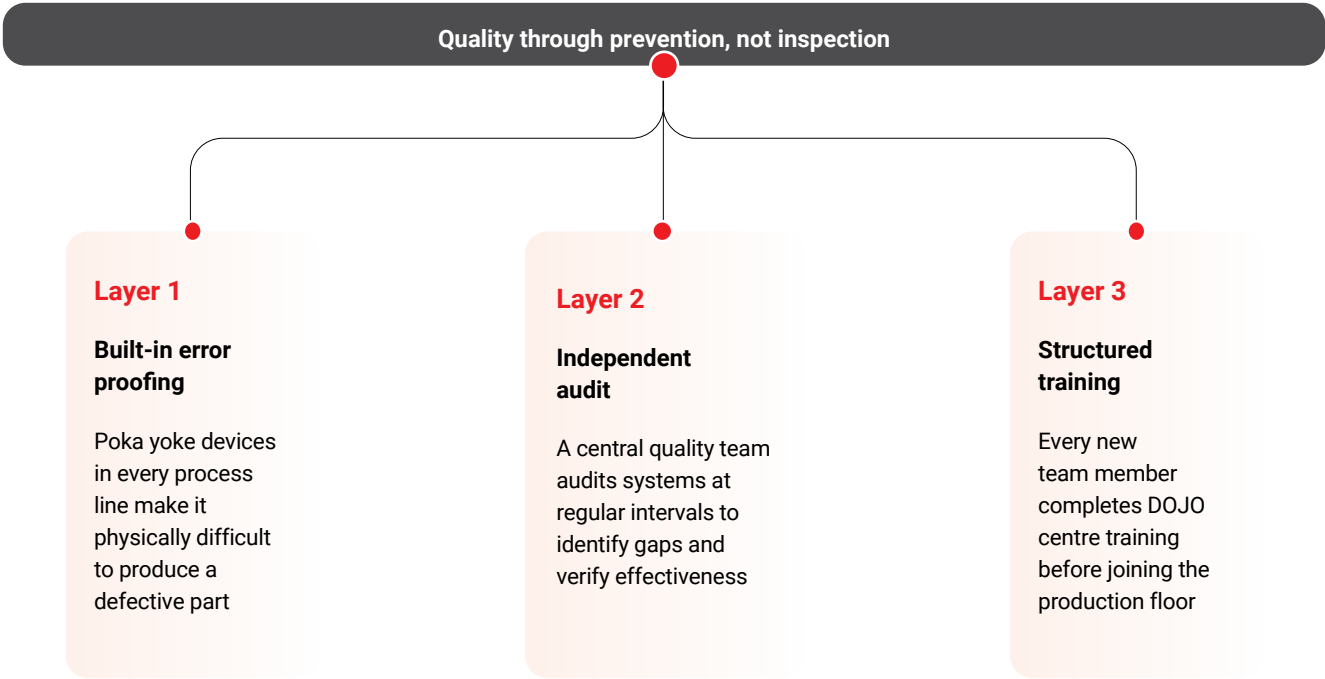
Material efficiency

Input raw material weight reduction and evaluation of alternate materials for cost and supply resilience



Quality through prevention

Our quality framework is built on the principle that defects should be prevented rather than detected after production. To achieve this, we deploy an integrated quality framework that embeds prevention, process control and continuous monitoring throughout our manufacturing operations, helping ensure consistent product quality and reliability at every stage.



Manufacturing for electric mobility

The evolution of the product portfolio has required a corresponding shift in manufacturing capabilities and processes. As we expand into Motor Control Units, integrated motor and controller systems, onboard chargers and DC/DC converters, manufacturing requirements have become increasingly sophisticated.

SEM's facility in Faridabad has been designed for tighter tolerances, automated assembly and rigorous in-house validation. Similarly, STML's Bengaluru facility applies the same precision-driven manufacturing philosophy to high-voltage safety components, supporting the next generation of electric mobility solutions.



Capability comparison across the Group

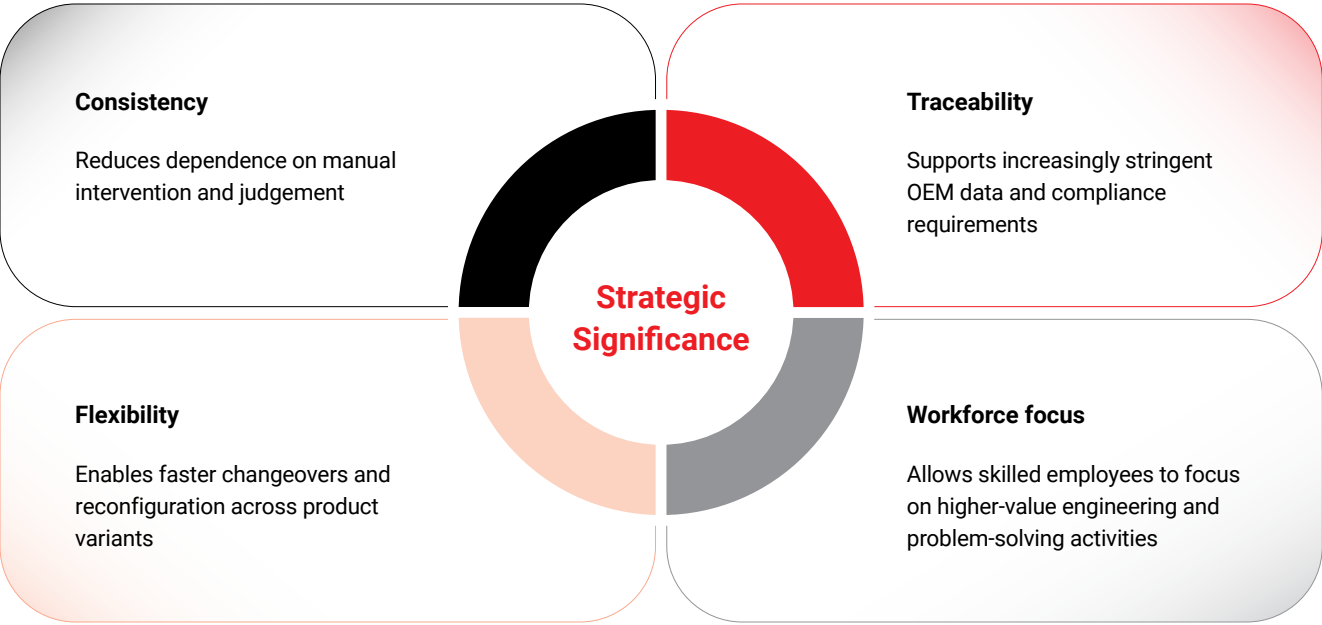
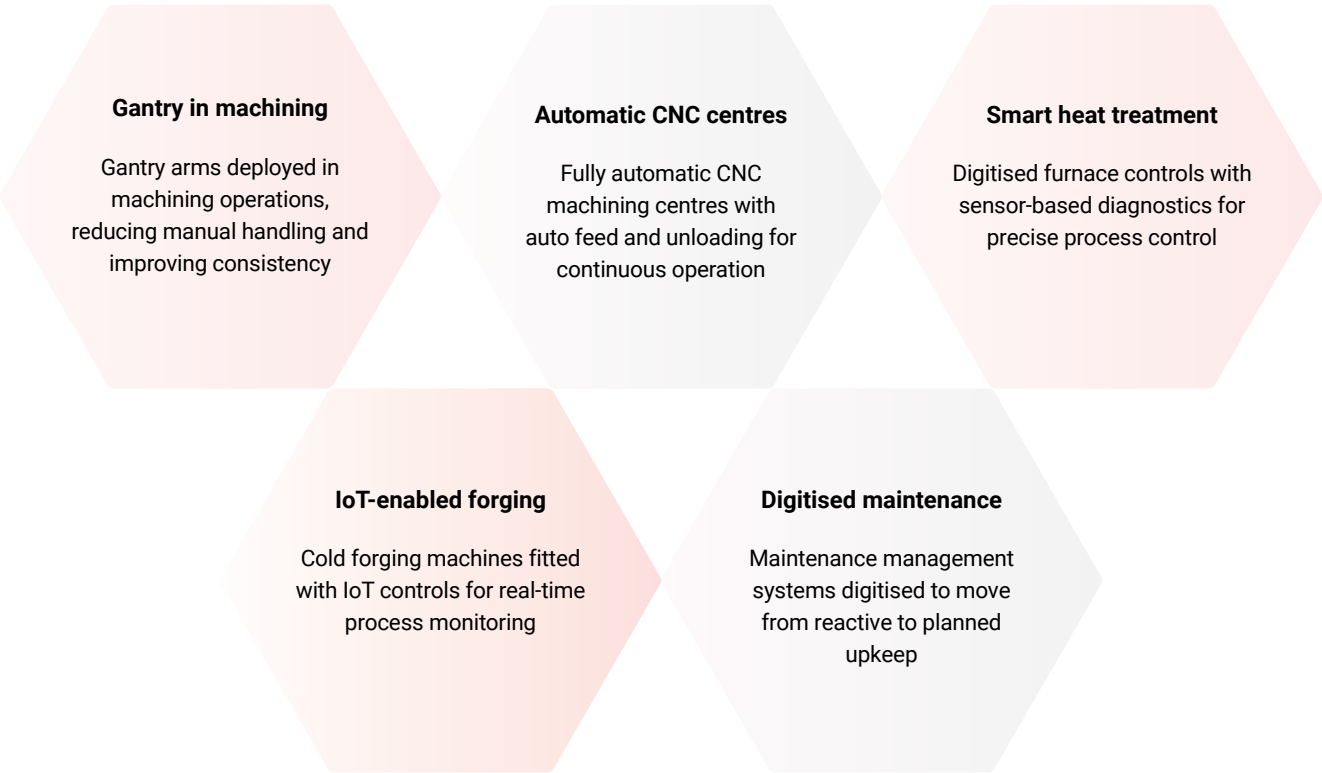
STL Fasteners	Sterling E-Mobility	Sterling Tech-Mobility
Cold forging, thread rolling, heat treatment	Multiple Assembly Lines with Traceability & Poka-Yoke Investment	Ceramic assembly & magnetigation
Optical sorting on key sizes	Advanced Soldering & Precision Epoxy Processing	Fully automated assembly
IoT-enabled forging machines	100% Hipot, Aging & EOL testing	Built for import substitution scale

Spotlight

More than 40% of SEM's workforce is engaged in product and application engineering, a profile more commonly associated with technology businesses than traditional component manufacturers. This reflects the close integration of engineering and manufacturing as new products progress from validation to commercial production.

Investments made in FY26

Recent investments in automation and digitalisation have enhanced productivity, process consistency and manufacturing flexibility across our facilities. These initiatives are also strengthening the data infrastructure required for Industry 4.0 readiness, advanced analytics and increasing OEM traceability expectations.

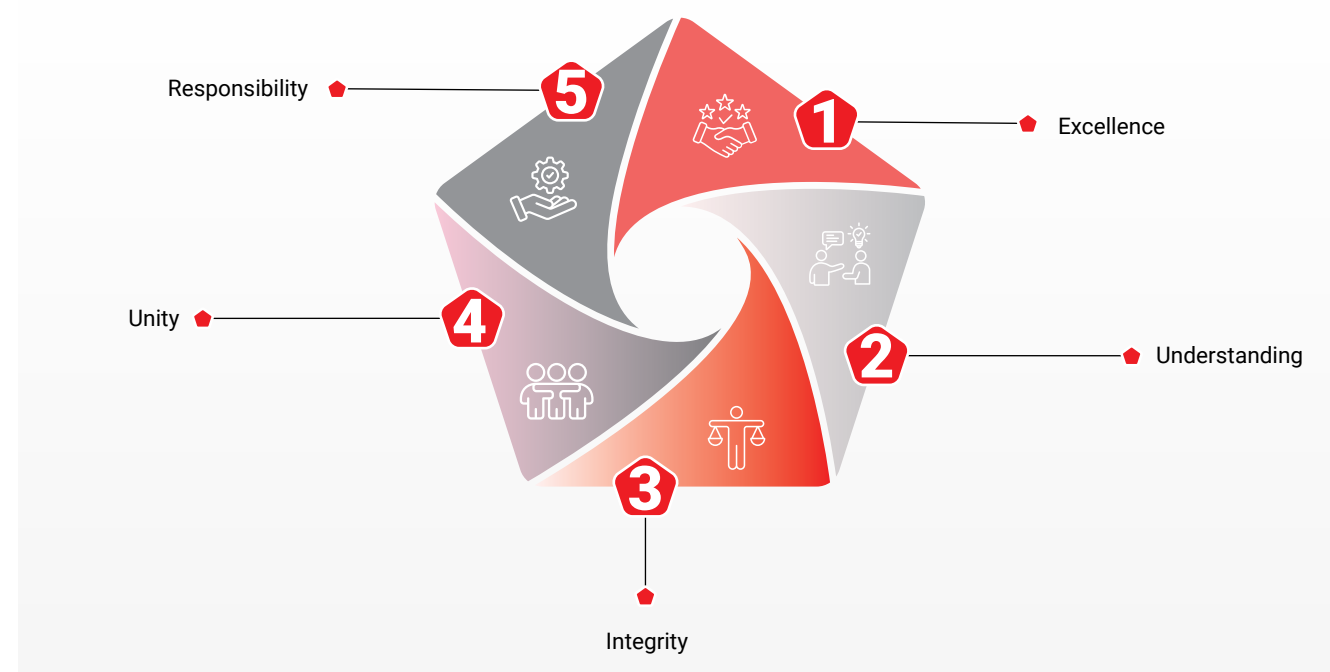


Our People

The strength of our organisation lies in the capabilities, commitment and dedication of our people. With a workforce of over 2000 employees spanning manufacturing facilities in Faridabad, Prithla and Bengaluru, alongside technology centres supporting our EV businesses, we have built an organisation where individual growth and business success reinforce one another.



Our Values at Work



Talent acquisition

Internal mobility first

Every eligible position is initially circulated internally through our Internal Job Posting programme. Employees are provided a seven-day application window before roles are opened externally. Internal applicants receive priority consideration, supporting career progression, strengthening retention and creating opportunities for talent to grow within the organisation.

External hiring

For roles requiring external recruitment, we work with a dedicated Recruitment Process Outsourcing partner operating within our organisation. The hiring process includes structured interviews, background verification and reference checks, evaluating both professional capability and alignment with our culture and values.

Campus partnerships

Within SEM, we maintain active relationships with IIT Madras and other leading academic institutions. These partnerships support the recruitment of emerging engineering talent while creating opportunities for advanced learning and capability development for existing employees.



Spotlight

We are honored that STL's Fasteners Business has been certified as a Great Place to Work®. This independent recognition reaffirms our commitment to nurturing a high-trust, high-performance culture where employees feel respected, valued, and empowered to grow. This achievement reflects the dedication of our people and our continued focus on creating an exceptional workplace experience.



Learning and development

At STL, we build capabilities through two complementary dimensions—Enterprise Skills and Functional Skills. Enterprise Skills enhance leadership effectiveness, collaboration, business acumen, and organizational capability. Functional Skills focus on developing the specialized technical expertise required across our manufacturing and technology businesses. We adopt a holistic

approach to learning through structured development programs, experiential assignments, coaching and mentoring, and cross-functional exposure. This integrated framework enables continuous professional growth while preparing employees to meet evolving business challenges. Ultimately, it helps create a future-ready workforce that drives sustainable organizational success.



Diversity and Inclusion

Our objective is to build a workforce that reflects the rich diversity of the communities in which we operate and the industries we serve. We are committed to advancing this journey through robust measurement, continuous monitoring, and transparent reporting of our progress. Central to this commitment is fostering an inclusive culture that values and supports diversity in all its forms. We place a strong emphasis on empowering women by ensuring equal opportunities, upholding dignity and respect, and providing a safe, supportive environment where they can thrive and contribute meaningfully to organizational success.

Performance Management

We leverage the HRMS as our integrated Human Capital Management system to seamlessly manage the entire employee lifecycle from onboarding to the separation. The platform provides a unified digital ecosystem that enhances employee experience, process efficiency and data transparency across the organization.

Through a single self-service interface, employees can securely access compensation and benefits information, policy documents, personal records, performance management tools & other significant information in timely manner. This first approach not only improves accessibility and engagement but also ensures process standardization, compliance and real-time visibility for employees and their managers.

By automating key HR processes and enabling data-driven decision-making, the platform supports our commitment to operational excellence while delivering a consistent, transparent and employee-centric experience throughout the employment journey.

Employee Well-being

Employee well-being is supported through a structured and holistic programme focused on physical health, preventive care, awareness, and employee engagement. Throughout the year, regular wellness webinars and health awareness sessions are conducted in collaboration with our medical services partners, covering a wide range of topics related to health, fitness, mental well-being, and healthy lifestyles.

All permanent employees are covered under comprehensive health insurance plans, ensuring access to quality healthcare for themselves and their eligible dependents. Contractual employees are provided healthcare coverage through ESIC or company-sponsored health insurance programmes, as applicable.

To promote preventive healthcare, employees aged 40 years and above are eligible for periodic health check-ups.

In addition, regular visits by qualified and experienced medical professionals are arranged to support ongoing health monitoring and provide timely care for employees.

In cases where medical needs extend beyond standard insurance coverage

limits, the Company facilitates additional support through partnerships with healthcare providers, enabling employees and their families to access critical medical care and financial assistance when required.



How?

we build capability

- Our central experts in capacity management and capital expenditure planning, collaborate closely with teams across all facilities, providing hands-on training and working alongside shop-floor personnel to identify improvement opportunities, strengthen capabilities, and drive operational excellence.
- Knowledge sharing across locations remains a key focus, with experienced teams from our northern facilities providing structured, on-ground support to the relatively newer Bengaluru plant, ensuring effective skill transfer and accelerated capability development.
- Within SEM, strategic collaborations with institutions such as Indian Institute of Technology Madras and other leading academic partners facilitate the induction of emerging talent while enabling advanced learning and development opportunities for existing employees.
- Coaching and mentoring are embedded throughout the employee lifecycle, with support from internal leaders and external experts helping employees strengthen leadership capabilities, navigate critical career transitions, and achieve their professional growth aspirations.



Health and Safety

Safety is deeply embedded in the daily rhythm of our manufacturing operations and forms an integral part of how we work. Rather than being viewed solely as a compliance requirement, safety is fostered through robust systems, active employee engagement and continuous monitoring across our facilities.

Each manufacturing unit is supported by a dedicated safety committee that drives awareness, reviews workplace practices and promotes proactive risk management. Independent external audits are conducted periodically to assess compliance and strengthen safety standards. Regular awareness programmes help reinforce a culture of safety, while statutory health check-ups for employees in designated roles support workplace well-being and preventive care. Together, these measures reflect our ongoing commitment to maintaining a safe, healthy and responsible working environment.

Environment

Environmental responsibility is integrated into the way we operate, invest and grow. Our efforts focus on improving resource productivity, reducing environmental impact and strengthening the resilience of our operations through cleaner technologies and efficient resource management.

Energy and Emissions

During the year, we expanded our renewable energy footprint with the commissioning of a 983 KW rooftop solar installation at our DLF facility, taking total installed solar capacity to 3,115 KW. This investment contributed to a significant increase in the share of renewable energy used within our operations.

To reduce carbon intensity further, we implemented dual-fuel projects at our Prithla and DLF facilities. These systems enable diesel generators to operate with alternative fuel blends, reducing dependence on conventional diesel and lowering direct emissions.

We have also developed in-house solutions for hot water generation and cooling requirements, reducing reliance on externally sourced energy and improving overall energy efficiency.

~8,039 units

Clean Electricity Generated Daily

3,115 KWP

Total Installed Solar Capacity

Energy and Emissions

(in %)



Water

Our water stewardship approach is guided by three priorities: reducing consumption, maximising reuse and strengthening resource security.

Zero Liquid Discharge systems operate across all manufacturing facilities, enabling wastewater treatment and reuse within operations. Plant-wide initiatives to identify and eliminate leakages have helped improve water efficiency, while rainwater harvesting systems supplement available water resources and reduce dependence on external supply.



Circularity and Waste

We apply circularity principles throughout our operations, focusing on reducing material consumption, extending resource utilisation and minimising waste generation.

Polyethylene and plastic usage has been reduced through targeted material substitution and process improvements. Digitisation initiatives have accelerated the transition towards paper-light operations, improving accessibility while reducing resource consumption. We have also reduced inter-plant material movement by developing required capabilities within individual facilities, improving efficiency and lowering the associated environmental footprint.



Social

We remain committed to creating sustainable social impact through our Corporate Social Responsibility (CSR) initiatives, with a focus on healthcare, education, sports, and the empowerment of underserved communities. Through these efforts, we strive to foster inclusive development and improve quality of life.

Healthcare

We support reputed healthcare institutions and charitable organisations that improve access to quality medical care, promote medical research, and provide financial assistance to patients suffering from critical illnesses. Our initiatives also contribute to strengthening healthcare infrastructure and expanding access to timely and affordable treatment for vulnerable communities.



Education

We partner with organisations dedicated to expanding access to quality education, promoting skill development, and creating learning opportunities for children and young adults from economically weaker sections. Through these initiatives, we seek to empower individuals and support long-term social and economic development.

Rehabilitation and Livelihood Opportunities

We support organisations working towards the rehabilitation, education, and social inclusion of children, persons with disabilities, and other disadvantaged communities. Our initiatives focus on enhancing livelihood opportunities, promoting inclusive education, and enabling beneficiaries to lead independent and dignified lives.

Through these focused interventions, we continue to contribute meaningfully to societal well-being while aligning our CSR efforts with national development priorities and the principles of sustainable and inclusive growth.

Sports

We continue to promote sports by supporting organisations engaged in developing sporting talent and encouraging golf. Our efforts focus on creating opportunities for young athletes, supporting caddies' welfare, and promoting sports as a means of discipline, inclusion, and holistic development.



Governance

At STL, strong corporate governance forms the cornerstone of our sustainable growth, responsible decision-making, and long-term value creation. Our governance framework is built on the principles of integrity, transparency, accountability, and ethical business conduct, ensuring that the interests of all our stakeholders remain central to our operations.

Our Board of Directors, supported by its specialised Committees, provides strategic direction and effective oversight of our operations, risk management framework, financial performance, internal controls, and compliance. A comprehensive governance structure, backed by well-defined policies and robust internal processes, enables sound decision-making while fostering a culture of responsibility and ethical conduct across our organisation.

Our governance practices are aligned with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other statutory requirements. Further strengthening our commitment to responsible and sustainable business practices, we publish an annual Business Responsibility and Sustainability Report (BRSR), highlighting our performance across environmental, social, and governance (ESG) parameters and our continued focus on creating sustainable value for all stakeholders.



Audit Committee

Oversees financial reporting integrity, internal controls, statutory audit processes and compliance.



Risk Management Committee

Provides oversight of enterprise-wide risk management, monitoring key risks and mitigation measures to strengthen organisational resilience



Nomination and Remuneration Committee

Guides Board composition, succession planning, performance evaluation and remuneration practices.



CSR Committee

Monitors implementation and effectiveness of the Company's CSR programmes.



Stakeholders' Relationship Committee

Oversees shareholder engagement and resolution of investor grievances.

Board committee oversight

Board Committee



Audit Committee



Nomination & Remuneration Committee



Stakeholders' Relationship Committee



Risk Management Committee



CSR Committee

Governance policy framework

Our governance framework is supported by a comprehensive suite of policies that guide conduct, decision-making, disclosures and stakeholder engagement across the organisation. These policies are reviewed periodically to reflect regulatory developments, emerging risks and evolving governance practices. All governance policies are publicly accessible through the QR Code:



Board of Directors



Mr. Anil Aggarwal
Chairman and Whole Time Director

Committee Memberships

N C R

Mr. Anil Aggarwal brings more than 49 years of experience in manufacturing, project management, product development and quality management within the automotive components sector. As the founder of the Sterling Group, he has been instrumental in shaping the Company's evolution from a single manufacturing facility into a diversified automotive components enterprise with a growing presence in electric mobility.



Mr. Atul Aggarwal
Managing Director

Committee Memberships

A S C R

Mr. Atul Aggarwal brings over 36 years of experience spanning marketing, finance, corporate affairs and information technology. He leads the Group's strategic direction and overall business performance, with a strong focus on customer relationships, operational execution and long-term growth across all business verticals.



Mr. Shailendra Swarup
Independent Director

Committee Memberships

A S N

Mr. Shailendra Swarup h brings more than 56 years of experience in corporate and international law. He provides the Board with deep legal insight and guidance on governance, regulatory and corporate law matters.



Mr. Rakesh Batra
Independent Director

Committee Memberships

A N R

Mr. Rakesh Batra has over 40 years of experience in consulting and regulatory compliance. He brings deep industry knowledge and independent oversight to the Board's deliberations on governance and compliance matters.



Ms. Rashmi Hemant Urdhwareshe
Independent Director

Committee Memberships

A C

Ms. Rashmi Urdhwareshe brings over 41 years of experience in the automotive domain. She contributes valuable technical expertise and independent perspective to the Board's oversight of manufacturing excellence, technology and product development.



Mr. Jaideep Wadhwa
Director

Mr. Jaideep Wadhwa brings more than 33 years of experience in international business management and the automotive and industrial component sectors.,

He heads Sterling E-Mobility Solutions and leads the Group's EV powertrain and power electronics business.



Mr. Akhill Aggarwal
Whole Time Director

Committee Memberships

R

Mr. Akhill Aggarwal has more than 16 years of experience in the automotive sector and allied industries. He supports the execution of key strategic initiatives and works closely with leadership teams across the STL's manufacturing and technology businesses to drive operational and business objectives.



Mr. Anish Agarwal
Whole Time Director and CFO

Mr. Anish Agarwal has over 14 years of experience in the automobile sector, with particular expertise in electric businesses. In addition to leading the Group's finance function, he heads Sterling Tech-Mobility Limited, spearheading the development of the Group's high-voltage components business.



Mr. Vijay Madhav Paradkar
Independent Director

Committee Memberships

N S R

Mr. Vijay Madhav Paradkar brings over 36 years of experience in institutional finance, investment banking and mergers and acquisitions. He provides valuable insight on capital allocation, strategic transactions and financial governance.



Mr. Sanjiv Garg
Independent Director

Mr. Sanjiv Garg has over 41 years of experience in process management, software development and technological innovation. He contributes a strong digital, technology and innovation perspective to the Board's strategic discussions.

A	N	S	R	C
AC-Audit Committee	NRC- Nomination and Remuneration Committee	SRC- Stakeholders Relationship Committee	RMC- Risk Management Committee	CSR- Corporate Social Responsibility Committee

● Member ○ Chairman

A	N	S	R	C
AC-Audit Committee	NRC- Nomination and Remuneration Committee	SRC- Stakeholders Relationship Committee	RMC- Risk Management Committee	CSR- Corporate Social Responsibility Committee

● Member ○ Chairman

Corporate Information

Registered Office

Sterling Tools Limited (STL).
CIN: L29222DL1979PLC009668
DJ-1210, 12th Floor, DLF Tower-B, Jasola
District Centre, New Delhi – 110025

Corporate Office

Plot No. 4, DLF Industrial Estate
Faridabad - 121003, Haryana
Tel: 0129-2270621-25

Works

DLF Plant

5-A, DLF Industrial Estate
Faridabad - 121003, Haryana

Prithla Plant

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

Wire Drawing Plant

81, Sector 25, Ballabgarh
Faridabad, Haryana

Kolar Plant

Plot no 109 P1, 109 P2, 110, vemagal
Industrial Area Harjenahalli village,
Dist - Kolar, Karnataka - 563102

Sterling E-Mobility Solutions Limited (SEM) (formerly known as Sterling Gtake E-Mobility Limited)
(wholly owned subsidiary)

Works & Tech Centre
12/2, Delhi Mathura Road Sector - 27,
Faridabad - 121003, Haryana

Tech Centre- Bengaluru
NO. 73 74 113 114, ND Fusion Mall,
1st PHASE, 16th Main Road, BTM Layout
Stage 2, Bengaluru, Bengaluru Urban,
Karnataka, 560076

Sterling Tech-Mobility Limited (STML)
(wholly owned subsidiary)

Works

Ground Floor, 1st floor and 2nd floor,
Plot No. 67, IT Park,
Hi-Tech Defence & Aerospace Park,
KIADB Industrial Area, Arebannimangala,
Jalahobli, Bengaluru-562149, Karnataka

Bankers

HDFC Bank Limited
Punjab National Bank
State Bank of India
HSBC Bank India

Board of Directors

Mr. Anil Aggarwal
Chairman and Whole Time Director

Mr. Atul Aggarwal
Managing Director

Mr. Jaideep Wadhwa
Director

Mr. Akhill Aggarwal
Whole Time Director

Mr. Anish Agarwal
Whole Time Director
(w.e.f 15th May 2026)

Mr. Shailendra Swarup
Independent Director

Mr. Rakesh Batra
Independent Director

Ms. Rashmi Hemant Urdhwareshe
Independent Director

Mr. Vijay Madhav Paradkar
Independent Director

Mr. Sanjiv Garg
Independent Director

Chief Financial Officer

Mr. Anish Agarwal (w.e.f 15th May, 2026)

Company Secretary & Compliance Officer

Ms. Pragya Saxena
(w.e.f. 23rd March, 2026)

Auditors

Statutory Auditors

Walker Chandiok & Co LLP
L - 41, Connaught Circus,
New Delhi - 110001

Internal Auditors

Profadds Consulting
OMS COURT, Level 3, No:1,
Nathamuni Street, Off G N Chetty Road,
T. Nagar, Chennai - 600 017.

Secretarial Auditors

Dhananjay Shukla & Associates
Company Secretaries, House No. 23,
Sector-30, Gurugram, Haryana - 122001

Registrar & Share Transfer Agent

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



Board's Report

Dear Members,

Your directors are pleased to present the 47th Annual Report on the business and operations of Sterling Tools Limited ('the Company') and Audited Financial Statements (Standalone and Consolidated) for the financial year ended 31st March 2026.

Financial Summary & Highlights

The Company's financial performance for the year under review along with the previous year's figures are given hereunder:

(Amount in ₹ Lacs)

Particulars	Standalone		Consolidated	
	2025-26	2024-25	2025-26	2024-25
Revenue from Operations	71,672.27	64,478.34	82,780.78	1,02,629.95
Other Income	915.05	683.14	1,169.73	1,165.40
Total Revenue	72,587.32	65,161.48	83,950.51	1,03,795.35
Total Expenditure (excluding Depreciation and Finance Cost)	61,491.79	55,683.13	75,164.57	91,673.05
Profit before interest, depreciation, taxes and exceptional Items	11,095.53	9,478.35	8,785.94	12,122.30
Less: Interest	514.98	585.19	981.71	976.99
Less : Depreciation	3,175.90	3,090.21	3,988.87	3,481.79
Add/(Less): Exceptional items	949.64	-	949.64	-
Profit Before Tax	8,354.29	5,802.95	4,765.00	7,663.52
Less: Current Tax	2,114.35	1,489.07	2,108.10	1,956.29
Deferred Tax	(180.27)	26.91	(275.94)	(122.08)
Profit for the Year	6,420.21	4,286.97	2,932.84	5,829.31
Add/(Less): Other Comprehensive Income	48.16	(951.75)	71.26	(952.73)
Total Comprehensive Income for the Year	6,468.37	3,335.22	3,004.10	4,876.58

Company's performance and outlook

STANDALONE

The standalone performance for FY 2025-26 demonstrates a remarkable and encouraging upward trajectory. Revenue from operations increased to ₹716.72 crore, while the company achieved an outstanding profit after tax of ₹64.20 crore. This strong financial outcome highlights the company's resilience, operational efficiency, and sustained growth momentum, reinforcing a solid and stable overall financial position.

CONSOLIDATED

On a consolidated basis, the Company continued to execute its diversification strategy in FY 2025-26 and remains well-positioned for future growth. Revenue from operations for the year stood at ₹827.81 crore, as compared with ₹1,026.30 crore in the previous year, while profit before tax and profit after tax were ₹47.65 crore and ₹29.33 crore respectively.

The moderation in consolidated revenue and profitability was primarily attributable to a shift in the customer mix of a subsidiary company, following the insourcing of motor control unit production by its largest customer. Your Board is of the view that such variations are temporary in nature within the context of an overall growing market, and the Company remains well-positioned to recover and grow over the medium term.

Management views the future with confidence and anticipates continued improvement in the coming years. The outlook of the

Company, together with that of the automobile industry, is set out in greater detail in the Management Discussion and Analysis Report, which forms an integral part of this Report.

Consolidated Financial Statements

The audited Consolidated Financial Statements in addition to the audited Standalone Financial Statements pursuant to Section 129 of the Companies Act, 2013 (Act) read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') are prepared in accordance with the Indian Accounting Standards prescribed by the Institute of Chartered Accountants of India and the same is enclosed and forms an integral part of this report.

The Consolidated Profit and Loss Account for the period ended 31st March 2026, includes the Profit and Loss Account for the subsidiaries i.e. Sterling E-Mobility Solutions Limited (formerly known as Sterling Gtake E-Mobility Limited), Sterling Tech-Mobility Limited, Sterling E-Mobility Private Limited, Sterling Advanced Electric Machines Private Limited and Sterling Overseas Pte. Ltd. for the Financial Year ended 31st March 2026.

In accordance with the third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its Standalone and the Consolidated Financial Statements have been placed on the website of the Company in the Shareholders Meetings section at <https://stlfasteners.com/investors/shareholders-meetings>.

Transfer to General Reserve

During the year under review, the Company has not transferred any funds to General Reserves out of the profits available for appropriation.

Dividend

The Company has a strong track record of rewarding its shareholders with substantial dividend payouts. Given the robust operational and financial performance of the Company during the year under review, the Board of Directors are pleased to recommend a final dividend of 137.5% i.e. ₹ 2.75/- (Rupees Two and Seventy-Five Paise only) per equity share for the FY 2025-26, subject to approval of shareholders in the ensuing Annual General Meeting. This dividend payout will be in accordance with the Company's Dividend Distribution Policy, which is available on the Company's website: <https://stlfasteners.com/public/f/pdfs/Dividend-Distribution-Policy.pdf>

In accordance with the prevailing provisions of the Income Tax Act, 2025, the dividend, if declared, will be taxable in the hands of the shareholders at the applicable rates. Consequently, the Company will make the final dividend payment after deducting the tax at source. For detailed information on the procedure for the declaration and payment of the dividend, shareholders are requested to refer to the Notice of the 47th Annual General Meeting.

Deposits

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

- Number of cases of default in repayment of deposits or payment of interest thereon at the beginning of the year- NIL
- Maximum number of cases of default in repayment of deposits or payment of interest thereon during the year- NIL
- Number of cases of default in repayment of deposits or payment of interest thereon at the end of the year- NIL

Depository System

As the members are aware, the Company's shares are compulsorily tradeable in electronic form. As on 31st March 2026, 99.83 % of the Company's total paid-up Capital representing 3,62,80,900 equity 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 the facility of dematerialization from either of the Depositories.

Capital Structure and Listing

As of 31st March 2026, the Company has an Authorized Share Capital of ₹11,00,00,000/- and a Paid-Up Share Capital of ₹7,26,88,852/-, with the Promoters and Promoter Group holding 64.86% of the Company's share capital. The Company's equity shares are listed on the National Stock Exchange of India Limited and BSE Limited, with listing fees paid to both exchanges for FY 2026-27.

Subsidiaries, Joint Ventures, and Associate Companies

As on 31st March 2026, the Company has five wholly owned subsidiaries. During the year, the Company had the following subsidiary Companies, the status of which is mentioned thereto:

S. No	Name of the Entity	Nature of Relationship
1	Sterling E-Mobility Solutions Ltd. (Formerly known as Sterling Gtake E-Mobility Ltd.)	Wholly owned Subsidiary
2	Sterling Tech-Mobility Ltd.	Wholly owned Subsidiary
3	Sterling E-Mobility Pvt. Ltd.	Wholly owned Subsidiary
4	Sterling Advanced Electric Machines Pvt. Ltd.	Wholly owned Subsidiary
5	Sterling Overseas Pte Ltd.	Wholly owned Subsidiary

In accordance with Section 129 of the Companies Act, 2013, a statement containing the salient features of financial statements as on 31st March, 2026 is presented by way of Form AOC-1 as an **Annexure -I**. Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company at <https://stlfasteners.com/investors>.

Key business developments during the year under review

During the financial year 2025-26, your Company continued to advance its strategic transformation into a diversified automotive components and technology enterprise, while reinforcing its leadership in its core fastener business. The significant developments during the year are set out below.

A. Strategic Partnerships and Technology Collaborations

In furtherance of its vision to build a comprehensive Electric Vehicle (EV) powertrain and power-electronics platform, your Company, through its subsidiaries, entered into several strategic collaborations during the year:

- Advanced Electric Machines (AEM), United Kingdom:** On 13th May 2025, the Company, through its subsidiary Sterling E-Mobility Solutions Limited (formerly known as Sterling Gtake E-Mobility Limited), executed a Technology Licensing Agreement with Advanced Electric Machines Limited, UK, to develop, manufacture and market rare-earth magnet-free traction motors for electric vehicles at its Faridabad facility. The arrangement provides the subsidiary an exclusive license for India based on AEM's patented technology, supporting import substitution in line with the 'Atmanirbhar Bharat' and 'Make in India' initiatives.
- Landworld Technology Co. Ltd., China:** On 15th September 2025, Sterling E-Mobility Solutions



Limited (formerly known as Sterling Gtake E-Mobility Limited), the subsidiary of the Company, signed a Technology License and Supply agreements with Landworld Technology Co. Ltd., China, for the local manufacture of On-Board Chargers, DC/DC Converters and Multi-Function Units at its EV campus in Faridabad.

3. **MINIEYE, China:** On 19th January 2026, your Company partnered with MINIEYE, a China-based intelligent-driving and in-cabin solutions provider, for the deployment of Advanced Driver Assistance Systems (ADAS) and Driver Monitoring Systems (DMS) for the Indian market across commercial and passenger vehicle segments, aligned with the mandatory ADAS and DDAWS regulations becoming effective from 1st January 2027.

B. Corporate Restructuring and Re-branding

During the year, the Company's subsidiary, Sterling Gtake E-Mobility Limited, was re-branded as Sterling E-Mobility Solutions Limited with effect from 14th October 2025, reflecting its evolution into a comprehensive provider of EV powertrain and power-electronics solutions. The Company's exclusive relationship with Jiangsu Gtake Electric Co. Ltd. for the Indian market continues to remain strong and unchanged.

C. Amalgamation

The scheme of amalgamation of Haryana Ispat Private Limited (a wholly owned subsidiary) with the Company, was approved by the Hon'ble National Company Law Tribunal vide order dated 27th March 2025 (effective from the appointed date of 1st April 2024), was given effect during the year, with the order filed with the Registrar of Companies on 23rd April 2025.

Employee stock option Plan

STL-Employee Stock Option Plan-2023 was introduced to offer employees of the Company and its subsidiary companies; an additional incentive tied to productivity and performance. This initiative aims to motivate employees and contribute to the overall corporate growth and profitability of the Company. In accordance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, a total of 9,00,605 (Nine Lakh Six Hundred and Five) ESOP options were approved under the ESOP Plan.

During the year under review, the Company has allotted 1,60,108 equity shares to Mr. Jaideep Wadhwa, Non-Executive Non-Independent Director of the Company, pursuant to the exercise of second tranche of ESOPs granted to him in the capacity of Managing Director of Sterling E-Mobility Solutions Limited (formerly known as Sterling Gtake E-Mobility Limited), Wholly owned Subsidiary, in terms of the STL Employee Stock Option Plan, 2023 and vesting schedule thereof. Further, pursuant to the listing application by the Company in respect of the shares allotted to Mr. Jaideep Wadhwa, the said equity shares were listed and admitted to dealings on the National Stock Exchange of India Limited and BSE Limited effective from 12th March 2026.

A certificate from M/s. Dhananjay Shukla & Associates, Secretarial Auditors, regarding this plan and the resolution passed

by members will be available for inspection on the Company's website under the "Investors" section on the date of the Annual General Meeting. There is no change in the Plan and the same follows with the applicable regulations. A statement providing complete details as of 31st March 2026, pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, is also available on the Company's website. The web link for this information is <https://stlfasteners.com/investors/shareholders-meetings>.

Material changes and commitments

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 the date of this report.

Change in the nature of business, if any.

There was no change in the nature of business of the Company during the FY 2025-26.

Directors and Key Managerial Personnel

The Board of Directors of the Company comprises of Executive and Non-Executive Directors, including Woman Director, possessing rich experience and expertise across diverse fields such as corporate finance, strategic management, accounts, legal, marketing, brand building, social initiatives, general management and strategy. Except for the Independent Directors, all other Directors are liable to retire by rotation in accordance with the provisions of the Companies Act, 2013.

Further, based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors and the Members of the Company subsequently approved the re-appointment of Mr. Anil Aggarwal (DIN: 00027214) as Chairman & Whole-Time Director and Mr. Atul Aggarwal (DIN: 00125825) as Managing Director of the Company, both liable to retire by rotation, for a further term of five (5) consecutive years with effect from April 1, 2026. The Board and Members also approved the re-appointment of Mr. Rakesh Batra (DIN: 06511494) as Independent Director of the Company, not liable to retire by rotation, for a second term of five (5) consecutive years from 10th November 2025.

In accordance with the provisions of the Companies Act, 2013, Mr. Akhill Aggarwal (DIN:01681666), Executive Director is liable to retire by rotation and being eligible, has offered himself for re-appointment. The details pertaining to Mr. Akhill Aggarwal (DIN:01681666) being recommended for re-appointment are included in the notice of the ensuing Annual General Meeting of the Company.

The Nomination and Remuneration Committee selects the candidates to be appointed as the Director on the basis of the requirement and enhancing the competencies of the Board. The current policy is to have a balance of Executive, Non-Executive and Independent Directors to maintain the independence of the Board and to separate the functions of governance and management. The composition of Board of Directors during the year ended 31st March, 2026 is in conformity with Regulation 17 of the SEBI Listing Regulations, 2015 read with Section 149 of

the Companies Act, 2013. As on 31st March 2026, there were ten (10) Directors on the Board of the Company, consisting of five (5) Independent Directors, two (2) Non-Executive Directors, one (1) Managing Director and two (2) Whole-Time Directors.

Key Managerial Personnel (KMP) other than directors as mentioned above as of 31st March 2026 were:

Ms. Pragya Saxena, Company Secretary and Compliance Officer.

Further, pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the below changes occurred in the Key Managerial Personnel of the Company during the financial year under review:

Ms. Komal Malik was appointed as the Company Secretary and Compliance Officer of the Company with effect from August 7, 2025. Subsequently, Mr. Pankaj Gupta stepped down from the position of Chief Financial Officer and resigned from the services of the Company with effect from the close of business hours on December 31, 2025. Thereafter, Ms. Komal Malik resigned from the position of Company Secretary and Compliance Officer with effect from the close of business hours on February 28, 2026.

The Board places on record its sincere appreciation for the valuable contributions made by Mr. Pankaj Gupta and Ms. Komal Malik during their association with the Company and wishes them success in their future endeavors.

Further, the Board appointed Ms. Pragya Saxena as the Company Secretary and Compliance Officer of the Company with effect from March 23, 2026.

The Board extends a warm welcome to Ms. Pragya Saxena and looks forward to her valuable contribution towards the Company's continued growth and governance framework.

Subsequent to the close of the financial year, the Board of Directors, at its meeting held on May 15, 2026, appointed Mr. Anish Agarwal (DIN: 07056465), Director, as the Chief Financial Officer of the Company and designated him as a Key Managerial Personnel pursuant to the provisions of Section 203 of the Companies Act, 2013, with effect from May 15, 2026.

Declaration of Independence by Independent Directors.

During the year under review, all Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and have complied with the Code of Conduct for Independent Directors prescribed in Schedule IV of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

In the opinion of the Board of Directors, all the Independent Directors are persons of high repute, integrity and possess the relevant proficiency, expertise and experience in their respective fields.

Number of meetings of the Board and attendance of the Directors

The Board met five (5) times during the FY 2025-26, in respect of which notices were given and the proceedings were properly recorded. The intervening gap between two consecutive meetings was not exceeding the period prescribed under the Companies Act, 2013. For details of the meetings of the Board and attendance of the Directors, please refer Clause 2 of Corporate Governance Report attached to this Annual Report.

Disclosure under Secretarial Standards (SS-1 & SS-2):

The Company has complied with the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government under Section 118 (10) of Companies Act, 2013.

Policy on Directors' appointment and remuneration and other details

The Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided in Section 178(3) and Section 134(3) (e) of the Companies Act, 2013 is uploaded on the Website of the Company at <https://stlfasteners.com/assets/upload/investors/20240111111425-nomination-and-remuneration-policy-board-795595043113.pdf>

Policy on Board Diversity

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

The Nomination and Remuneration Committee reviews and assesses board composition on behalf of the board and recommends the appointment of new Directors and Senior Management Personnel. The committee also oversees the conduct of the annual review of board effectiveness.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company has established a formal mechanism for evaluating the performance of the Board of Directors, its committees, individual Directors, Key Managerial Personnel ("KMP") and Senior Management Personnel ("SMP"). The evaluation framework is based on the Guidance Note on Board Evaluation issued by SEBI on January 5, 2017 and is carried out through a structured questionnaire covering



various aspects, including the composition and effectiveness of the Board and its Committees, governance practices, strategic oversight, quality of discussions, participation, and discharge of duties and responsibilities.

At a separate meeting of the Independent Directors, the Independent Directors reviewed and evaluated the performance of the Non-Independent Directors, the Board as a whole, and the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors. The Independent Directors also assessed the quality, quantity and timeliness of the flow of information between the Management and the Board, which is essential for the effective discharge of the Board's responsibilities.

Thereafter, the Nomination and Remuneration Committee evaluated the performance of the Board, Independent Directors, KMP and SMP based on various parameters, including preparedness for meetings, meaningful and constructive participation in deliberations, achievement of key objectives, leadership qualities, and contribution towards the Company's growth and governance framework. The Board of Directors subsequently reviewed the evaluation carried out by the Nomination and Remuneration Committee and the Independent Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated.

Based on the outcome of the evaluation process, the Board was of the view that the performance of the Board, its Committees, Individual Directors, KMP and SMP was effective and satisfactory.

Particulars of contracts or arrangements with Related Parties

All Related Party Transactions that were entered into during the financial year ended on March 31, 2026 were on an arm's length basis and in the ordinary course of business and not material in nature under Section 188(1) of the Act and the Listing Regulations and hence a disclosure in Form AOC-2 in terms of clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is not required. Details of the transactions with Related Parties are provided in note no. 43 of the accompanying Standalone and Consolidated Financial Statements of the Company in compliance with the provision of Section 134(3)(h) of the Act.

The Company has also adopted the Policy on Related Party Transactions and the same is available on the website of the Company at <https://stlfasteners.com/investors/corporate-policies>.

Committees of the Board

The Company has the following Board committees, which have been established as a part of the corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

- Audit Committee
- Nomination and Remuneration Committee

- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Share Transfer Committee
- Management Committee
- Investment Committee*

The details with respect to the compositions, powers, roles, terms of reference and number of meetings held during the year of relevant committees are given in detail in the Corporate Governance Report of the Company, which forms part of this Board's Report.

*The Board of Directors, at its meeting held on February 03, 2026, approved the dissolution of the Investment Committee with effect from February 03, 2026.

Auditors

I) Statutory Auditors

As per the provisions of Section 139 (1) of the Companies Act, 2013, the Members of the Company had appointed M/s Walker Chandiok & Co LLP, Chartered Accountants as Statutory Auditors of the Company for a term of 5 (five) consecutive years to conduct the audit from FY 2021-22 to FY 2026-27. M/s Walker Chandiok & Co LLP have confirmed that they are not disqualified from continuing as Auditors of the Company.

Statutory Auditors' Report

There has been no qualification, reservation or adverse remark reported by the Statutory Auditors in its reports on standalone and consolidated financial statements of the Company for the year ended 31st March, 2026 forming part of this report.

II) Secretarial Auditors

The Shareholders of the Company had appointed M/s Dhanajay Shukla & Associates as the Secretarial Auditors of the Company for a first term of 5 (Five) consecutive years beginning from Financial Year 2025-26.

Secretarial Audit Report

In terms of Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI Listing Regulations, a Secretarial Audit Report given by the Secretarial Auditors in Form No. MR-3 is annexed with this Report as **Annexure- II**. During the year under review, the Secretarial Auditor noted the following observation(s):

NSE and BSE imposed a penalty of ₹25,960/- each inclusive of GST, on the Company for non-compliance with Regulation 13(3) of SEBI (LODR) Regulations, 2015, relating to incorrect filing of the investor grievances statement.

Further, NSE and BSE levied a penalty of ₹21,240/- each inclusive of GST, for the period from 1st April, 2025 to 30th June 2025, and ₹43,660/- each inclusive of GST, for

the period from 1st July 2025 to 6th August 2025, for non-compliance with Regulation 6(1) of SEBI (LODR) Regulations, 2015, due to delay in appointment of a qualified Company Secretary as Compliance Officer. The vacancy arose upon resignation of CS Abhishek Chawla on 13th March 2025 and was filled by appointment of CS Komal Malik with effect from 7th August 2025.

Moreover, Mr. Pankaj Gupta resigned as Chief Financial Officer of the Company with effect from 31st December 2025. In terms of Regulation 26A(2) of SEBI (LODR) Regulations, 2015, the vacancy was required to be filled within three months. However, the appointment was completed on 15th May 2026 with the appointment of Mr. Anish Agarwal as Chief Financial Officer. The delay occurred as the initially selected candidate as recommended by the NRC on 8th January 2026 was expected to join on 23rd March 2026 but had declined to join on the stipulated date.

Therefore, the Board had taken note of the aforesaid observations and the Company has taken necessary steps to regularise the compliances and strengthen its compliance monitoring mechanism.

Further as per the requirement of Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Audit report of the material subsidiary namely, Sterling E-Mobility Solutions Ltd. (formerly known as Sterling Gtake E-Mobility Limited) is also attached as **Annexure III**.

Annual Secretarial Compliance Report

Annual Secretarial Compliance Report for the financial year ended 31st March, 2026 on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, was obtained from Mr. Santosh Kumar Pradhan, Practicing Company Secretaries and the same was filed with Stock Exchange(s) within the prescribed timeline. The Annual Secretarial Compliance Report is available at <https://stlfasteners.com/investors/corporate-governance>.

III) Cost Auditors

As per Section 148 of the Companies Act, 2013 the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice.

Pursuant to the provisions of Section 148 of the Companies Act, 2013, and Rules made thereunder, M/s Jitender Navneet & Co., Cost Accountants were appointed as the Cost Auditor of the Company to audit the Cost Accounts of the Company for the year ending 31st March, 2026.

Disclosure on maintenance of Cost Records

The Company has maintained the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, as required by the Company and such accounts and records are made and maintained as per rule 8(5) (ix) of the Companies Accounts Rules, 2014.

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

During the year under review, the Statutory Auditors, Secretarial Auditor and Cost Auditors of your Company have not reported any instances of fraud committed in the Company by its Officers or Employees to the Audit Committee, as required under Section 143(12) of the Act.

Internal Financial Control Systems and their adequacy

The Company has established adequate Internal Financial Controls over Financial Reporting (IFCoFR) commensurate with the size, scale, and complexity of its operations. These controls are designed to ensure the orderly and efficient conduct of business, adherence to established policies and procedures, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and the timely preparation of reliable financial information.

The Internal Audit function periodically assesses the adequacy and effectiveness of the Company's internal control framework and compliance with applicable policies and procedures. The findings of internal audit, along with the status of corrective actions, are regularly reviewed by the Audit Committee to ensure the continued effectiveness of internal controls.

As of March 31, 2026, the Management evaluated the effectiveness of the Company's internal financial controls over financial reporting, in accordance with the requirements of the Companies Act, 2013 and Regulation 17(8) read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Based on this assessment, Management concluded that the controls were operating effectively and that no material weaknesses or significant deficiencies existed as of that date. Recognizing the inherent limitations of any internal control system, the Company continues to undertake periodic reviews and audits to strengthen and enhance its control environment.

M/s Walker Chandio & Co. LLP, Statutory Auditors of the Company, have audited the financial statements and issued their report on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting, as required under Section 143(3)(i) of the Companies Act, 2013.

The Company also maintains a well-established Internal Audit function that conducts risk-based audits across key business processes and operational areas. During the year, the internal audit activities were carried out by M/s Profadds Consulting. The Audit Committee reviews and approves the annual Internal Audit Plan and scope of work and receives quarterly updates on audit observations, recommendations, and management actions. Significant findings and corrective measures are periodically presented to the Audit Committee to facilitate continuous improvement and regulatory compliance.

Based on its review of the internal audit reports, management responses, and the overall internal control framework, the Audit Committee concluded that the Company's internal financial controls were adequate and operating effectively as of March 31, 2026. The Board of Directors reviewed the recommendations of the Audit Committee and accepted the same wherever applicable during the year.



Risk Management System

The Company has constituted a Risk Management Committee and adopted a comprehensive Risk Management Policy to identify, assess, monitor, and mitigate risks that may impact its business objectives. The Company's risk management framework and key risk factors are discussed in detail in the Management Discussion and Analysis Report.

The Risk Management Committee is responsible for identifying and evaluating significant risks, developing and overseeing the implementation of mitigation strategies, and periodically reviewing the effectiveness of such measures. The Committee regularly monitors identified risks and their corresponding mitigation plans and, where necessary, reprioritizes risks based on their potential impact on the Company's operations, financial performance, and reputation.

The Company has established a structured process for managing, monitoring, and reporting principal risks and uncertainties that could affect the achievement of its strategic objectives. Key risks identified across business functions are continuously assessed and addressed through appropriate control measures and mitigation actions.

Based on the assessment carried out during the year, the Board is of the opinion that there are no risks that may threaten the existence or continuity of the Company's business.

Vigil Mechanism/Whistle Blower Policy

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI Listing Regulations, the Company has adopted a policy on Vigil Mechanism for directors and employees to report their genuine concerns or grievance to the Vigilance Officer. The policy is available on the Company's website <https://stlfasteners.com/investors/corporate-policies>.

Human Resources Management

Employees are the Company's most valuable asset and key to its long-term success. The Company is committed to attracting, developing, and retaining talented individuals by fostering a collaborative, transparent, and inclusive work culture that recognizes merit and rewards sustained high performance. The Company's human resource practices focus on enhancing employee capabilities, supporting career growth, and preparing future leaders.

The Company is dedicated to maintaining a safe, respectful, and inclusive workplace where all employees feel valued and empowered to contribute to their fullest potential, irrespective of gender, sexual orientation, or other personal characteristics.

Industrial relations remained harmonious and cordial throughout the year under review. As of 31st March 2026, the Company had a total of 656 permanent employees, comprising 642 Males and 14 Females.

Particulars of Employees

The details regarding the ratio of the remuneration of each director to the median employee's remuneration and other details except the statement showing the names of the top ten employees in terms of remuneration drawn, as per the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided as **Annexure IV**.

However, in terms of proviso to Section 136(1) of the Companies Act, 2013, the Annual Report excluding the statement showing the names of the top ten employees in terms of remuneration drawn 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.

Details of CSR policy and initiatives undertaken by the company on CSR activities during the year

The 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, as amended from time to time. The policy on CSR is available on the website of the Company, <https://stlfasteners.com/investors/corporate-policies>. Further the implementation and monitoring of CSR Policy is in compliance with the provisions of the Companies Act, 2013.

Sexual Harassment

The Company has adopted a Policy on Prevention of Sexual Harassment (POSH) in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. In compliance with Section 4 of the Act and the rules framed thereunder, the Company has constituted an Internal Complaints Committee (ICC) to address and redress complaints relating to sexual harassment at the workplace.

The status of the complaints, during the year under review is as below:

- Number of sexual harassment complaints received during the year – Nil
- Number of complaints disposed of during the year- Nil
- Number of cases pending for more than 90 days- Nil

Disclosure under the Maternity Benefit Act, 1961

The Directors hereby confirm that the Company is in full compliance with the provisions of the Maternity Benefit Act, 1961 and affirm that :

- (a) the Company provides maternity leave in accordance with the requirements of the Act;
- (b) all necessary facilities and entitlements mandated by the law are extended to women employees;
- (c) no discriminatory practices are adopted against women employees on account of maternity or childbirth.

Particulars of Loans, Guarantees or Investments under section 186

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

Credit Rating

During the year, ICRA Limited, reaffirmed the Company's long-term rating at [ICRA] AA- (Stable) and revised the outlook to Stable from Positive, while reaffirming the short-term rating at [ICRA] A1+. The rating continues to reflect the Company's established market position as the second-largest automotive fasteners manufacturer in India and its healthy credit profile, supported by steady accruals from the fasteners business.

Capital Expenditure

As on 31st March 2026, the Gross Fixed Assets including intangible assets stood at ₹55,970.58 Lacs and Net Fixed Assets stood at ₹ 24,453.47 Lacs. Additions during the year amounted to ₹1,722.59 Lacs.

Cash Flow Analysis

In compliance with the provisions of Regulation 34 of the Listing Regulations, 2015, the Cash Flow Statement for the year ended 31st March 2026 forms an integral part of this Annual Report.

Transfer of amounts to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Section 125 of the Companies Act, 2013, relevant amounts along with the shares, which remained unpaid or unclaimed for a period more than seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund.

During FY 2025-26, the Company transferred:-

S. No.	Particulars	Details
1.	Amount of unclaimed/ unpaid dividend	₹1.93 Lacs
2.	Underlying shares transferred to IEPF	5,940 Shares

Pursuant to the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer & Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the Ministry of Corporate Affairs' website and the shareholders may refer to the Notice of

AGM regarding details of amounts and the corresponding shares proposed to be transferred to IEPF during the coming year.

Name of Nodal Officer: Ms. Pragya Saxena, Company Secretary and Compliance Officer. Details of Nodal Officer are mentioned on the website of the Company at <https://stlfasteners.com/investors/investor-contact>

Corporate Governance and Management Discussion & Analysis Report

The Company is committed to maintain good corporate governance standards by applying the best management practices, compliance with the law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for the sustainable development of all stakeholders.

Parameters of statutory compliances evidencing the standards expected from a listed entity have been duly observed and a Report on Corporate Governance as well as the Certificate from Company Secretary in Practice confirming compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") forms part of the Annual Report. A separate section on corporate governance practices followed by the Company, together with a certificate from a Practising Company Secretary 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.

Annual Return

As provided under section 134(3)(a) and Section 92(3) of the Companies Act, 2013, the Annual Return in the prescribed form MGT-7 as on 31st March, 2026 is available on the Company's website at <https://stlfasteners.com/assets/upload/investors/20260811154049-ac5096015-358588078947.pdf>

Business Responsibility and Sustainability Report (BRSR)

The Company takes pride in presenting its third BRSR for the FY 2025-26. This report adheres to the format outlined in the amendment to Regulation 34(2)(f) of the SEBI Listing Regulations as specified in Gazette Notification No. SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021 and is included within the Annual Report. Aligned with the nine principles of the National Guidelines on Responsible Business Conduct issued by the Ministry of Corporate Affairs, Government of India, the BRSR for the FY 2025-26 has been developed and forms part of this report. The Company has further enhanced its reporting framework and internal control mechanisms to ensure the consistent, accurate, and reliable collection of data required for Business Responsibility and Sustainability Reporting (BRSR) disclosures.



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

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

Safety, Health and Environment (SHE) Measures

Environmental protection remains a key priority for the Company. The Company ensures strict compliance with applicable environmental laws and regulations while undertaking additional measures, wherever necessary, to prevent pollution and promote recycling, as well as to minimize waste, discharges, and emissions. It is also committed to the responsible and efficient use of natural resources across all operations and aims to progressively reduce its carbon footprint in the coming years.

Quality Management System

STL has implemented robust Quality, Environment management, Data Security and Health & Safety management system at its manufacturing facilities. The facilities are certified by:

Key certifications	
IATF 16949 : 2016	Quality Management System
ISO 45001: 2018	Health & Safety Management System
ISO 14001: 2015	Environment Management System
ISO 9001:2015	Quality Management System
ISO 17025	Chemical Testing, Mechanical Testing and Instrument Calibration
ISO 27001:2022	Information Security Management Systems (ISMS)

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

The Company has neither filed an application during the year under review nor are any proceedings pending under the Insolvency and Bankruptcy Code, 2016 as on 31st March, 2026.

Significant and Material Orders passed by the Regulators or Courts

During the year, pursuant to the order dated 02nd July 2025 passed by The Land Acquisition Collector/DRO, the Company received compensation of ₹949.64 Lacs (included interest of ₹ 622.45 lacs) from DMRC towards acquisition of land. The order had a significant positive impact on the financial position of the Company.

Insurance

The Company has taken appropriate insurance for all assets against foreseeable perils.

Weblink to Important documents/information

The Company has hosted certain policies/documents/information including inter alia Policy for determining Policy

on Related Party Transactions, Familiarisation programmes for Independent Directors etc. as per the requirement of law or otherwise on following the link: <https://stlfasteners.com/investors/>.

OTHER DISCLOSURES

During the financial year under review:-

- The Company has not issued any equity shares with differential rights as to dividend, voting, or otherwise.
- Except as disclosed in this report and the financials of the Company, there was no issue of shares (including sweat equity shares) to employees of the Company under any other scheme. The equity shares so issued ranked pari-passu with the existing fully paid-up equity shares in all respects as to dividend, etc.
- The Company does not have any scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- Neither the Managing Director nor the Whole-Time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- There was no instance of one-time settlement with any Bank or Financial Institution.
- The Company does not have any shares in an unclaimed suspense demat account.

Director's Responsibility Statement

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

- in the preparation of the accounts for the financial year ended 31st March 2026, the applicable accounting standards have been followed and there are no material departures.
- the Directors have selected accounting policies in consultation with Statutory Auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year under review.
- 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.
- the Directors have prepared the accounts for the financial year ended 31st March 2026 on a 'going concern' basis.
- 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.
- 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.

Acknowledgements

The Directors express deep gratitude to our customers for their sustained support and feedback, which have helped the company meet evolving needs and diversify its product portfolio for sustainable business growth. We thank our dedicated employees for their commitment to our growth and success. We also appreciate our supply chain partners, whose partnership has been key to our industry leadership.

Our sincere thanks goes to the regulatory authorities, bankers, financial institutions, rating agencies, stock exchanges, depositories, auditors, legal advisors, consultants, Technology partners and other stakeholders. Your commitment to good governance, transparency, ethics, and accountability has been crucial to our success.

For and on behalf Board of Directors
Sterling Tools Limited

Date:- 5th August, 2026
Place:- Faridabad

Anil Aggarwal
Chairman & Whole Time Director
DIN:00027214

Atul Aggarwal
Managing Director
DIN:00125825



Annexure-I to Board's Report

Form AOC-1

Statement containing salient features of the financial statement of Subsidiaries/associate companies/ joint ventures
(Pursuant to the first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Number of Subsidiaries: Five (5)

Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited)

(Information in respect of each subsidiary to be presented with the amount in ₹ In Lacs)

1.	Sl. No.	1
2.	CIN/any other registration number of subsidiary company	U31909DL2020PLC360123
3.	Name of the Subsidiary	Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited)
4.	Date since when the subsidiary was acquired	12 th March, 2020
5.	Provisions pursuant to which the company has become a subsidiary Section 2(87)(i)/Section 2(87)(ii)	Section 2(87)(ii)
6.	The reporting period for the subsidiary concerned, if different from the holding Company's reporting period	31 st March, 2026
7.	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	N.A.
8.	Share Capital	2,845.60
9.	Reserves & Surplus	2,968.63
10.	Total Assets	17,230.67
11.	Total Liabilities	11,416.44
12.	Investments	NIL
13.	Turnover/ Other Income	11,317.56
14.	Profit before taxation	(2,794.14)
15.	Provision for taxation	NIL
16.	Profit after taxation	(2,368.30)
17.	Proposed Dividend	NIL
18.	Extent of Shareholding (in %)	100%

Sterling Tech-Mobility Limited

(Information in respect of each subsidiary to be presented with the amount in ₹ In Lacs)

1.	Sl. No.	2
2.	CIN/any other registration number of subsidiary company	U29304DL2023PLC413786
3.	Name of the Subsidiary	Sterling Tech-Mobility Limited
4.	Date since when the subsidiary was acquired	28 th June 2024
5.	Provisions pursuant to which the company has become a subsidiary Section 2(87)(i)/Section 2(87)(ii)	Section 2(87)(ii)
6.	The reporting period for the subsidiary concerned, if different from the holding Company's reporting period	31 st March, 2026
7.	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	N.A.
8.	Share Capital	4,501.00
9.	Reserves & Surplus	(893.70)
10.	Total Assets	4,747.32
11.	Total Liabilities	1,140.02
12.	Investments	NIL
13.	Turnover	80.80
14.	Profit before taxation	(765.59)
15.	Provision for taxation	(17.12)
16.	Profit after taxation	(748.47)
17.	Proposed Dividend	NIL
18.	Extent of Shareholding (in %)	100%

Sterling Advanced Electric Machines Private Limited

(Information in respect of each subsidiary to be presented with the amount in ₹ In Lacs)

1.	Sl. No.	3
2.	CIN/any other registration number of subsidiary company	U27103DL2023PTC423592
3.	Name of the Subsidiary	Sterling Advanced Electric Machines Private Limited
4.	Date since when the subsidiary was acquired	08 th December 2023
5.	Provisions pursuant to which the company has become a subsidiary Section 2(87)(i)/Section 2(87)(ii)	Section 2(87)(ii)
6.	The reporting period for the subsidiary concerned, if different from the holding Company's reporting period	31 st March, 2026
7.	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	N.A.
8.	Share Capital	2.50
9.	Reserves & Surplus	(2.44)
10.	Total Assets	0.64
11.	Total Liabilities	0.58
12.	Investments	NIL
13.	Turnover	NIL
14.	Profit before taxation	(1.16)
15.	Provision for taxation	(0.32)
16.	Profit after taxation	(1.48)
17.	Proposed Dividend	NIL
18.	Extent of Shareholding (in %)	100%

Sterling E-Mobility Private Limited

(Information in respect of each subsidiary to be presented with the amount in ₹ In Lacs)

1.	Sl. No.	4
2.	CIN/any other registration number of subsidiary company	U31900DL2018PTC334442
3.	Name of the Subsidiary	Sterling E-Mobility Private Limited
4.	Date since when the subsidiary was acquired	28 th June 2024
5.	Provisions pursuant to which the company has become a subsidiary Section 2(87)(i)/Section 2(87)(ii)	Section 2(87)(ii)
6.	The reporting period for the subsidiary concerned, if different from the holding Company's reporting period	31 st March, 2026
7.	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	N.A.
8.	Share Capital	5.10
9.	Reserves & Surplus	(4.17)
10.	Total Assets	1.25
11.	Total Liabilities	0.32
12.	Investments	NIL
13.	Turnover	NIL
14.	Profit before taxation	(0.92)
15.	Provision for taxation	(0.81)
16.	Profit after taxation	(1.73)
17.	Proposed Dividend	NIL
18.	Extent of Shareholding (in %)	100%

**Sterling Overseas Pte. Ltd**

(Information in respect of each subsidiary to be presented with the amount in ₹ In Lacs)

1.	Sl. No.	5
2.	CIN/any other registration number of subsidiary company	202439066G
3.	Name of the Subsidiary	Sterling Overseas Pte. Ltd
4.	Date since when the subsidiary was acquired	23 rd September 2024
5.	Provisions pursuant to which the company has become a subsidiary Section 2(87)(i)/Section 2(87)(ii)	Section 2(87)(ii)
6.	The reporting period for the subsidiary concerned, if different from the holding Company's reporting period	31 st March, 2026
7.	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	USD, 1USD= ₹ 94.65
8.	Share Capital	62.37
9.	Reserves & Surplus	(44.66)
10.	Total Assets	49.04
11.	Total Liabilities	31.33
12.	Investments	NIL
13.	Turnover	NIL
14.	Profit before taxation	(27.45)
15.	Provision for taxation	NIL
16.	Profit after taxation	(27.45)
17.	Proposed Dividend	NIL
18.	Extent of Shareholding (in %)	100%

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

- Names of subsidiaries which are yet to Commence during the year : Sterling Advanced Electric Machines Private Limited, Sterling E-Mobility Private Limited and Sterling Overseas Pte Ltd.
- Names of subsidiaries which have been liquidated or sold during the year : Nil

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

There is no Associate or Joint Venture of the Company during the year under review.

For and on behalf Board of Directors

Sterling Tools Limited

Date:-5th August, 2026
Place:- Faridabad

Anil Aggarwal
Chairman & Whole time Director
DIN-00027214

Atul Aggarwal
Managing Director
DIN- 00125825

Annexure-II to Board's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March 2026

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s Sterling Tools Limited
(CIN: L29222DL1979PLC009668)
Regd. Office: DJ-1210, 12th Floor, DLF Tower-B,
Jasola District Centre, New Friends Colony,
Delhi-110025.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Sterling Tools Limited**, (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2026 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined, the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2026 according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(No event took place under this regulation during the review period).**
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e. The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021; **(No event took place under this regulation during the review period).**
 - f. The Securities and Exchange Board of India (Registrar 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, 2021 **(No event took place under this regulation during the review period).**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(No event took place under this regulation during the review period).**
 - i. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018



- vi. There were no specific laws applicable to the company, as confirmed by the Management of the Company during the period under audit.

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

- I. Secretarial Standards issued by The Institute of Company Secretaries of India on Board Meetings (SS-1) and General Meetings (SS-2);
- II. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") read with the Listing agreements as entered by the Company with the Stock Exchanges.

During the period under audit, the Company has generally complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except reported hereunder: -

1. During the year under review, both the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") imposed a penalty of ₹25,960 each (inclusive of GST) on the Company for non-compliance with Regulation 13(3) of SEBI (LODR) Regulations, 2015 regarding an incorrect filing of the investor grievances statement.
2. During the year under review, both National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") levied a penalty of ₹21,240 each (inclusive of GST) for the period 31st March 2025 to 30th June 2025 and ₹43,660 each (inclusive of GST) for the period 1st July 2025 to 6th August 2025, for non-compliance with Regulation 6(2) of SEBI (LODR) Regulations, 2015 concerning the appointment of a qualified Company Secretary as the Compliance Officer as the erstwhile Company Secretary & Compliance Officer, CS Abhishek Chawla resigned on 13th March 2025 and new Company Secretary & Compliance Officer, CS Komal Malik was appointed on 7th August 2025 to read with Regulation 6(1) of SEBI (LODR) Regulations, 2015.
3. During the review period, Mr. Pankaj Gupta resigned from the position of Chief Financial Officer with effect from December 31, 2025. Pursuant to Regulation 26A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company was required to fill this vacancy within three months. However, the position remained vacant until May 15, 2026, resulting in a delay in compliance. Further, the Company has subsequently appointed Mr. Anish Agarwal as the Chief Financial Officer with effect from May 15, 2026. Further as represented to us by the company, it had Selected one candidate for the position of CFO as duly recommended by the NRC in its meeting held on 8th January 2026. Accordingly the candidate was supposed to join on 23rd March 2026 but he refused to join on the stipulated date and therefore the delay occurred as reported.

We further report that-

During the year under review, one of the designated person of the company executed a contra trade involving the purchase and sale of equity shares of the Company, in violation of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and Company's Code of conduct for prohibition of Insider Trading.

Accordingly, the Company issued a notice dated 22nd September 2025 seeking clarification from the concerned designated person, who submitted his response vide letter dated 27th September 2025 stating that it was done inadvertently for the first time and he was not in possession of any Unpublished Price Sensitive Information(UPSI) . The matter was subsequently placed before the Audit Committee for its review. Upon consideration of the facts and circumstances, the Audit Committee considered the matter and decided that since the designated person was not in possession of UPSI and this contravention was done by him for first time, therefore the Audit Committee decided for the disgorgement of the profit of ₹50,867 earned from the contra trade by the said designated person and advised that the said amount be remitted to SEBI's Investor Protection and Education Fund (IPEF). The designated person has deposited the abovesaid amount to the SEBI's Investor Protection and Education Fund (IPEF) and the Company has reported the same to the Stock Exchanges.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. Further, the changes in the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. During the review period, Mr. Rakesh Batra was re-appointed as Non-Executive Independent Director by the members of the company at Annual General Meeting held on 25th September 2025, for the period of 5 consecutive years from 10th November 2025 to 9th November 2030. Additionally, via a postal ballot on 27th March 2026, the shareholders approved the re-appointments of Mr. Anil Aggarwal as Chairman and Whole-Time Director, and Mr. Atul Aggarwal as Managing Director.

Additionally, Ms. Komal Malik resigned from the post of Company Secretary & Compliance Officer with effect from the close of business hours of 28th February, 2026. The company has appointed new Company Secretary & Compliance Officer Ms. Pragya Saxena with effect from 23rd March, 2026 in compliance with Regulation 6(1) of SEBI (LODR) Regulations, 2015 and Section 203 of the Act.

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as per the minutes, as duly recorded and signed by the Chairman of the meeting of the Board of Directors or committees of the Board; therefore, there were no dissenting views required to be recorded as part of the minutes.

We further report that based on review of compliance software installed and maintained by the Company and also on the basis of the quarterly compliance certificate(s) given by the Chief Financial Officer(CFO) and other departmental heads and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the Management has adequate systems

and processes and control mechanism exist in the company to monitor and ensure compliances with applicable General Laws like Labour laws and Environmental laws and other applicable laws forming part of this report.

We further report that, during the audit period the Company has not undertaken any activity having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc. except given hereunder: -

1. The Company has partnered with China's MINIEYE to provide ADAS and Driver Monitoring Solutions for the Indian Market with effect from 19th January 2026.
2. The Company has signed Technology Licensing Agreement with Advanced Electric Machines (AEM) Ltd, UK to develop, manufacture and market of Rare Earth Magnet-Free traction motors for electric vehicles.
3. The Company, through its Subsidiary Sterling Gtake E-Mobility Limited (SGEM), has partnered with Landworld Technology Co. Ltd., China, for local manufacturing on EV

On-board Chargers, DC/DC convertors and Multi-Function Units in India.

We further report that, during the audit period, the Company has undertaken the following important decisions/corporate actions, in pursuance of the above referred laws, rules, regulations, guidelines, etc.

1. The Company has declared the dividend of Rs. 2.50 (Rupees Two and fifty Paise Only) in its Annual General Meeting held on 25th September 2025.

We further report that during the audit period, there has been no instance of -

1. Public/Right/Preferential issue of Shares/debentures/sweat equity etc.
2. Redemption/Buyback of Securities.
3. Major decisions taken by members in pursuance of Section 180 of the Companies Act, 2013.
4. Merger/amalgamation/reconstruction, etc.

For Dhananjay Shukla & Associates

Company Secretaries

Dhananjay Shukla

Managing Partner

FCS-5886, CP No. 8271

Peer Review No.2057/2022

UDIN: F005886H001013794

Date: 5th August, 2026

Place: Gurugram

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.

Enclosure: Annexure-A

**Annexure-A'**

To,
The Members,
M/s Sterling Tools Limited
(CIN: L29222DL1979PLC009668)
Regd. Office: DJ-1210, 12th Floor, DLF Tower-B,
Jasola District Centre, New Friends Colony, South Delhi-110025.

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

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

For Dhananjay Shukla & Associates

Company Secretaries

Dhananjay Shukla

Managing Partner

FCS-5886, CP No. 8271

Peer Review No.2057/2022

UDIN:F005886H001013794

Date: 5th August, 2026

Place: Gurugram

Annexure-III to Board's Report

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31st, 2026

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Sterling E-Mobility Solutions Limited
(formerly known as 'Sterling Gtake E-Mobility Limited')
CIN: U31909DL2020PLC360123

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sterling E-Mobility Solutions Limited** (Formerly known as Sterling Gtake E-Mobility Limited) (hereinafter called "**the Company**"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon for the financial year ended on March 31st, 2026 ("**Audit Period**"). The Company engaged in the business of designing, manufacturing, and promoting Motor Control Units (with and without integrated Power Electronics), Motors, and associated E-Powertrain components for Electric and Hybrid vehicles.

Limitation of the Auditors

- (i) Based on our verification of the Company's books, papers, minute books, forms and returns filed, and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the Audit Period, complied with the statutory provisions listed hereunder; and
- (ii) Based on the management representation, confirmation and explanation wherever required by us, the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditor's Responsibility

- (i) Our responsibility is to express the opinion on the compliance with the applicable laws and maintenance of records based on audit. We conducted our audit in accordance with the Guidance Note on Secretarial Audit ("**Guidance Note**") and Auditing Standards issued by the Institute of Company Secretaries of India ("**ICSI**"). The Guidance Note and Auditing Standards require that we comply with statutory and regulatory requirements and that we plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

- (ii) Due to the inherent limitations of an audit including internal, financials and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.
- (iii) Our audit involves performing procedures to obtain audit evidence about the adequacy of compliance mechanism exist in the Company to assess any material weakness and testing and evaluating the design and operating effectiveness of compliance mechanism based upon the assessed risk. The procedures selected depend upon the auditor's judgement, including assessment of the risk of material non-compliance whether due to error or fraud.
- (iv) 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 Board processes and compliance mechanism.

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the Audit Period, 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; (**Not Applicable**)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (**Not Applicable**)
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment; (**Not Applicable**)
- (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; **(Not Applicable)**
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable)**
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable)**
- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable)**
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not Applicable)**
- 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; **(Not Applicable)**
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not Applicable)**
- h. The Securities and Exchange Board of India (Buy - back of Securities) Regulations, 2018; **(Not Applicable)** and
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'); **(Not Applicable)**

It is further reported that with respect to the compliance of other applicable laws, we have relied on the representation made by the Company and its officers for system and mechanism framed by the Company for compliances under general laws (including Labour Laws, Tax Laws, etc.) and as informed to us, there are no laws which are specifically applicable to the Company.

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

- (i) Secretarial Standards issued by the ICSI wherein the Company is generally complying with the standards; and
- (ii) The Listing Agreements entered by the Company with the Stock Exchange(s) and Listing Regulations. **(Not Applicable)**

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned hereinabove.

We further report that:

- (i) The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors during the Audit Period. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act. There was

only following change in the composition of the Board or Directors of the Company during the Audit Period:

- a. Mrs. Rashmi Urdhwareshe (DIN: 08668140) was appointed as an Additional Non-Executive and Independent Director of the Company w.e.f. September 30, 2024, who was further regularized as such in the Extra Ordinary General Meeting held on June 13, 2025.
- (ii) Further, the Company is not required to constitute any committee under the Act due to the exemption provided in the Act. However, the Company has voluntarily constituted Corporate Social Responsibility Committee, which it has dissolved after the Audit Period.
- (iii) Adequate notice was given to all directors to schedule the Board Meetings, Statutory Committee Meetings. Agenda, and detailed notes on agenda were sent at least seven days in advance, except few Board Meetings which were held at shorter notice 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.
- (iv) Majority decisions were carried through and there were no instances where any director expressed any dissenting views.

We further report that in our opinion, the Company has, in all material respects, adequate systems and processes commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

We further report that during the audit period, following event was occurred in the Company which did not have any bearing on its affairs:

- a) That the Company has altered the Name Clause of its Memorandum of Association and Articles of Association pursuant to a Special Resolution passed by the shareholders at their meeting held on September 2, 2025, approving the change in the name of the Company from "Sterling Gtack E-Mobility Limited" to "Sterling E-Mobility Solutions Limited."

For PI & Associates,
Company Secretaries

Ankit Singhi
(Partner)

FCS No.: 11685

CP No.: 16274

Peer Review No.: 1498/2021

UDIN: F01168511000966485

Date: 29th July, 2026

Place: New Delhi

Disclaimer

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.

Annexure-A

To,
The Members
Sterling E-Mobility Solutions Limited
(formerly known as 'Sterling Gtate E-Mobility Limited')
CIN: U31909DL2020PLC360123

Our Secretarial Audit Report of even date is to be read along with this letter:

- (i) Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
- (ii) 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 a sampling basis to ensure that the correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- (iii) We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
- (iv) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
- (v) The compliance of the provisions of corporate and other sector specific laws applicable on the Company, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on sampling basis.
- (vi) The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For PI & Associates,
Company Secretaries

Ankit Singhi
(Partner)

FCS No.: 11685

CP No.: 16274

Peer Review No.: 1498/2021

UDIN: F01168511000966485

Date: 29th July, 2026

Place: New Delhi



Annexure-IV to Board's Report

Particulars of Employees

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

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

Executive Directors	Designation	Ratio to Median Remuneration
Mr. Anil Aggarwal	Chairman & Whole Time Director	64.46
Mr. Atul Aggarwal	Managing Director	63.23
Mr. Akhill Aggarwal	Whole Time Director	17.64

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

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

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% Increase in remuneration in the financial year
Mr. Anil Aggarwal, Chairman & Whole Time Director	7.5%
Mr. Atul Aggarwal, Managing Director	7.5%
Mr. Akhill Aggarwal, Whole time Director	NA
Mr. Pankaj Gupta, Chief Financial Officer (ceased w.e.f. close of business hours of 31 st December, 2025)	7.00%
Ms. Komal Malik, Company Secretary (appointed w.e.f. 7 th August, 2025 and ceased w.e.f. closure of business hours of 28 th February, 2026)	NA
Ms. Pragya Saxena, Company Secretary (appointed w.e.f. 23 rd March, 2026)	NA

c. The Percentage increase in the median remuneration of employees in the financial year: 7.73%.

d. The number of permanent employees on the rolls of Company: 656

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

The average annual increase was around 8.42%.

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 Companies Act, 2013 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 Companies Act, 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of top ten employees of the Company drawing remuneration can be made available on a specific request given to the Company, in writing.
- II. Name of every employee who if:

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

S. No.	Name of Employees	Designation	Remuneration (₹)	Nature of employment (Contractual or otherwise)	Qualification and Experience	Date of Commencement of employment	Age	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
1	Mr. Anil Aggarwal	Chairman & Whole Time Director	3,78,79,082	Otherwise	B.Com. and 49 Years	30.09.1994	68	N.A.	16.81	Yes
2	Mr. Atul Aggarwal	Managing Director	3,71,56,444	Otherwise	M.B.A. and 36 Years	30.09.1994	62	N.A.	25.99	Yes
3	Mr. Akhill Aggarwal	Whole Time Director	1,03,68,012	Otherwise	Graduate (Economics & Business) and 16 Years	01.07.2024	39	N.A.	7.35	Yes

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

S. No.	Name of Employees	Designation	Remuneration (₹)	Nature of employment (Contractual or otherwise)	Qualification and Experience	Date of Commencement of employment	Age	Last employment before joining the Company	% of Equity shares held by such employee	Whether any such employee is a relative of any director or manager of the Company
1	Mr. Roney John	Chief Manufacturing Officer	40,58,693	Otherwise	MBA and 32 Years	11.11.2025	53	M/s Endurance Technologies Ltd.	NA	No

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

For and on behalf Board of Directors
Sterling Tools Limited

Date:- 5th August, 2026
Place:- Faridabad

Anil Aggarwal
Chairman & Whole Time Director
DIN:00027214

Atul Aggarwal
Managing Director
DIN:00125825



Annexure-V to Board's Report

Annual Report on CSR Activities for FY 2025-26

1. Brief outline on CSR Policy of the Company:

Sterling Tools Limited believes that while everyone is born with equal potential, not everyone is born with equal opportunity. The company's vision is to emphasize sustainable business practices that encompass economic, environmental, and social priorities, benefiting both the business and the surrounding communities.

STL's CSR philosophy is about giving back to society by addressing the needs of local communities through socially beneficial programs aimed at their transformation and sustainable development.

STL executes its CSR initiatives primarily through its social development arm, the Manohar Lal Aggarwal Foundation. The foundation focuses on various areas, including healthcare, sanitation, education (via scholarships, smart classrooms, and improved infrastructure in government schools), rehabilitation of the destitute, sports and educating the needy about government schemes and plans.

A comprehensive CSR policy, approved by the CSR Committee and the Board of Directors on November 5, 2014, outlines the following areas:

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

The projects undertaken align with the broad framework of Schedule VII of the Companies Act, 2013. The detailed CSR policy is available on the company's website. The implementation and monitoring of CSR Policy is in compliance with the provisions of the Companies Act, 2013.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Anil Aggarwal	Chairman & Whole Time Director	1	1
2	Mr. Jaideep Wadhwa	Non-executive Independent Director	1	1
3	Mr. Atul Aggarwal *	Managing Director	---	--
4	Ms. Rashmi Urdhwaresh	Non-executive Independent Director	1	1

* Mr. Atul Aggarwal was appointed as Member with effect from 4th February 2026, in place of Mr. Jaideep Wadhwa.

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

<https://stlfasteners.com/assets/upload/investors/20240111111425-stl-csr-policy-100113962537.pdf>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

Not Applicable

5.

	(₹ in Lacs)
a) Average net profit of the Company as per section 135(5)	5565.00
b) Two percent of average net profit of the Company as per section 135(5)	112.00
c) Surplus arising out of the CSR projects or programs or activities of the previous financial years.	NIL
d) Amount required to be set off for the financial year, if any	NIL
e) Total CSR obligation for the financial year (b+c+d).	112.00

6.

(₹ in Lacs)

a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	110.80
b) Amount spent in Administrative Overheads	1.20
c) Amount spent on Impact Assessment, if applicable	NA
d) Total amount spent for the Financial Year (a+b+c)	112.00

e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year.	Amount Unspent (₹ in Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
	Not Applicable				

f) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	Not Applicable
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

7. Details of Unspent CSR amount for the preceding three Financial Years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135	Balance Amount in Unspent CSR Account under subsection (6) of section 135	Amount Spent in the Financial Year	Amount transferred to a Fund as specified under		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount	Date of Transfer		
1	2023-24	Nil	24.96	24.96	Nil	Nil	Nil	NA
2	2024-25	Nil	Nil	Nil	Nil	Nil	Nil	NA
3	2025-26	Nil	Nil	Nil	Nil	Nil	Nil	NA

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No
9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5). Not Applicable

For and on behalf Board of Directors
Sterling Tools Limited

Date:- 5th August, 2026
Place:- Faridabad

Anil Aggarwal
Chairman & Whole Time Director
DIN:00027214

Atul Aggarwal
Managing Director
DIN:00125825



Annexure-VI to Board's Report

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

(A) Conservation of energy-

1. Steps taken or impact on the conservation of energy	983kwp rooftop solar plant planned for three NCR plants
2. The steps taken by the Company for utilizing alternate sources of energy	Compressor heat recovery system installed to tap waste heat for liquid waste evaporation system at Prithla Plant.
3. The capital investment in energy conservation equipment's	₹315.89 Lacs invested in Roof top solar plant.

(B) Technology absorption-

1. the efforts made towards technology absorption	1. Manual operation eliminated by adding Torque Runner for Camber cam stud assembly with washer & Nut 2. CNC SPM added to eliminate manual loading & unloading & improved quality and reduced job work movement 3. Added 4 High speed, low cost forging machines 4. Completed brick lining refurbishment of two heat treatment furnaces using a specialized insulating coating to minimize heat loss, improve thermal efficiency, and enhance furnace performance. 5. Upgraded two existing heat treatment furnaces with additional safety thermocouples and enhanced SCADA and PLC control systems to improve operational safety, process reliability, and automation.
2. Benefits derived like product improvement, cost reduction, product development or import substitution	Nil
3. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	Nil
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	N.A.

(C) Foreign exchange earnings and Outgo-

1. The Foreign Exchange earned in terms of actual inflows during the year	₹ 955.78 Lacs
2. the Foreign Exchange outgo during the year in terms of actual outflows	₹ 1,444.83 Lacs

For and on behalf Board of Directors
Sterling Tools Limited

Date:- 5th August, 2026
 Place:- Faridabad

Anil Aggarwal
 Chairman & Whole Time Director
 DIN:00027214

Atul Aggarwal
 Managing Director
 DIN:00125825

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Sterling Tools Limited ("STL" or "the Company") has consistently upheld the highest standards of corporate governance for over four decades, making it a cornerstone of the Company's values. A robust governance framework, a zero-tolerance stance toward non-compliance, and an unwavering commitment to transparency have been instrumental in fostering long-term trust among stakeholders.

At the heart of STL's corporate philosophy lies a strong commitment to ethical conduct and best-in-class governance practices across all levels of the organization. A competent and professional team, working closely with an experienced leadership group, ensures that the Company's affairs are conducted with integrity, fairness, and transparency. Through strict adherence to well-defined Standard Operating Procedures (SOPs), applicable governmental guidelines, and informed managerial oversight, the Company strives not only to comply with but also to exceed the regulatory requirements prescribed under the Companies Act, 2013, SEBI Listing Regulations, and other applicable laws.

During FY 2025-26, the Company actively engaged with its members by seeking their approval and feedback through the Postal Ballot process on various matters. This

initiative reinforced informed decision-making, enhanced compliance, and further strengthened transparency in governance processes.

STL firmly believes that sound corporate governance is fundamental to sustainable growth and long-term success, while also being vital to building enduring confidence and trust among its stakeholders. The Company remains committed to aligning its operations with the highest ethical standards, reflecting its continued dedication to corporate responsibility, accountability, and excellence.

2. BOARD OF DIRECTORS

2.1 Composition of Board of Directors:

During the year under review, Mr. Rakesh Batra was reappointed as an Independent Director for a second term of five years. In addition, Mr. Anil Aggarwal, Chairman and Whole-Time Director, and Mr. Atul Aggarwal, Managing Director, were reappointed for a further term of five years.

As of 31st March 2026, the Board of Directors comprised 3 (three) Executive Directors, 2 (two) Non-Executive Non-Independent Director, and 5 (five) Non-Executive Independent Directors, including 1 (one) Independent Woman Director.

The details of each member of the Board as on 31st March 2026, along with the number of Directorship(s) / Committee Membership(s) / Chairmanship(s) are provided herein below:

Name of the Directors & DIN of Director	Category	No. of Directorships in other Public Companies	No. of Board Committees of other Public Companies in which Chairman/Member	
			Chairman	Member
Mr. Anil Aggarwal (DIN 00027214)	Executive-Chairman & Whole Time Director (Promoter)	2	Nil	Nil
Mr. Atul Aggarwal (DIN 00125825)	Executive- Managing Director (Promoter)	4	Nil	1
Mr. Jaideep Wadhwa (DIN 00410019)	Non-Executive Non-Independent Director	1	Nil	Nil
Mr. Akhill Aggarwal (DIN 01681666)	Executive- Whole Time Director (Promoter)	1	Nil	Nil
Mr. Anish Agarwal (DIN 07056465)	Non-Executive Non-Independent Director (Promoter group)	2	Nil	Nil
Mr. Shailendra Swarup (DIN 00167799)	Non-Executive Independent Director	2	1	3
Mr. Rakesh Batra (DIN 06511494)	Non-Executive Independent Director	1	Nil	Nil
Mr. Vijay Madhav Paradkar (DIN 00149410)	Non-Executive Independent Director	Nil	Nil	Nil
Ms. Rashmi Hemant Urdhwaresh (DIN 08668140)	Non-Executive Independent Director	7	1	4
Mr. Sanjiv Garg (DIN 00428757)	Non-Executive Independent Director	2	Nil	Nil

**Notes:**

- A. None of the Directors on the Board is a member of more than 10 (Ten) Committees or Chairman of more than 5 (Five) Committees (as specified in Regulation 26(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) across all the listed Companies in which the person is a director. Necessary disclosures regarding Committee positions in other public limited companies as on March 31, 2026 have been made by the Directors.
- B. Only Public Limited Companies (both listed and unlisted) other than Sterling Tools Limited have been considered for directorships and all other companies including private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013 have been excluded.
- C. Only the Audit Committee and Stakeholders' Relationship Committee are considered for the purpose of reckoning the committee positions of public companies other than Sterling Tools Limited.
- D. The Chairmanship of the Director in the Committees includes the membership as well.
- E. No director on the board holds directorships in more than ten public companies.
- F. None of the Independent Directors serves as an Independent Director in more than seven listed entities.
- G. Mr. Anish Agarwal was designated as the Whole- Time Director of the Company w.e.f. 15th May 2026 and the same was approved by shareholders on 26th June, 2026.
- H. Mr. Anil Aggarwal, Mr. Atul Aggarwal, Mr. Akhill Aggarwal, and Mr. Anish Agarwal are related to each other as per the definition of "relative" under the Companies Act, 2013. None of the other directors are related to each other.
- I. Pursuant to the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the requisite details relating to the Directors proposed to be appointed/re-appointed, including their brief resume, nature of expertise, disclosure of relationships inter se among Directors, directorships and committee memberships held in other companies, and shareholding in the Company, are appended as Annexure to the Notice of the AGM.

2.2 Directorships in Equity Listed Entities:

Details of other listed entities where the Directors of the Company are Directors, as on 31st March 2026, are as under:

Name of the Director	Name of other Listed entities in which the concerned Director is a director	Category of Directorship
Mr. Anil Aggarwal	Nil	NA
Mr. Atul Aggarwal	Delton Cables Limited	Independent Director
	Ester Industries Limited	Independent Director
Mr. Jaideep Wadhwa	Nil	NA
Mr. Akhill Aggarwal	Nil	NA
Mr. Anish Agarwal	Nil	NA
Mr. Shailendra Swarup	Jagran Prakashan Limited	Independent Director
	Gujarat Fluorochemicals Limited	Independent Director
Mr. Rakesh Batra	Nil	NA
Mr. Vijay Madhav Paradkar	Nil	NA
Ms. Rashmi Hemant Urdhwareshe	UNO Minda Limited	Independent Director
	ZF Commercial Vehicle Control Systems India Limited	Independent Director
	Bimetal Bearings Limited	Independent Director
Mr. Sanjiv Garg	Nil	NA

2.3 Certificate from Practicing Company Secretary

The Company has received a certificate from Mr. Santosh Kumar Pradhan, Practicing Company Secretary to the effect that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs or any other statutory authority. The said Certificate from Santosh Kumar Pradhan, Practicing Company Secretary, forms an integral part of this report.

2.4 Details of Board Meetings and Annual General Meeting held during the Financial Year:

During FY 2025-26, the Board met 5 times on 13th May 2025, 7th August 2025, 11th November 2025, 3rd February 2026 and 23rd March 2026. The attendance of all the directors at Board Meetings held during the year and attendance at the last Annual General Meeting (AGM) held on 25th September 2025 are detailed below:

Name of the Director	No. of Board Meeting required to attend in FY 2026	No. of Board Meeting attended in FY 2026	Whether attended last AGM held on 25 th September, 2025
Mr. Anil Aggarwal	5	5	Yes
Mr. Atul Aggarwal	5	5	Yes
Mr. Jaideep Wadhwa	5	5	Yes
Mr. Akhill Aggarwal	5	5	Yes
Mr. Anish Agarwal	5	4	Yes
Mr. Shailendra Swarup	5	5	Yes
Mr. Rakesh Batra	5	5	Yes
Mr. Vijay Madhav Paradkar	5	5	Yes
Ms. Rashmi Hemant Urdhwaresh	5	5	Yes
Mr. Sanjiv Garg	5	3	Yes

2.5 Board Meetings and Procedures thereof:

At Sterling Tools Limited, Board meetings function as collaborative platform where members actively discuss and evaluate the Company's growth and development strategies. The Company Secretary is responsible for preparing and circulating notices, agendas, and relevant materials to all Board members, thereby ensuring a smooth, well-informed, and efficient decision-making process.

The internal guidelines for Board/Committee meetings followed by the Company are outlined below:

- The Company convenes a minimum of four Board and Audit Committee meetings in each financial year, with a gap not exceeding 120 (One Hundred and Twenty) days between any two consecutive meetings. All other Meetings are conducted at appropriate intervals in compliance with the requirements of the Companies Act, 2013 and applicable SEBI regulations.
- Board meetings are scheduled on a regular basis to review, inter-alia the Financial Performance, Business performance, strategies, and other relevant matters.
- Notices of meetings along with detailed Agenda papers are circulated well in advance for informed and focused discussions and to ensure 100% participation from Directors either physically or through Video Conferencing (VC).
- Resolutions for urgent matters are passed by circulation and noted in the subsequent Board meeting.
- Board Meetings facilitate an effective post meeting follow-up, review and reporting process for decision taken by the Board. Important decisions taken at Board Meetings are communicated to the Departments concerned promptly and Action Taken Report of the decisions is placed at the immediately succeeding meeting.
- Draft Minutes of each meeting of Board/Committee are circulated to the members within 15 days of the conclusion of the meeting to all the Board/Committee members for their comments.
- Final Minutes are signed by the Chairman in the following meeting for accurate documentation. The Company Secretary records the minutes of the proceedings of each Board / Committee meetings.

During the year, the Board accepted all recommendations of the Committees of the Board, which were statutory in nature and required to be recommended by the Committee and approved by the Board. Hence, the Company is in compliance of condition of clause 10(j) of Schedule V of the SEBI Listing Regulations.

2.6 Information supplied to the Board:

In the Board meetings held at every quarter or the period as may be required in each Financial Year, the presentations are made to the Board of Directors on various functional, operational, statutory compliances and financial highlights etc of the Company. These presentations, inter alia includes the following:

- Annual operating plans, budgets and updates thereto.
- Quarterly and periodic Financial Results of the Company.
- Capital Expenditure Vs. Budget of each Plant as well as Company as a whole.
- Minutes of preceeding Board meeting and Committee meetings of the Company and its subsidiary companies.
- Information relating to the Appointment of Key managerial personal and Senior management personnel.
- Compliance certificates have been given by all Plant Heads, Admin, Chief Financial Officer, and Compliance Officer, detailing compliances with the various provisions of the Factories Act, Safety, Health, and Environmental norms, etc.
- Details of any Joint Venture, Collaboration etc.
- Non-compliance of any statutory, regulatory, or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- All other information which is required to be provided pursuant to the provisions of SEBI Listing Regulations.

**2.7 Details of shareholding of Directors as on 31st March, 2026 are given as under:**

Name of the Director	No. of Equity Shares (Face Value ₹ 2/-)	% of Holding
Mr. Anil Aggarwal	61,10,583	16.81
Mr. Atul Aggarwal	94,45,574	25.99
Mr. Akhill Aggarwal	26,71,838	7.35
Mr. Anish Agarwal	27,37,317	7.53
Mr. Jaideep Wadhwa	3,02,868	0.83
Mr. Shailendra Swarup	Nil	Nil
Mr. Rakesh Batra	Nil	Nil
Mr. Vijay Madhav Paradkar	Nil	Nil
Ms. Rashmi Hemant Urdhwareshe	Nil	Nil
Mr. Sanjiv Garg	Nil	Nil

2.8 Skills / expertise / competence of the Board of Directors:

As stipulated under Schedule V of the SEBI Listing Regulations, core skills / expertise / competencies, as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of Directors and are given as below .

- Corporate Management & Leadership Quality
- Automobile & Auto Ancillary Industry Knowledge
- Finance, Accounting & Internal Controls
- Sales, Marketing & International Business
- Investment, Acquisition & Fund Management
- Regulatory Compliance & Governance

While evaluating the performance of the Board as a whole, it was ensured that the core skills and competencies of Board Members align with the companies defined Competency matrix enabling the business to be conducted effectively and in a transparent manner:

Name of the Director	Corporate Management & Leadership Quality	Automobile & Auto Ancillary Industry Knowledge	Finance, Accounting & Internal Controls	Sales, Marketing & International Business	Investment, Acquisition & Fund Management	Regulatory Compliance & Governance
Mr. Anil Aggarwal	✓	✓	✓	✓	✓	✓
Mr. Atul Aggarwal	✓	✓	✓	✓	✓	✓
Mr. Akhill Aggarwal	✓	✓	-	✓	-	✓
Mr. Anish Agarwal	✓	✓	✓	✓	✓	✓
Mr. Jaideep Wadhwa	✓	✓	✓	✓	✓	✓
Mr. Sanjiv Garg	✓	✓	✓	✓	✓	✓
Mr. Rakesh Batra	✓	✓	✓	✓	✓	✓
Mr. Shailendra Swarup	✓	✓	-	-	-	✓
Ms. Rashmi Hemant Urdhwareshe	✓	✓	✓	✓	-	✓
Mr. Vijay Madhav Paradkar	✓	✓	✓	✓	✓	✓

2.9 Confirmation regarding independence of Board:

The Company strongly believes that Independent Directors plays an important role in the affairs of the Company through their valuable contribution, enhancing transparency and effectiveness into the overall functioning of the Company. In the opinion of the Board, all the existing Independent Directors as well as those proposed to be re-appointed at the ensuing Annual General Meeting (AGM), fulfill the criteria of "independence" of Directors derived from Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Companies Act, 2013.

Further, the Board confirms that no Independent Director has resigned prior to the completion of his / her tenure during the period under review.

2.10 Separate meeting of Independent Directors:

During the financial year 2025–26, a separate meeting of the Independent Directors was convened on 30th January 2026, without the presence of non-independent directors or members of management. At this meeting, the Independent Directors reviewed and evaluated the performance of the non-independent directors, the Board as a whole, and the Chairman of the Company, taking into consideration the views of both executive and non-executive directors. They also assessed the adequacy, quality, and timeliness of information flow between the Management and the Board, which is essential for the Board to effectively and efficiently discharge its responsibilities.

All Independent Directors attended the meeting and expressed a high level of satisfaction with the governance practices followed by the Company. They also appreciated the timely and comprehensive nature of the information provided to them.

2.11 Familiarization program for Independent Directors:

As part of the familiarization program required under SEBI Listing Regulations, the Directors are periodically apprised, from time to time, during Board/Committee meetings on the following:

1. The Company's market conditions, operational models, and significant recent developments.
2. Overall industry growth vis-à-vis the Company's growth, with a focus on automotive industry trends.
3. Present and future business projections, strategic initiatives, and key objectives.
4. Regulatory updates and amendments to various enactments.
5. Code of Conduct and Insider Trading Policies.
6. Internal Financial Control Systems.

The roles and responsibilities of Independent Directors are clearly outlined in the Appointment letters issued to them.

Details of the familiarization program for Independent Directors is also available on the Website of the Company <https://stlfasteners.com/assets/upload/investors/20240111111425-stl-familiarization-programme-for-id-844171247014.pdf>

2.12 Compliance with 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) and approved by the Central Government under Section 118(10) of the Companies Act, 2013.

3. Committee(s) of the Board

The Committees play a crucial role in strengthening the governance framework of the Company by supporting the

Board in specific areas through their expertise. Their actions are reviewed by the Board, and the minutes of all Committee meetings are placed before the Board for its consideration. During the FY 2025-26 the Company has eight Board Committees out of which 1 was dissolved.

- (i) Audit Committee
- (ii) Nomination and Remuneration Committee
- (iii) Stakeholders' Relationship Committee
- (iv) Risk Management Committee
- (v) Corporate Social Responsibility Committee
- (vi) Management Committee
- (vii) Investment Committee (dissolved w.e.f 3rd February, 2026)
- (viii) Share Transfer Committee

3.1 Audit Committee:

As on 31st March 2026, the Audit Committee of the Company comprised of Four members, out of which three are Independent Directors and one is an Executive Director. The Committee is chaired by a Non-Executive Independent Director. It meets the requirements of Section 177 of the Companies Act, 2013, and Regulation 18 of the SEBI Listing Regulations. The Committee oversees the accuracy and credibility of financial reporting, internal controls, risk management, compliance and other requirements related matters.

Term of reference

The terms of reference of the Audit Committee cover all applicable matters specified under Regulation 18(3) and Part C of Schedule II of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013 which, inter alia, include:

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible.
2. Recommend the appointment, remuneration, and terms of appointment of statutory auditors, including cost auditors, of the Company.
3. Approve payment to statutory auditors, including cost auditors, for any other services rendered by them.
4. Review, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement in the Board's Report as per Section 134(3)(c) of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices, and reasons for the same.



- c. Major accounting entries involving estimates based on the exercise of judgment by the management.
 - d. Significant adjustments made in financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Modified opinions in the draft audit report.
5. Review, with the management, the quarterly financial statements before submission to the Board for approval.
 6. Review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilization of the proceeds of public or rights issue, and make appropriate recommendations to the Board to take steps in this matter.
 7. Review and monitor the auditors' independence and performance, and the effectiveness of the audit process.
 8. Approve any subsequent modification of transactions of the Company with related parties.
 9. Scrutinize inter-corporate loans and investments.
 10. Value undertakings or assets of the Company, wherever necessary.
 11. Evaluate internal financial controls and risk management systems.
 12. Review, with the management, the performance of statutory auditors and internal auditors, and the adequacy of internal control systems.
 13. Formulate the scope, functioning, periodicity, and methodology for conducting internal audits.
 14. Review the adequacy of the internal audit function, including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure, coverage, and frequency of internal audit; discuss with internal auditors any significant findings and follow-up thereon.
 15. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and report the matter to the Board.
 16. Discuss with statutory auditors, before the audit commences, the nature and scope of the audit as well as post-audit discussions to ascertain any areas of concern.
 17. Look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends), and creditors.
 18. Review the functioning of the Vigil Mechanism and Whistle Blower mechanism.
 19. Approve the appointment of the Chief – Financial Officer (CFO) (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, and background, etc., of the candidate.
 20. Carry out any other function as mentioned in the terms of reference of the Audit Committee.
 21. Review the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding INR 100 crore or 10 percent of the asset size of the subsidiary, whichever is lower. The thresholds would include existing loans/ advances/investments as of 1 April 2019.
 22. Review financial statements, particularly the investments made by the Company's unlisted subsidiaries.
 23. Review the following information:
 - a. The Management Discussion and Analysis of financial condition and results of operations.
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
 - c. Management letters/letters of internal control weaknesses issued by the statutory auditors.
 - d. Internal audit reports relating to internal control weaknesses.
 - e. Appointment, removal, and terms of remuneration of the Chief Internal Auditor/Internal Auditor(s).
 24. Statement of deviations:
 - a. Quarterly statement of deviation(s) including the report of the monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations.
 - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.
 25. Any other matter with specific permissions of the Committee as referred by the Board.

Composition and Meetings of Audit Committee

During the FY 2025-26, the Audit Committee met 4 times on 12th May 2025, 6th August, 2025, , 11th November, 2025 and 3rd February, 2026. The Composition and attendance of each Member is given below:

Name of Directors	Designation	Category	No. of Meetings attended
Mr. Rakesh Batra	Chairman	Non-Executive Independent	4
Mr. Atul Aggarwal	Member	Managing Director	4
Mr. Shailendra Swarup	Member	Non-Executive Independent	4
Ms. Rashmi Hemant Urdhwaresh	Member	Non-Executive Independent	4

The Audit Committee invites HODs and other concerned persons, as it deems appropriate, to attend its meetings. The Statutory Auditor and Cost Auditor are also invited to these meetings. The Company Secretary acts as the Secretary to the Audit Committee.

3.2 Nomination and Remuneration Committee:

As on 31st March, 2026, the Nomination and Remuneration Committee of the Company comprised of Four members, of whom three are Independent Directors and one is an Executive Director. The meeting is chaired by Non – Executive Independent Director. The composition and terms of reference of the Committee are in compliance with provisions of Section 178 (1) of the Companies Act, 2013 read with Regulation 19 of the SEBI Listing Regulations.

Terms of reference

The terms of reference of this Committee are:

- Formulating criteria for determining the qualifications, positive attributes, and independence of a director and recommending to the Board a policy relating to the remuneration of Directors, key managerial personnel, and other employees.
- Formulating criteria for evaluating Independent Directors and conducting evaluations of every Director's performance, providing the necessary report to the Board for further assessment.
- Devising a policy on Board diversity.
- Identifying individuals qualified to become Directors and those suitable for appointment to key managerial and senior management positions in accordance with the criteria laid down in the policy.
- Providing Key Managerial Personnel and Senior Management with rewards linked directly to their effort, performance, dedication, and achievement relating to the Company's operations.
- Retaining, motivating, and promoting talent, ensuring the long-term sustainability of talented managerial persons and creating a competitive advantage.
- Ensuring that the level and composition of remuneration are reasonable and sufficient, with a clear relationship to performance and meeting appropriate performance benchmarks.
- Carrying out any other function mandated by the Board from time to time and/or being enforced by any statutory notification, amendment, or modification, as applicable.
- Performing other functions necessary or appropriate for the performance of its duties.
- Developing a succession plan for the Board and regularly reviewing the plan.

Composition and Meetings of Nomination and Remuneration Committee

During FY 2025-26, the Committee met six times: on 7th May 2025, 5th August, 2025, 11th November 2025, 8th January, 2026, 30th January, 2026 and 23rd March, 2026. The Composition and attendance of each Member is given below:

Name of Directors	Designation	Category	No. of Meetings attended
Mr. Vijay Madhav Paradkar	Chairman	Non-Executive Independent	6
Mr. Rakesh Batra	Member	Non-Executive Independent	6
Mr. Shailendra Swarup	Member	Non-Executive Independent	6
Mr. Anil Aggarwal *	Member	Chairman & Whole - Time Director	5

*Mr. Anil Aggarwal was appointed as a member of the Committee w.e.f 13th May 2025

The Nomination and Remuneration Committee is also designated as "Compensation Committee" pursuant to Regulation 5 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 for administrating and overseeing the STL-Employee Stock Option Plan-2023 and to exercise its powers as conferred under said Regulations. The Company Secretary of the Company acts as the Secretary to the Committee.



Board Evaluation

Formal annual evaluations of the Board, its committees, and individual Directors are carried out in accordance with the framework as specified by the Nomination and Remuneration Committee. The Board has conducted the annual performance evaluation of the Board as a whole, its Committees, the Chairman, and individual Directors.

At the Nomination and Remuneration Committee meeting held on 30th January 2026, the performance of individual directors were evaluated based on criteria such as their contribution to board and committee meetings, level of preparedness and constructive inputs.

The criteria for evaluation of Independent Directors broadly covers director participation, managing, relationships, knowledge and skill, personal attributes and independence. The purpose of the Board evaluation is to consistently improve governance at the Board level with the participation of all stakeholders in a harmonious environment. The Directors expressed satisfaction with the evaluation process. The Nomination & Remuneration Policy of the Company can also be viewed at <https://stlfasteners.com/assets/upload/investors/20260516170803-annexure-g-nomination-and-remuneration-policy-99543303883.pdf>

3.3 Stakeholders' Relationship Committee

As on 31st March, 2026, the Stakeholders' Relationship Committee of the Company comprised of three members,

of whom two are Independent Directors and one is an Executive Director. The Chairman of the Committee is an Non-Executive Independent Director. The Committee's constitution and terms of reference are in compliance with provisions of Section 178 (5) of the Companies Act, 2013 read with Regulation 20 of the SEBI Listing Regulations.

Terms of reference

The terms of reference given by the Board of Directors as applicable are briefly described below:

1. Resolving the grievances of the security holders of the listed entity including addressing complaints related to transfer/ transmission of shares, ensuring the timely receipt of the annual report, dividends, issuance of new/duplicate certificates, convening general meetings, etc.
2. Reviewing measures taken to effectively exercise voting rights by shareholders.
3. Reviewing adherence to service standards adopted by the listed entity regarding various services provided by the Registrar & Share Transfer Agent.
4. Reviewing various measures and initiatives taken by the listed entity to reduce the quantum of unclaimed dividends and ensure the timely receipt of dividend warrants, annual reports, and statutory notices by the company's shareholders.

Composition and Meetings of Stakeholders' Relationship Committee

During FY 2025-26, the Committee met once on 30th January 2026. The Committee is chaired by a Non-Executive Independent Director, the Composition and attendance of each Member is given below:

Name of Directors	Designation	Category	No. of Meetings attended
Mr. Shailendra Swarup	Chairman	Non-Executive Independent	1
Mr. Vijay Madhav Paradkar	Member	Non-Executive Independent	1
Mr. Atul Aggarwal	Member	Managing Director	1

Details of Compliance Officer

Ms. Komal Malik was appointed as the Company Secretary and Compliance Officer of the Company with effect from 7th August 2025 and served in this capacity until the closure of business hours on 28th February 2026.

Thereafter, the Board of Directors of the Company in its meeting held on 23rd March 2026 appointed Ms. Pragya Saxena as the Company Secretary and designated her as a Key Managerial Personnel and Compliance Officer of the Company w.e.f. the said date.

The Company Secretary oversees the grievance redressal division designated for redressing investor complaints and can be reached at:

Plot No. 4, DLF Industrial Estate, Faridabad-121003 Tel.: 91-129-2270621-25 (Extn. 150), Email: csec@stlfasteners.com

For any grievances, shareholders may also contact MAS Services Limited, the Registrar & Share Transfer Agent of the Company, at T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 regarding matters related to share transfer /dematerialization, dividend payments, IEPF queries, or any other queries concerning the Company's equity shares.

Status of Shareholders' complaints received, disposed and pending during the Financial Year

The details of the grievances / shareholder's complaints received and disposed off during the year are as below:

Number of shareholder's complaints received during the financial year 2025-26	0
The number of shareholder's complaints disposed off to the satisfaction of shareholders.	0
Number of pending shareholders' complaints	0

Further, as on 31st March 2026 no request for transfer/transmission was pending for approval.

3.4 Risk Management Committee

As on 31st March 2026, the Risk Management Committee of the Company comprised of five members, including two Independent Director. The Committee's constitution and terms of reference are in compliance with provisions of Regulation 21 of the SEBI Listing Regulations.

Terms of reference:

The Risk Management Committee is entrusted with the following responsibilities:

1. Assisting the Board in fulfilling its corporate governance oversight responsibilities by identifying, evaluating, and mitigating strategic, operational, and external environment risks.
2. Monitoring and approving the risk management framework and associated practices of the Company.
3. Periodically assessing risks to the effective execution of business strategy by reviewing key leading indicators in this regard.
4. Periodically reviewing the risk management processes and practices of the Company and ensuring that the Company is taking appropriate measures to achieve a prudent balance between risk and reward in both ongoing and new business activities.
5. Ensuring access to any internal information necessary to fulfill its oversight role and obtaining advice and assistance from internal or external legal, accounting, or other advisors.
6. Subjecting the appointment, removal, and terms of remuneration of the Chief Risk Officer (if any) to review by the Risk Management Committee.
7. Keeping the board of directors informed about the nature and content of its discussions, recommendations, and actions to be taken.

Composition and Meetings of Risk Management Committee

During the Financial Year 2025-26, the Committee met twice on 12th May 2025 and 4th December 2025. The Composition and attendance of each Member is given below:

Name of Directors	Designation	Category	No. of Meetings attended
Mr. Anil Aggarwal	Chairman	Chairman & Whole Time Director	2
Mr. Atul Aggarwal	Member	Managing Director	2
Mr. Rakesh Batra	Member	Non-Executive Independent	2
Mr. Jaideep Wadhwa ¹	Member	Non-Executive Non-Independent	1
Mr. Pankaj Gupta ²	Member	Chief Financial Officer	2
Mr. Akhill Aggarwal	Member	Whole Time Director	2
Mr. Vijay Madhav Paradkar ³	Member	Non-Executive Independent	1

Note: ¹ Ceased to be the member w.e.f 13th May 2025.

² Resigned from the Company w.e.f. close of business hours on 31st December 2025 and ceased to be a member of the Committee upon its reconstitution on 3rd February 2026

³ Appointed as the member w.e.f. 13th May 2025.

The Risk Management Policy of Company can also be viewed at <https://stlfasteners.com/assets/upload/investors/20260516170803-annexure-h-policy-on-risk-management-835143217813.pdf>

3.5 Other Committees

3.5.1 Corporate Social Responsibility Committee

The CSR Committee of the Company comprises of three members, including one Independent Director. The Committee's constitution and the CSR Policy of the Company are in compliance with the provisions of Section 135 of the Companies Act, 2013 read with CSR Rules.

Terms of reference:

The terms of reference of the CSR Committee as per CSR Policy of the Company are as follows:

1. Formulating and recommending to the Board a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company.
2. Recommending the amount of expenditure to be incurred on the activities referred to in clause (1).
3. Monitoring the Corporate Social Responsibility Policy of the Company from time to time.

The CSR Policy of the Company can also be viewed at <https://stlfasteners.com/investors/corporate-policies>.

Composition and Meetings of Corporate Social Responsibility Committee

During FY 2025-26, the Committee met once on 30th January 2026. The Composition and attendance of each Member is given below:



Name of Directors	Designation	Category	No. of Meetings attended
Mr. Anil Aggarwal	Chairman	Chairman & Whole Time Director	1
Mr. Jaideep Wadhwa ¹	Member	Non-Executive Non-Independent	1
Ms. Rashmi Hemant Urdhwareshe	Member	Non-Executive Independent	1
Mr. Atul Aggarwal ²	Member	Managing Director	Nil

Note: ¹Ceased to be the member w.e.f 3rd February 2026.

²Appointed as the member w.e.f 4th February 2026.

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company along with the initiatives undertaken by the Company on CSR activities during the year is provided as an Annexure to the Board Report .

3.5.2 Management Committee

The Management Committee comprises of three Executive Directors. The Committee's constitution and terms of reference comply with the provisions of Section 179 of the Companies Act, 2013. The Committee is formed to carry out the day-to-day operations of the Company.

Terms of reference:

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

1. To accept the sanction letter issued by the Bankers regarding renewal of existing credit facilities / new credit facilities within the total borrowing limit of the Company as approved by the shareholders and to open and closure of Bank account with various banks.
2. To deal with Govt. Authorities for various business matters.
3. To file/defend any legal cases.
4. To appoint any Legal Counsel, Consultant etc.
5. To furnish indemnity bond/affidavits for the purpose of imports & exports and other compliances related to the same.
6. To invest company funds in purchasing or leasing land, within a limit of 15 Crores.
7. To make investments upto 5 Crores, between two quarterly board meetings, either through equity and/or unsecured loans in the subsidiary companies.

Composition and Meetings of Management Committee

During FY 2025-26, the meeting of the Committee convened five times on the following dates: 10th June 2025, 27th October 2025, 11th November 2025, 16th December 2025 and 13th March 2026. The Composition and attendance of each Member is given below:

Name of Directors	Designation	Category	No. of Meetings attended
Mr. Anil Aggarwal	Chairman	Chairman & Whole Time Director	4
Mr. Atul Aggarwal	Member	Managing Director	5
Mr. Akhill Aggarwal	Member	Whole Time Director	4

3.5.3 Investment Committee

The Composition of Investment Committee of the Company is as follows:

Name of Directors	Designation	Category
Mr. Atul Aggarwal	Chairman	Managing Director
Mr. Jaideep Wadhwa	Member	Non-Executive Non-Independent Director
Mr. Rakesh Batra	Member	Non-Executive Independent Director
Mr. Akhill Aggarwal	Member	Whole Time Director

During the Financial Year 2025-26, no meeting of this Committee was held.

Further, the Board of Directors in its meeting held on 3rd February, 2026 had dissolved this committee.

3.5.4 Share Transfer Committee

The Share Transfer Committee comprises of following Directors:

Name of Directors	Designation	Category
Mr. Anil Aggarwal	Chairman	Chairman & Whole Time Director
Mr. Atul Aggarwal	Member	Managing 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 2025-26 the committee met 2 (Two) times.

3.5.5 Details of Senior Management

The details of Senior Management personnel in terms of Regulation 16(1) (d) of the SEBI (LODR) Regulation, 2015, as on date of this report and changes during the year are as mentioned below:

Sr. No.	Name of the SMPs	Designation
1.	Mr. Roney John *	Chief Manufacturing Officer
2.	Mr. Virendra Kumari Puri	Purchase Head
3.	Mr. Amandeep Chhabra	Sales & Marketing Head
4.	Mr. Ram Avtar Aggarwal	Admin. & IR Head
5.	Mr. R. Jayaraman	Engineering, Design & Development Head
6.	Mr. Anupam Roop Rai	Group Head - Human Resource
7.	Mr. Chandrakant Poojari	IT Head
8.	Mr. Pankaj Gupta +	Chief Financial Officer
9.	Ms. Pragya Saxena #	Company Secretary & Compliance Officer
10.	Ms. Komal Malik ^	Company Secretary & Compliance Officer

*appointed w.e.f 11th November, 2025

+ ceased w.e.f close of business of 31st December 2025

appointed w.e.f 23rd March 2026

^ appointed w.e.f 7th August 2025 and ceased w.e.f closure of business hours of 28th February 2026

4. Compensation to the Members of the Board

4.1 Executive Directors

The terms of remuneration for the following Executive Directors have already been approved:

- Mr. Anil Aggarwal and Mr. Atul Aggarwal: Their remuneration terms were approved by the Nomination & Remuneration Committee, by the Board of Directors and shareholders through the Postal Ballot Notice dated 3rd February 2026, which outlines the detailed terms and conditions of their appointments. The same was approved by the shareholders on 27th March, 2026.
- Mr. Anish Agarwal: His remuneration terms were approved by the Nomination & Remuneration Committee, by the Board of Directors and shareholders through the Postal Ballot Notice dated 15th May 2026, covering the terms and conditions of his appointment. The same was approved by the shareholders on 26th June, 2026.
- Mr. Akhill Aggarwal: His remuneration terms were approved by the Nomination & Remuneration Committee, by the Board of Directors and shareholders through the Postal Ballot Notice dated 10th May 2024, which specifies the terms and conditions of his appointment. The same was approved by the shareholders on 28th June, 2024.

Details of the remuneration paid to Executive Directors during the year 2025-26 are given below:

(Amount in ₹ Lacs)

Name of the Director	Salary and other Allowances	Commission	Perquisites	Total
Mr. Anil Aggarwal	292.11	83	3.68	378.79
Mr. Atul Aggarwal	281.12	83	7.44	371.56
Mr. Akhill Aggarwal	103.68	-	-	103.68

- The service contract of Executive Directors are for a period of five years in accordance with the provisions of the Companies Act, 2013.



- The services of the Executive Director may be terminated by either party, by providing three months' prior notice to the other party, as per the policy of the Company. There is no separate provision for payment of severance fees upon such termination.

4.2 Non-executive Directors

The Non-Executive Independent Directors are entitled to sitting fee for attending the Board / Committee Meetings. The existing sitting fees of Non-Executive Independent Directors is ₹ 50,000/- per meeting of the Board of Directors as well as Committees.

Such sitting fees are paid to Independent Directors in compliance of the provisions of Companies Act, 2013 as amended from time to time. Further, None of the Independent directors has any pecuniary/other interest in the transactions of the Company, its directors or its promoters, its senior Management and Associates which may affect their independence. Details of the sitting fees paid to Independent Directors during the FY 2025-26 are detailed below:

(Amount in ₹ Lacs)

Name of the Director	Board Meeting	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee	Stakeholders' Relationship Committee	CSR Committee	Independent Directors Meeting	Investment Committee
Mr. Shailendra Swarup	2.50	2.00	3.00	NA	0.50	NA	0.50	NA
Mr. Rakesh Batra	2.50	2.00	3.00	1.00	NA	NA	0.50	NA
Mr. Vijay Madhav Paradkar	2.50	NA	3.00	0.50	0.50	NA	0.50	NA
Ms. Rashmi Hemant Urdhwaresh	2.50	2.00	NA	NA	NA	0.50	0.50	NA
Mr. Sanjiv Garg	1.50	NA	NA	NA	NA	NA	-	NA
Total	11.50	6.00	9.00	1.50	1.00	0.50	2.00	

ESOPs to Directors: During the year under review, the Company has further allotted 1,60,108 equity shares to Mr. Jaideep Wadhwa, Non-Executive Non-Independent Director of the Company, pursuant to the exercise of ESOPs out of 6,40,431 options granted to him in the capacity of Managing Director of Sterling E- Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited), a Wholly owned Subsidiary, in terms of the STL Employee Stock Option Plan, 2023 and vesting schedule thereof. The vesting and exercise of these stock options are contingent upon continuous employment with the Subsidiary Company and compliance with the terms of the Company's ESOP Plan. All stock options must be exercised within 10 years from the date of vesting. No stock options were granted to any other Director (both Executive and Non-executives) under the Company's ESOP Plan.

Additionally, during the year under review:

- None of the Non-Executive Directors received any performance-linked incentives.
- The Company did not advance any loans to any Executive or Non-Executive Directors during the Financial Year 2025-26.
- The Company has in place a Directors' and Officers' Liability Insurance Policy.

5. POLICIES

Nomination and Remuneration Policy

Nomination and Remuneration Policy of the Company is designed to foster a high-performance culture. The Company remunerates its executive Directors through salary, benefits, perquisites, allowances and commission to its Executive Directors. The Independent directors on the other hand are compensated solely by way of sitting fees.

The Nomination and remuneration policy is uploaded on the Website of the Company at <https://stlfasteners.com/assets/upload/investors/20240111111425-nomination-and-remuneration-policy-board-795595043113.pdf>

Policy on Board Diversity

The Nomination and Remuneration Committee of the Company approved the Policy on Board diversity appropriate to the business requirements of the Company covering the following:

- The optimum combination of Executive Directors, Non-Executive Directors and Independent Directors.
- The recommendatory requirement for each of the directors to possess functional diversity.
- Role of nomination and remuneration committee to ensure that the Policy on Board diversity is considered while recommending the appointment of new directors on the Board of the company.
- Review of the policy at such intervals including the assessment of the effectiveness of the policy.

Code of conduct

In compliance with the requirements of Regulation 17(5) of the SEBI Listing Regulations, the Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. This code is also posted on the website of the Company i.e. <https://stlfasteners.com/assets/upload/investors/20240111111425-code-of-business-conduct-and-ethics-25792458837.pdf>.

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, 2026. The Annual Report of the Company contains a certificate by the Managing Director in this regard.

Code of conduct for Insider Trading

The Securities and Exchange Board of India, through its Notification dated January 15, 2015, introduced the SEBI (Prohibition of Insider Trading) Regulations to safeguard investors' interests.

Pursuant to the amended SEBI (Prohibition of Insider Trading) Regulations, 2018, the Company has further revised the said Code. The purpose of this Code is to protect shareholders' interests, prevent the misuse of unpublished price-sensitive information, and curb insider trading activities.

The Code of Conduct for insider trading is available on the website of the Company <https://stlfasteners.com/assets/upload/investors/20240111111425-code-of-practices-934067988152.pdf>

Prevention of Sexual Harassment Policy

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

During the year under review, the details of Complaint filed, disposed and pending pertaining to sexual harassment of women at workplace is given below:

1. Number of complaints filed during the financial year 2025-26	NIL
2. Number of complaints disposed of during the financial year 2025-26	NIL
3. Number of complaints pending as on end of the financial year 2025-26	NIL

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy

for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower Policy is displayed on the Company's website viz. <https://stlfasteners.com/assets/upload/investors/20260516170646-annexure-e-vigil-mechanism-policy-639652200996.pdf>

During the period under review, none of the personnel of the Company has been denied access to the Audit Committee.

Policy on disclosure of material events

The Company has also adopted policies on the determination of material events and policy for the preservation of documents. The said policies are available on the website of the Company <https://stlfasteners.com/assets/upload/investors/20240111111425-stl-policy-on-disclosure-of-material-events-365650624937.pdf>

Business Responsibility and Sustainability Report (BRSR)

In accordance with the Listing Regulations, the BRSR describes the performance of the Company on environmental, social and governance aspects. Accordingly, the BRSR Report forms part of this report.

Role of the Company Secretary in the overall governance process

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



6. Shareholders Information

General Body Meetings

• Annual General Meeting (AGM)

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

FY	Date	Time	Location	Special Businesses
2024-25	25.09.2025 (46 th AGM)	10:00 A.M.	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	Re-appointment of Mr. Rakesh Batra (DIN: 06511494) as Non-executive Independent Director of the Company.
2023-24	13.09.2024 (45 th AGM)	10:00 A.M.	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	Re-appointment of Mr. Shailendra Swarup (DIN: 00167799) as a Non-executive Independent Director of the Company
2022-23	18.09.2023 (44 th AGM)	10:00 A.M.	Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")	-

• Details of the special resolutions Passed through postal ballot:

During FY 2025-26, following Special Resolutions were passed through Postal Ballot process, the details whereof including voting pattern are as under:

A. Details of Postal ballot conducted vide Notice dated 3rd February 2026:

Sl. No	Description of Special Resolution passed	Total No. of Votes	Number of votes polled	Votes cast in favour		Votes cast in Against		Date of passing of resolution
				Number of votes	%age	Number of votes	%age	
1	Re-appointment of Mr. Anil Aggarwal (DIN:00027214) as Chairman and Whole Time Director of the Company and payment of remuneration thereof.	36184318	23782049	23779982	99.9913	2067	0.0087	27 th March 2026
2	Reappointment of Mr. Atul Aggarwal, (DIN:00125825) as Managing Director of the Company and payment of remuneration thereof.	36184318	23781989	23779922	99.9913	2067	0.0087	27 th March 2026

For the above Postal Ballots, Mr. Santosh Kumar Pradhan, Practicing Company Secretary, Ghaziabad, was appointed as the Scrutinizer to conduct the aforesaid Postal Ballot process in a fair and transparent manner. The Company had provided the facility of voting through electronic means. The procedure of Postal Ballot, as contained in the Postal Ballot Notice, is available on the Company's website at <https://stlfasteners.com/investors/intimations-to-stock-exchanges>.

Pursuant to Section 108, Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, read with Circulars issued by Ministry of Corporate Affairs, read with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Special Resolutions were passed by the Members of the Company through Postal Ballot by remote e-voting process.

7. Means of Communication

The quarterly results of the Company were published in an English daily newspaper (Financial Express) having nationwide circulation and in local Hindi daily newspaper (Jansatta) and also displayed at the Company's website at www.stlfasteners.com.

All official press/ news releases, presentations made to analysts and institutional investors and other general information about the Company are also available on the Company's website. The presentations made to the institutional investors or analysts, if any, are not communicated individually to the shareholders of the Company. However, in addition to uploading the same on the website of the Company, the presentations are sent to the Stock Exchange for dissemination of information to the Public.

8. General Shareholder Information

1) Annual General Meeting

Date : Friday, 4th September, 2026
Time : 11:00 A.M
Venue : The Company is conducting meeting through VC / OAVM in accordance with the latest MCA Circular dated 22nd September 2025 read with other relevant MCA Circulars. Accordingly, there is no requirement to provide a physical venue for the AGM. For details please refer to the Notice of this AGM. The deemed venue for this AGM will be the Registered Office of the Company i.e., DJ-1210, DLF Tower-B, Jasola District Centre, New Delhi-110025.

2) Financial Year : 2025-26 (1st April, 2025 to 31st March, 2026)

3) Dividend Announcement: The Board of Directors of Sterling Tools Limited has proposed a dividend of ₹ 2.75/- per equity share (137.50%) for the financial year ended 31st March, 2026, subject to approval by the shareholders of the Company at the ensuing Annual General Meeting. Dividend paid in the previous year was ₹ 2.50 per equity share (125%).

4) Dates of Book Closure : The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 29th August 2026 to Friday, 4th September 2026, both days inclusive, for the purpose of Annual General Meeting and payment of dividend.

5) Date of Dividend Payment : The payment of the dividend, subject to declaration by the shareholders at the forthcoming Annual General Meeting, will be made within 30 days from the date of declaration:

To all beneficial owners holding shares in electronic form, based on the beneficial ownership data provided by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of the end of the day on Friday, 28th August 2026.

To all shareholders holding shares in physical form, after accounting for all valid share transfers lodged with the Company on or before the close of business on Friday, 28th August 2026.

6) Listing on Stock Exchange : Shares of Sterling Tools Limited are listed on the following stock exchange:

- **BSE Limited, Mumbai (BSE)**
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. www.bseindia.com
- **National Stock Exchange of India Limited (NSE)**
"Exchange Plaza", Plot No. C-1, Block-G, Bandra Kurla Complex, Bandra (E), Mumbai-400 051. www.nseindia.com

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

7) Name of Depositories for dematerialization of equity shares :

- **ISIN** : INE334A01023
- **Depository**:
National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL)

8) Registrar and Transfer Agent : **MAS Services Limited**
T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 Fax: +91 11 2638 7384
Tel:- +91 11 2638 7281

Email: info@masserv.com Visit: www.masserv.com

Members may write for any queries/information to the Company Secretary at Sterling Tools Limited, DJ 1210, Twelfth Floor, DLF Tower B, Jasola, New Delhi- 110025, or any query can be sent by email at csec@stlfasteners.com.



9) Share Transfer System : The shares of the Company are mandatorily traded in dematerialized form. Any shares received in physical form are processed and approved by the Share Transfer Committee within 15 days of receipt, provided all lodged documents are valid and complete.

SEBI, through its circular dated September 7, 2020, had initially set March 31, 2021, as the deadline for the re-lodgement of such transfer deeds. However, based on representations received from investors, Registrar and Transfer Agents (RTAs), and listed companies highlighting that several investors were unable to meet the earlier deadline, SEBI has now granted a final opportunity for re-lodgement.

Accordingly, SEBI, via its circular dated January 30, 2026 (HO/38/13/11(2)2026-MIRSD-POD/I/3750/2026), has re - opened one year special window – from **February 5, 2026 to February 4, 2027** – during which eligible shareholders may re-lodge their previously rejected or unattended transfer deeds, provided these were originally submitted prior to April 1, 2019.

It is important to note that all such transfers will be processed exclusively in dematerialized form, in compliance with the prescribed procedure for transfer-cum-demat requests.

Shareholders holding shares in physical form are requested to register and/or update their PAN and bank account details with the Company's Registrar & Share Transfer Agent. Shareholders holding shares in electronic form should register or update these details with their Depository Participants (DPs).

Effective January 1, 2022, SEBI has mandated the submission of PAN, specimen signature, KYC details (including postal address with PIN code, email address, mobile number, and bank account details), and nomination details by holders of physical securities. In line with this requirement, the Company has been sending periodic communications to all members holding shares in physical form, in compliance with SEBI Circulars issued from time to time.

10) Dematerialization of Shares

The Shares of the Company are in Compulsory Demat segment as on 31st March 2026.

The summarised position of shareholders in Physical and Demat segment as on 31st March 2026 is as under:

Type of shareholding	No. of shareholders	Physical Shares	Demat Shares
Equity	40,263	63,526	3,62,80,900
Preference		N.A.	

11) Distribution of shareholding as on 31st March 2026

Number of Share Holders	% To Total	Share Holding of face Value of ₹2/-	No. of shares	Amount in ₹	% To Total
39,859	98.996	1 to 5,000	52,56,412	1,05,12,824	14.462
238	0.591	5,001 to 10,000	8,75,343	17,50,686	2.408
90	0.223	10,001 to 20,000	6,62,001	13,24,002	1.821
19	0.047	20,001 to 30,000	2,34,493	4,68,986	0.645
10	0.024	30,001 to 40,000	1,73,959	3,47,918	0.478
11	0.027	40,001 to 50,000	2,52,816	5,05,632	0.695
15	0.037	50,001 to 100,000	5,08,099	10,16,198	1.398
21	0.052	100,001 and above	2,83,81,303	5,67,62,606	78.089
40,263	100.000	Total	3,63,44,426	7,26,88,852	100.000

Face Value of each share ₹ 2/-

The number of shareholders has been determined based on the number of folios rather than on a PAN basis.

12) Shareholding Pattern:

Particulars	As on 31 st March 2026		As on 31 st March 2025	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Promoters	2,35,73,478	64.86	2,35,27,237	65.02
Mutual Funds	-	-	10,32,904	2.85
Alternate Investment fund	1,25,100	0.34	-	-
NRIs and OCBs	22,07,188	6.08	23,07,246	6.38

Particulars	As on 31 st March 2026		As on 31 st March 2025	
	No. of shares	% to total Capital	No. of shares	% to total Capital
Body Corporate	4,12,576	1.14	2,25,410	0.62
Indian Public	98,33,792	27.05	89,00,169	24.60
IEPF	1,92,292	0.53	1,91,352	0.53
Total	3,63,44,426	100.00	3,61,84,318	100.00

- 13) 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 31st March, 2026, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.
- 14) Shares in the suspense account** : The Company doesn't hold any shares in unclaimed suspense Account.
- 15) 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.
- 16) Plant Locations** : (i) 5A, DLF Industrial Estate, Faridabad 121 003, Haryana.
(ii) 81, Sector-25, Ballabgarh, Faridabad, Haryana.
(iii) 49 KM Stone, Delhi Mathura Road, Village-Prithla, Distt.-Palwal Haryana.
(iv) Plot No. 109-110 Vemagal Industrial Area, District Kolar, Bengaluru, Karnataka
- 17) Electronic Clearing Services (ECS)** : Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers etc., to their respective Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Share Transfer Agent to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Company's Registrar and Share Transfer Agent.
- 18) Address for correspondence for RTA related queries** : Investors and Shareholders are requested to send all correspondence to the Registrar & Transfer Agent at MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020

9. Statutory Auditors and their Fee:

M/s Walker Chandio & Co., LL.P., the Chartered Accountants are the Statutory Auditors of the company. During the Financial Year 2025-26, the total fees paid by the Company to them is as below:

Statutory Audit : ₹ 44.00 Lacs

Other than Audit: ₹ 2.90 Lacs

Reimbursement of Expenses : ₹ 3.86 Lacs

10. Credit Rating:

During the year, ICRA Limited, reaffirmed the Company's long-term rating at [ICRA]AA- (Stable) and revised the outlook to Stable from Positive, while reaffirming the short-term rating at [ICRA]A1+. The rating continues to reflect the Company's established market position as the second-largest automotive fasteners manufacturer in India and its healthy credit profile, supported by steady accruals from the fasteners business.

11. Other Disclosures

11.1 Disclosures on related party transactions

All related party transactions that were entered into during the Financial Year 2025-26 were on arm's length basis and in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations. There were no materially significant related party transactions made by the Company 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 <https://stlfasteners.com/assets/upload/investors/20240111111425-related-party-transaction-policy-981592991348.pdf>.

11.2 Statutory Compliance, Penalties and Strictures

During the year under review, no penalties or strictures were imposed by the SEBI, or any other statutory authority. However, the National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE) both levied a penalty of ₹25,960/- for reporting non-applicability of Section 13(3) of the SEBI (LODR) Regulations, 2015 for the quarter



ended 30th June 2025 in the Integrated Governance Excel Template, ₹21,240/- each for non-appointment of Company Secretary & Compliance Officer from 13th June 2025 to 30th June 2025 during the quarter ended 30th June, 2025, ₹43,660/- each for non-appointment of Company Secretary & Compliance Officer from 1st July 2025 to 6th August 2025 during the quarter ended 30th September, 2025.

11.3 Details of Compliance with Mandatory requirements and adoption of non-mandatory requirements

The Company has duly complied with all the mandatory provisions of SEBI Listing Regulations as amended from time to time. Adoption of non-mandatory requirements as stipulated under SEBI Listing Regulations is being reviewed by the Board from time to time.

11.4 Reconciliation of Share Capital Audit

Mr. Santosh Kumar Pradhan, 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 dematerialized shares held with NSDL and CDSL.

11.5 Disclosure of Accounting Treatment

There is no deviation in following the treatments prescribed in any Accounting Standard in preparation of financial statements of the Company during the year.

11.6 Compliance with discretionary requirements

The Company has duly complied with the following discretionary requirements as prescribed in schedule II part E of the SEBI Listing Regulations:

a. Audit qualifications

Mr. Ashish Gera has signed the Statutory audit report for FY 2025-26 on behalf of M/s Walker Chandok & Co., LLP and there is no Audit Qualification by the Statutory Auditors.

b. Presentation by Internal Auditors

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

11.7 Subsidiary Companies

As on 31st March, 2026, the Company has five Wholly owned Subsidiaries:

1. Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Ltd.)
2. Sterling Tech-Mobility Ltd.
3. Sterling E-Mobility Private Ltd.
4. Sterling Advanced Electric Machines Pvt. Ltd.
5. Sterling Overseas Pte Ltd.

Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-mobility Limited), incorporated in Delhi on 10th January 2020, is the Material Subsidiary of the Company. Furthermore, M/s S.R. Dinodia & Co., LLP were re-appointed as the Statutory Auditors of Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-mobility Limited) on 02nd September 2025. The policy of Materials subsidiary is being uploaded on the website at <https://stlfasteners.com/assets/upload/investors/20260516170803-annexure-f-policy-for-determining-material-subsidiary-795297408080.pdf>. The Code of Conduct for insider trading is available on the website of the Company <https://stlfasteners.com/assets/upload/investors/202401111111425-code-of-practices-934067988152.pdf>.

11.8 The Board has accepted all the recommendations of the Committees of the Board during the financial year 2025-26.

12. Report on Corporate Governance

This Corporate Governance Report forms an integral part of the Annual Report. The Company is fully compliant with the corporate governance requirements as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, except for certain delayed compliances as mentioned earlier in this report.

13. CEO/CFO Certification

As required by Regulation 33 of the LODR Regulations, a Certificate given by the Managing Director and CFO of the Company is annexed in the Annual Report.

14. Compliance

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

15. Disclosure with respect to Demat Suspense Account / Unclaimed Suspense A/C

There was no Demat Suspense Account or Unclaimed Suspense Account for the Financial year under review.

16. Disclosure of Certain Types of Agreement binding on the Listed Company as per Clause 5A Para A Part A of Schedule III of LODR

There is no such agreements entered by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company.

CEO and CFO Certification

We, Atul Aggarwal, Managing Director and Anish Agarwal, 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 31st March 2026 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 any 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 31st March 2026.

Date: 15th May, 2026
Place: Faridabad

Sd/-
Atul Aggarwal
Managing Director
DIN 00125825

Sd/-
Anish Agarwal
Chief Financial Officer
PAN ADCPG3265G



Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members,

Sterling Tools Limited,

CIN: L29222DL1979PLC009668,

Unit No. DJ-1210, 12th floor,

DLF Tower -B, Jasola District Centre, New Friends Colony, South Delhi-110025

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sterling Tools Limited (CIN-L29222DL1979PLC009668) and having registered office at Unit No. DJ-1210, 12th floor, DLF Tower -B, Jasola District Centre, New Friends Colony, South Delhi-110025 (hereinafter referred to as the Company), produced before me by the Company for the purpose of issuing the Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of the Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identifications Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its Officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Anil Aggarwal	00027214	30/09/1994
2.	Mr. Atul Aggarwal	00125825	30/09/1994
3.	Mr. Jaideep Wadhwa	00410019	07/02/2019
4.	Mr. Shailendra Swarup	00167799	17/12/2019
5.	Mr. Akhill Aggarwal	01681666	02/08/2019
6.	Mr. Rakesh Batra	06511494	10/11/2020
7.	Mr. Anish Agarwal	07056465	01/02/2024
8.	Mrs. Rashmi Urdhwareshe	08668140	01/02/2024
9.	Mr. Vijay Madhav Paradkar	00149410	25/03/2024
10.	Mr. Sanjiv Garg	00428757	10/05/2024

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Santosh Kumar Pradhan
(Company Secretaries)

Santosh Kumar Pradhan
(Proprietor) FCS-6973
C.P. No. 7647
P.R.C. No. 8229/2026
UDIN: F006973H000999195

Place: Ghaziabad
Date: 01.08.2026

Compliance Certificate

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

The Members,

Sterling Tools Limited,

(CIN: L29222DL1979PLC009668)

Unit No. DJ-1210, 12th floor,

DLF Tower -B, Jasola District Centre, New Friends Colony, South Delhi-110025

I have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 pursuant to the Uniform Listing Agreement of the said Company with the Stock Exchanges, for the year ended 31st March 2026.

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 for the year ended 31st March, 2026 except that there was no Company Secretary cum Compliance Officer in the Company for the period from 14th March, 2025 to 6th August, 2025.

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.

For Santosh Kumar Pradhan
(Company Secretaries)

Santosh Kumar Pradhan

FCS-6973

C.P. No. 7647

P.R.C. No. 8229/2026

UDIN: F006973H000999206

Place: Ghaziabad

Date: 01.08.2026



Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1	Corporate Identity Number (CIN) of the Listed Entity:	L29222DL1979PLC009668
2	Name of the Listed Entity:	Sterling Tools Limited "hereinafter referred as The Company"
3	Year of Incorporation:	1979
4	Registered office address:	DJ-1210, 12th Floor, DLF Tower-B, Jasola District Centre, New Delhi - 110025
5	Corporate address:	Plot No. 4, DLF Industrial Estate, Faridabad - 121003
6	E-mail:	csec@stlfasteners.com
7	Telephone:	0129-2270621
8	Website:	www.stlfasteners.com
9	Financial year for which reporting is being done:	FY 2025-26
10	Name of the Stock Exchange(s) where shares are listed:	National Stock exchange of India Limited and BSE Limited
11	Paid-up Capital:	Rs. 726.89 Lakhs
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:	Ms. Pragya Saxena, Company Secretary (Tel: 0129-2270621, Email: csec@stlfasteners.com)
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together):	Standalone basis
14	Name of assessment or assurance provider:	The data provided in the BRSR Report has not been assured by any external agency.
15	Type of assessment or assurance obtained:	Not Applicable

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Manufacturing of Fabricated and Metal Products, including Metal Fasteners	98.74%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product / Service	NIC Code	% of total Turnover contributed
1	Manufacturing of High Tensile Fasteners	259901	98.74%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	4	2	6
International	Nil	Nil	Nil

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	26
International (No. of Countries)	13

b. What is the contribution of exports as a percentage of the total turnover of the entity?

1.33% of the total turnover of the Company is contributed through exports.

c. A brief on types of customers.

Sterling Tools Limited is a leading manufacturer of cold-forged, high-tensile fasteners in India and forms part of a diversified automotive group. The Company supplies its products to a broad range of prominent automotive Original Equipment Manufacturers (OEMs) across segments including commercial vehicles, passenger cars, two-wheelers, tractors, and off-highway equipment. Its established customer base comprises industry leaders such as Tata Motors, Ashok Leyland, Daimler, Maruti Suzuki, Hyundai, Mahindra, Hero MotoCorp, Honda, John Deere, Escorts, CNH and JCB. Through its precision-engineered, high-quality products, the Company serves as a trusted supply chain partner to India's foremost automotive manufacturers.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES*						
1.	Permanent (D)	429	415	96.74%	14	3.26%
2.	Other than permanent (E)	-	-	-	-	-
3.	Total employees (D + E)	429	415	96.74%	14	3.26%
WORKERS						
4.	Permanent (F)	227	227	100%	-	-
5.	Other than Permanent (G)	1273	1234	96.94%	39	3.06%
6.	Total workers (F + G)	1500	1461	97.40%	39	2.60%

*Includes Directors & KMPs as well

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	-	-	-	-	-
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent (G)	-	-	-	-	-
6.	Total differently abled workers (D + E)	-	-	-	-	-

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	10	1	10%
Key Management Personnel*	4	2	50%

*Managing Director (MD) is also a KMP and have been considered under both the categories of BOD and KMP. During the year, two of the KMPs, Chief Financial Officer and Company Secretary, ceased to be associated with the Company with effect from closure of business hours of 31st December 2025 and 28th February 2026 respectively.

**22. Turnover rate for permanent employees and workers**

(Disclose trends for the past 3 years)

	FY 2025-26 (Turnover rate in current FY)			FY 2024-25 (Turnover rate in previous FY)			FY 2023-24 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	34.72%	25.00%	34.43%	33.24%	20.00%	32.90%	23.55%	40.00%	23.89%
Permanent Workers	3.89%	-	3.89%	0.85%	-	0.85%	0.84%	-	0.84%

V. Holding, Subsidiary and Associate Companies (including joint ventures)**23. (a) Names of holding / subsidiary / associate companies / joint ventures**

S. No.	Name of the holding/subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Sterling E-Mobility Solutions Limited (Formerly Sterling Gtake E-Mobility Limited)	Subsidiary	100%	No
2	Sterling Tech-Mobility Limited	Subsidiary	100%	No
3	Sterling Advanced Electric Machines Private Limited	Subsidiary	100%	No
4	Sterling E-Mobility Private Limited	Subsidiary	100%	No
5	Sterling Overseas Pte Limited	Subsidiary	100%	No

VI. CSR Details

- 24.** (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No): **Yes**
- (ii) Turnover (in Rs.): **71,672.27 Lakhs**
- (iii) Net worth (in Rs.): **52,850.45 Lakhs**

VII. Transparency and Disclosures Compliances**25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, Grievance Policy	Nil	Nil	Nil	Nil	Nil	Nil
Investors (other than shareholders)	Yes, Stakeholder Relationship Committee	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders	Yes, Stakeholder Relationship Committee	Nil	Nil	Nil	1	Nil	All concerns were closed
Employees and workers	Yes, Grievance Policy	Nil	Nil	Nil	Nil	Nil	Nil
Customers	Yes, marketing@stlfasteners.com	220	Nil	All concerns were closed	229	Nil	All concerns were closed
Value Chain Partners (Direct Suppliers)	The Company through its effective internal mechanism takes care of all the grievances for all its value chain partners and dedicated to strengthen the process.						
Other (please specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The Company engages with a broad spectrum of stakeholders, including Shareholders, Board of Directors, Promoters, Customers, Suppliers, Business Partners, Employees and Workers, Government Authorities, Industry and Institutional Bodies and the Community. The Company is committed to maintaining open, transparent and inclusive engagement with all its stakeholder groups as an integral part of its business conduct.

To facilitate effective grievance redressal, the Company has established a robust framework of policies and mechanisms applicable across all its business operations. This includes a Vigil Mechanism and Whistle-Blower Policy, an Anti-Bribery Policy and a Prevention of Sexual Harassment (POSH) Policy for women employees - all of which provide structured and confidential channels for raising concerns and grievances. The Whistle-Blower and POSH policies are accessible at: <https://stlfasteners.com/investors/corporate-policies>

For value chain partners and suppliers, the Company has a well-defined escalation matrix to ensure that grievances are addressed in a timely and structured manner. For all other stakeholder categories, designated process owners are responsible for receiving and resolving concerns relevant to their respective functions.

Stakeholders may reach the Company through the following dedicated platforms and contact channels:

- **Investor Relations Portal:** <https://stlfasteners.com/investors/investor-contact/>
- **Company Secretary / General Queries:** csec@stlfasteners.com
- **Sales & Customer Queries:** marketing@stlfasteners.com

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material Issue Identified	R/O	Rationale	Mitigation / Approach	Financial Implications
1	Climate Change	Risk & Opportunity	Evolving climate regulations, stakeholder expectations, and physical risks may impact operations, while the transition to low-carbon solutions presents growth opportunities	Adoption of renewable energy, energy efficiency measures, and climate-resilient infrastructure	Negative: Increased compliance costs and capex; Positive: Operational savings and enhanced brand reputation
2	Emissions Management	Risk & Opportunity	Increasingly stringent GHG and air emission norms may lead to regulatory and reputational risks if not addressed	Monitoring and reduction of Scope 1 & 2 emissions, process improvements, and emission control technologies	Negative: Risk of penalties and carbon costs; Positive: Cost savings from improved efficiency
3	Water Management	Risk & Opportunity	High water dependency and potential scarcity may disrupt operations and impact stakeholder perception	Implementation of water conservation, recycling, rainwater harvesting, and zero liquid discharge initiatives	Negative: Operational disruptions during shortages; Positive: Cost efficiency and improved water security
4	Diversity & Equal Opportunity	Opportunity	An inclusive and diverse workforce enhances innovation, employee engagement, and organizational reputation	Implementation of diversity policies, training programs, and inclusive hiring practices	Positive: Improved productivity, talent retention, and employer branding
5	Responsible Supply Chain	Risk & Opportunity	Growing expectations for ethical sourcing may pose risks if unmet, while strong practices improve competitiveness	Supplier code of conduct, audits, supplier engagement, and sustainable sourcing initiatives	Negative: Compliance and audit costs; Positive: Stronger supplier relationships and access to global markets
6	Community Engagement	Opportunity	Positive community relations support business continuity and reduce social risks	CSR initiatives focused on health, education, skill development, and community welfare	Positive: Strengthened social license to operate and long-term reputational benefits
7	Manufacturing Efficiency	Opportunity	Improving operational efficiency reduces resource consumption, emissions, and costs while enhancing competitiveness	Lean manufacturing, process optimization, and adoption of circular economy practices	Positive: Reduced operating costs and improved profitability

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	The Company periodically reviews and updates its policies with Board approval. Newly drafted policies are in the process of being reviewed and approved by the Board or appropriate committees to ensure proper governance before implementation.								
c. Web Link of the Policies, if available	Policies specified under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 are accessible on the Company's website, which can be accessed via the link below: https://stlfasteners.com/investors/ Rest of the Policies are available on Company's Intranet, accessible by all employees of the Company.								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes. Some of the policies extended to the value chain partners as well.								
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	IATF 16949: 2016 ISO 45001: 2018 ISO 14001: 2015 ISO 9001: 2015 ISO 17025 ISO: 27001:2022								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Based on stakeholder feedback and material issues identified, the Company has established key focus areas for developing commitments, goals, and targets with defined timelines.								
6. Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.	Sterling Tools Limited is actively strengthening its ESG performance across all operations. Detailed assessments have been conducted at all manufacturing units to evaluate the environmental and social footprint of the Company. A structured monitoring framework is in place, with regular progress reviews planned to ensure accountability against set targets.								
Governance, leadership, and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	During the reporting period, the Company continued to integrate the principles of the National Guidelines on Responsible Business Conduct (NGRBCs) into its business practices and decision-making processes. Efforts were undertaken to address key environmental, social, and governance (ESG) priorities through responsible operational practices, stakeholder engagement, and continuous performance monitoring. The Company advanced its sustainability agenda by implementing initiatives aimed at environmental conservation, including the integration of solar energy across facilities to support the transition towards cleaner energy sources. Through its Corporate Social Responsibility (CSR) programmes, the Company contributed to community development by supporting education for differently abled children and promoting skill development initiatives to enhance livelihood opportunities. These efforts were supported by a strong governance framework focused on ethics, transparency, accountability, and regulatory compliance, reinforcing the Company's commitment to sustainable growth and long-term value creation for stakeholders.								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	The overall responsibility for implementing and overseeing the Company's Business Responsibility policies rests with the Chairman. The Chairman, supported by functional heads across operations, HR, environment, legal and finance, ensures that ESG principles are embedded in the Company's policies, processes and business decisions.								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, the Chairman is responsible for the annual review of sustainability matters.								

10. Details of Review of NGRBCs by the Company:

Subject of Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
	1	2	3	4	5	6	7	8	9	1	2	3	4	5	6	7	8	9
Performance against above policies and follow up action Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Audit Committee, Risk Management Committee and Board review the performance of all policies and procedures either on annual basis or other appropriate periodic basis. Upon review, the effectiveness of existing policies is evaluated and any necessary adjustments to policies and procedures are implemented accordingly.																	

11.		P1	P2	P3	P4	P5	P6	P7	P8	P9
Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.		No, the Company has not appointed any external agency for this purpose so far, however, these have been evaluated internally.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next Financial Year (Yes/No)									
Any other reason (please specify)									

**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicator**1. Percentage coverage by training and awareness programmes on any of the principles during the Financial Year:**

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors Key Managerial Personnel	4	- Economic Outlook - Business of the Company - Strategy discussion - Regulatory updates - Key Company Highlights - Industry Outlook	100%
Employees other than BoDs and KMPs	175	The training programmes were broadly categorized into: Behavioural Development Trainings- 5S Awareness, Daily Work Management, Organizational Behaviour (OB) Adherence, Report Writing and Documentation, Work Instruction (WI) & SOP Development, Training and Coaching Skills, Statutory Compliance Awareness, and Workplace Discipline. Employee Health & Safety Trainings- Occupational Health & Safety (OHSAS/ISO 45001) Awareness, Safe Handling of Instruments and Equipment, Chemical Handling and Testing Practices, Laboratory Safety, Hazard Identification, Risk Assessment, and Safe Working Practices in Manufacturing Operations. Quality Trainings- IATF Awareness, ISO 9001:2015, CQI-9, CQI-11, CQI-12, Measurement System Analysis (MSA), Statistical Process Control (SPC), 7 QC Tools, APQP, PPAP, FMEA/PFMEA, Customer Specific Requirements, Control Plan Understanding, 8D Problem Solving, Failure Analysis, Quality Testing Requirements, NABL Requirements, Visual and Dimensional Inspection, Microstructure Checking, Rockwell Hardness Testing, Testing Machine Operations, and Product Quality Assurance. Technical Trainings- ERP Systems, Advanced Excel, FIFO, Perpetual Inventory Management, Product and Raw Material Knowledge, Process Knowledge, Heat Treatment and Annealing Processes, Forging and Rolling Processes, Wire Drawing Process, Cold Forging Tooling and Fitment, Instrument Calibration and Repair, Testing Equipment Handling, Preventive and Predictive Maintenance, MTTR/MTBF, Troubleshooting Techniques, Contingency Planning, 4M Change Management, Bin Sorting in ASRS, and Fastener Testing.	100%

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Workers	62	Operational Excellence & Manufacturing Process Trainings – Production Process Understanding, Process Control and Monitoring, Tooling Requirements, Rework Analysis, Continuous Improvement Practices, Productivity Enhancement, Material Flow Management, Inventory Control, and Manufacturing Best Practices. The training programmes were broadly categorized into: Behavioural Development Trainings - Business Integrity & Ethics, Human Rights, Company Policies, Anti-Bribery and Corruption, Anti-Slavery and Human Trafficking, Code of Conduct, Equal Opportunity, HIV & AIDS, POSH, Prohibition of Forced Labour, Social Media Policy, Dojo Training. Employee Health & Safety Trainings - Health & Safety and safe handling practices. Quality Trainings - ISO 9001:2015, CQI-9, FMEA, PPAP, SPC, Microstructure Checking, Rockwell Hardness Checking, Dimension & Visual Inspection, Sample Preparation, Understanding Drawings & Control Plans, Heat Treatment/Annealing Process, Phosphate & HCl Checking, OB Adherence. Technical Trainings - ERP, FIFO, Perpetual Inventory, Process Knowledge, Wire Drawing Process, MTTR/MTBF, Preventive & Predictive Maintenance, Tooling Requirements, Troubleshooting, Report Making, Product Raw Material Knowledge, and Handling of Instruments.	100%

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the Financial Year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine	Principle 1	BSE	90,860	SOP fine	No
	Principle 1	NSE	90,860	SOP fine	No
Settlement			Nil		
Compounding fee					

Non-Monetary				
	NGRBC Principle	Name of the regulatory/enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment				
Punishment				

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Not Applicable



4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Company maintains a robust Anti-Corruption and Anti-Bribery Policy that reflects its unwavering commitment to ethical conduct, integrity, and transparency in all business dealings. The Company adopts a zero-tolerance stance against corruption, bribery, and all forms of unethical conduct. Robust internal controls are in place to ensure compliance at every level of the organisation. The policy is readily accessible to all employees through the Company's Intranet.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	FY 2025-26 (Current Financial Year)		FY 2024-25 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Number of days of accounts payables	26	21

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	-	-
	b. Number of trading houses where purchases are made from	-	-
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	-	-
Concentration of Sales	a. Sales to dealers /distributors as % of total sales	13%	11%
	b. Number of dealers / distributors to whom sales are made	142	133
	c. Sales to top 10 dealers/ distributors as % of total sales to dealers / distributors	32%	33%

Parameter	Metrics	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	-	-
	b. Sales (Sales to related parties / Total Sales)	0.01%	0.05%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	-	-
	d. Investments (Investments in related parties / Total Investments made)	100%	79%

Leadership Indicator

1. Awareness programmes conducted for value chain partners on any of the principles during the financial Year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
20	Focused training sessions were conducted to enhance logistics quality, safety and compliance, covering material packaging, defect-free dispatches, vehicle load limits and regulatory certification requirements.	7%

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the Company has processes in place to avoid/ manage conflict of interests involving members of the Board. As such, the Board has robust procedure to approve such kind of transaction through Audit and Board Committees. In case of any probable conflict of interest, he/she has to make full disclosure of all the facts and circumstances thereof to the Board of Directors and the Audit Committee.

Further, the Code of Conduct of the Company has principles on management of conflict of interest to identify actual of potential conflict of interest of Company with its directors and employees, which may arise during the course of its business activities. The policy is available at Company's Intranet and can be accessed by all of its employee.

**PRINCIPLE 2**

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	Current Financial Year 2025-26	Previous Financial Year 2024-25	Details of improvements in environmental and social impacts
R&D	100%	100%	The Company invested in the upgradation of its Fatigue Machine Controller and testing software to enhance automated fatigue testing capabilities. The advanced system improves precision, data analytics, and testing efficiency, supporting robust product validation while reducing operational inefficiencies and resource consumption.
Capex	31.44%	26.00%*	The Company strengthened its environmental performance through investments in solar power systems across multiple plants, supporting the transition towards renewable energy and reducing dependence on conventional energy sources. Additional initiatives included the installation of effluent treatment and water recycling infrastructure, fume extraction systems, scrubbers, cooling towers, and energy-efficient chillers to enhance resource efficiency and environmental compliance. Further, the Company invested in workplace safety and hygiene by procuring emergency response equipment and mechanized cleaning systems, reinforcing its commitment to employee well-being and safe operations.

* The previous year's values have been revised and regrouped wherever required.

2.
 - a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**
 The Company systematically assesses its direct material suppliers and value chain partners on parameters such as reliability, product quality, and operational dependence to ensure consistent performance and supply chain efficiency.
 - b. **If yes, what percentage of inputs were sourced sustainably?**
 As part of its standard practice, the Company evaluates all major direct material suppliers against broad parameters, including sustainable sourcing. Suppliers are required to comply with key requirements such as labour laws, human rights, occupational health and safety, environmental protection, and ethical business practices. The Company is further strengthening this approach by integrating comprehensive sustainability criteria into its vendor evaluation process.
3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**
 Not applicable, as the Company operates in a B2B model supplying directly to OEMs, limiting its ability to reclaim products at end of life.
4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**
 Not Applicable

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
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The Company has not conducted LCA for its products in the current reporting period.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/Service	Description of the risk/concern	Action Taken
	Not Applicable	

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material (by weight of the input material)	
	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year

Not applicable, as recycled materials are not reused in the Company's processes.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Nil	Nil	Nil	Nil	Nil	Nil
E-waste	Nil	Nil	Nil	Nil	Nil	Nil
Battery waste	Nil	Nil	Nil	Nil	Nil	Nil
Hazardous waste	Nil	Nil	Nil	Nil	Nil	Nil
Other waste	Nil	Nil	Nil	Nil	Nil	Nil

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
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Not applicable, as the Company directly supplies its products to the OEM customers' supplier; therefore, the Company has limited scope for reclaiming its products at the end of its life cycle.

**PRINCIPLE 3**

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators**1. a. Details of measures for the well-being of employees:**

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	415	415	100%	415	100%	-	-	-	-	-	-
Female	14	14	100%	14	100%	14	100%	-	-	14	100%
Total	429	429	100%	429	100%	14	100%*	-	-	14	100%*
Other than Permanent employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

*Employees covered under maternity benefits and day care facilities are disclosed as % of only female employees and not total employees.

b. Details of measures for the well-being of workers:

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	227	227	100%	227	100.00%	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	227	227	100%	227	100%	-	-	-	-	-	-
Other than Permanent workers											
Male	1234	1234	100%	1234	100%	-	-	-	-	-	-
Female	39	39	100%	39	100%	39	100%	-	-	-	-
Total	1273	1273	100 %	1273	100%	39	100%*	-	-	-	-

*Workers covered under maternity benefits are disclosed as % of only female workers and not total workers.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format-

	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Cost incurred on well- being measures as a % of total revenue of the Company	0.11%	0.11%

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

Benefits	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI*	3.96%	0.44%	Yes	7.7%	0.42%	Yes
Others-please specify	Nil	Nil	NA	Nil	Nil	NA

*Workers are covered as % of Total Permanent Workers only.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the Company has put in place the necessary infrastructure to support the mobility and accessibility requirements of differently abled employees and workers, including facilities such as wheelchairs, elevators, and handrails. The premises and offices of the Company are substantially compliant with the Rights of Persons with Disabilities Act, 2016, and continuous efforts are being made to address any remaining gaps.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the Company has an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016, which is available on Company's Intranet and accessible to all employees. The Company does not discriminate between employees and workers on the grounds of age, sex, color, caste, religion, nationality, language or marital status.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	Paternity benefits are not available for male employees/workers of the Company. Hence this question is not applicable.			
Female	100%	NA	Maternity benefits are provided to all the female workers of the Company; however, no female workers are present for the financial years under review. Hence this question is not applicable.	
Total	100%	-	-	-

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	Yes, the Company has a comprehensive grievance redressal mechanism that is accessible to all categories of employees and workers, including permanent and other than permanent workers and employees. Suggestion boxes and complaint registers are strategically placed across facilities to encourage reporting. The mechanism ensures that all grievances are addressed in a prompt, fair and impartial manner, reinforcing the Company's commitment to an open and transparent workplace.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

**7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

Category	2025-26 (Current Financial Year)			2024-25 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category I	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees						
Male						
Female						
Total Permanent Workers						
Male						
Female						

Not Applicable, since none of the employees/workers are part of any union/association.

Not Applicable, since none of the employees/workers are part of any union/association.

8. Details of training given to employees and workers:

Category	FY 2025-26 Current Financial Year					FY 2024-25 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	415	132	31.81%	165	39.76%	380	259	68.16%	122	32.11%
Female	14	2	14.29%	4	28.57%	10	2	20%	-	-
Total	429	134	31.24%	169	39.39%	390	261	66.92%	122	31.28%
Workers*										
Male	227	227	100%	227	100%	236	236	100%	137	58.05%
Female	-	-	-	-	-	-	-	-	-	-
Total	227	227	100%	227	100%	236	236	100%	137	58.05%

* Only Permanent Workers are considered

9. Details of performance and career development reviews of employees and worker:

Category*	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Total (A)	No.(B)	% (B/A)	Total (C)	No.(D)	% (D/C)
Employees						
Male	415	415	100%	380	380	100%
Female	14	14	100%	10	10	100%
Total	429	429	100%	390	390	100%
Workers						
Male	227	227	100%	236	236	100%
Female	-	-	-	-	-	-
Total	227	227	100%	236	236	100%

*All the eligible employees and workers were considered for performance and career development reviews.

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

As part of its integrated management approach, all Company plants are certified under ISO 45001, reflecting adherence to international occupational health and safety standards. This highlights the Company's commitment to ensuring the physical and mental well-being of its workforce. A comprehensive Health and Safety Policy supports this commitment and is made accessible to all employees via the Company's intranet to ensure awareness and transparency.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis entity?

The Company prioritizes employee health and safety through a robust Hazard Identification and Risk Assessment (HIRA) framework. This proactive approach enables systematic identification and management of workplace risks. In line with ISO 45001 standards, risk assessments are conducted to identify hazards and implement mitigation measures. These are developed collaboratively by Manufacturing and Plant Heads and are regularly reviewed and updated to reflect changes in materials, processes, or facility layouts. Material Safety Data Sheets (MSDS) further support ongoing risk assessments and workplace safety.

- c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

All Company sites have established incident and hazard reporting procedures to enable employees to identify and report unsafe conditions and take necessary action. Multiple channels, including safety observation tours, online reporting systems, safety training, and digital compliance tools, support effective risk reporting and management.

- d. **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, employees have access to non-occupational medical and healthcare services provided by the Company.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	Nil	Nil
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	Nil	Nil
No. of fatalities	Employees	Nil	Nil
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The health and safety of employees and workers is the Company's highest priority, and they are regarded as its most valuable asset. All plants are certified under ISO 45001 for Occupational Health and Safety Management Systems. In addition to the measures outlined above, the Company undertakes the following initiatives to ensure a safe and healthy work environment for employees, workers, and visitors:

- i) **Training:** Regular training programs are conducted on first aid, stress management, fire safety systems, TPM, 5S principles, product quality, and technical skills.
- ii) **Medical Rooms:** All facilities are equipped with medical rooms having essential emergency care equipment and medicines.
- iii) **Mock Drills:** Periodic mock drills are conducted across units to ensure preparedness and effectiveness of safety measures.
- iv) **Action Plans:** Structured action plans with phased implementation are developed to eliminate health, safety, and environmental risks.
- v) **Safety Audits:** Internal safety audits are carried out regularly to monitor compliance and strengthen safety practices.

13. Number of Complaints on the following made by employees and workers:

Benefits	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	Nil	Nil	-	Nil	Nil	-
Health & Safety	Nil	Nil	-	Nil	Nil	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health & Safety practices	100%, All Plants were assessed by statutory authorities
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The Company is committed to providing a safe and transparent working environment for all employees. ESG implementation for STL is currently underway, and its outcomes will be effectively adopted in due course.



Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes. Employees covered under the Employees' State Insurance Act, 1948 (ESIC) are entitled to benefits under the ESIC scheme in the event of death.

For employees not covered under ESIC, the Company provides Group Personal Accident (GPA) and Group Medical Coverage (GMC) insurance, ensuring comprehensive financial protection and support for all permanent employees and their families.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company ensures that applicable statutory dues for direct material suppliers are duly deducted and deposited. It also aims to extend this coverage to additional suppliers in the coming financial years.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes, the Company supports employees approaching retirement or separation through a structured transition process. In cases of specific operational requirements, the Company may retain experienced employees on a case-to-case basis under mutually agreed arrangements, subject to performance review and organisational need.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health & Safety practices	Majority of sourcing supplier assessment done through screening and regular compliance
Working conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

No significant risks or concerns were identified in the suppliers' self-assessment related to health, safety, and working conditions.

PRINCIPLE 4

Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Key Stakeholders are identified based on the degree to which they influence or are influenced by the Company's business decisions and their outcomes. The Company recognises the following as its primary stakeholder groups: Board of Directors, Employees and Workers, Investors and Shareholders, Customers, Suppliers, Government and Regulatory Bodies, Communities and Service Providers.

2. List stakeholders groups identified as key for our Company and the frequency of engagement with each stakeholder group:

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Board of Directors	No	Board meetings, and Emails	Quarterly and need based	Compliance of law and strategic decision making
Employees & Workers	No	Monthly Review Meetings, Emails, Celebrations, SMS and Notice Board	Continuous process	Employee engagement activities, suggestions, Motivational Schemes, Celebrations, Motivational initiatives and performance review
Investors & Shareholders	No	Quarterly publication of results, Newspaper advertisements, Email, Website, Analysts/Investor Calls, Annual General Meetings, Stock Exchange intimations.	Periodic	Market developments, Disclosure of Corporate Results, Resolution of queries etc.
Customers	No	Call, mail, one-to-one meetings, conference, technical meetings, trials and events. Personal visits and Exhibitions	Continuous process	Quality and other terms and conditions
Suppliers	No	Meeting, mail, call & visit, face-to-face discussions, plant audits, PO, inspection, telephonic discussions, buyer net, internet and networking.	Continuous process	Delivery Schedule, Payment issues, Product related
Government and Regulatory Bodies	No	Official communication channels Regulatory audits/ inspections • Good governance	Continuous process	Compliances and Policy related matters
Communities	Yes	CSR Activities	Continuous process	Society, Health and Education related
Value Chain Partners (other than customers and suppliers)	No	Interaction through consultants & plant visits brokers - email & phone calls, mails	Monthly and Quarterly	Insuring Company assets against fire, earthquake, claim, settlement, premium, payment etc.



Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company maintains a continuous and proactive engagement with all major stakeholder groups, enabling effective communication of its strategy, performance, and commitments. Stakeholder consultations are facilitated by senior executives, business leaders, and key functional heads. Significant concerns and insights gathered from stakeholders are regularly presented to the Board for review and decision-making. The Board is kept informed of all material matters relating to economic, environmental, and social topics during Board meetings. The organization undertakes CSR initiatives in the areas of healthcare, education and skill development, promotion of sports, rehabilitation, and livelihood enhancement, with the objective of promoting sustainable community development and improving socio-economic well-being.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder consultation forms an integral part of the Company's approach to identifying and managing environmental and social topics. Stakeholder feedback is actively incorporated into the Company's policy formulation and process design. This participatory approach ensures that the Company's decisions are well-informed, inclusive of diverse perspectives, and reflective of the concerns of those affected by its operations.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

The Company acknowledges its responsibility towards vulnerable and marginalised communities. Through its CSR programme, the Company engages with underprivileged communities via targeted initiatives spanning healthcare, education, livelihood support, and community welfare, ensuring that the concerns and needs of these groups are addressed in a meaningful and sustained manner.

PRINCIPLE 5

Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category*	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees workers covered (D)	% (D/C)
Employees						
Permanent	429	429	100%	390	390	100%
Other than permanent	-	-	-	-	-	-
Total Employees	429	429	100%	390	390	100%
Workers						
Permanent	227	227	100%	236	236	100%
Other than permanent	1273	1273	100%	1199	1199	100%
Total Workers	1500	1500	100%	1435	1435	100%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2025-26 Current Financial Year					FY 2024-25 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	415	-	-	415	100%	380	-	-	380	100%
Female	14	-	-	14	100%	10	-	-	10	100%
Other than Permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent										
Male	227	-	-	227	100%	236	-	-	236	100%
Female	-	-	-	-	-	-	-	-	-	-
Other than Permanent										
Male	1234	684	55%	550	45%	1161	585	50%	576	50%
Female	39	30	77%	9	23%	38	25	66%	13	34%

3. Details of remuneration/salary/wages

a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	3	3,71,56,444	-	-
Key Managerial Personnel	-	-	1	15,02,004
Employees other than BoD and KMP#	412	6,57,558	13	6,24,180
Workers#	227	5,55,168	-	-

* Managing Director's remuneration considered in calculation of median remuneration of Board of Directors and not in Key Managerial Personnel (KMP).

Only Permanent employees and permanent workers are considered for calculation of median remuneration of employees and workers.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Gross wages paid to females as % of total wages	1.66%	1.24%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the Company has a dedicated HR function that serves as the focal point for addressing human rights concerns at the workplace. The corporate HR department receives, investigates, and resolves issues related to human rights, while ensuring that no reprisal or retaliation is taken against any employee who raises a concern in good faith.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has established the following internal mechanisms to ensure effective redressal of grievances related to human rights:

- **POSH Policy** (<https://stlfasteners.com/assets/upload/investors/20240111111425-ilovepdf-merged-229522959512.pdf>)
- **Grievance Redressal Policy** (<https://stlfasteners.com/assets/upload/investors/20240111111425-stl-policy-whistle-blower-47947225169.pdf>)
- **Vigil Mechanism/Whistle Blower Policy** (<https://stlfasteners.com/assets/upload/investors/20240111111425-stl-policy-whistle-blower-47947225169.pdf>)

**6. Number of Complaints on the following made by employees and workers:**

	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	-	Nil	Nil	-
Discrimination at workplace	Nil	Nil	-	Nil	Nil	-
Child Labour	Nil	Nil	-	Nil	Nil	-
Forced Labour/Involuntary Labour	Nil	Nil	-	Nil	Nil	-
Wages	Nil	Nil	-	Nil	Nil	-
Other human rights related issues	Nil	Nil	-	Nil	Nil	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees/ workers	Nil	Nil
Complaints on POSH upheld	Nil	Nil

8. Mechanisms to prevent adverse consequences to the complainant in discrimination harassment cases.

The Company has implemented a comprehensive POSH (Prevention of Sexual Harassment) policy aligned with statutory requirements to ensure a safe, respectful, and inclusive workplace. An Internal Complaints Committee (ICC) is in place to address concerns related to harassment and discrimination, ensuring confidentiality, fair investigation, and protection against retaliation.

Additionally, a structured grievance redressal mechanism enables transparent and accessible reporting of concerns. Managed by a dedicated team, it ensures timely resolution, promotes open communication, and reinforces the Company's commitment to employee well-being and workplace equity.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, all business agreements and contracts entered into by the Company include standard provisions requiring compliance with applicable laws, regulations, conventions, and internal policies, which encompass human rights requirements. This ensures that human rights standards are upheld across the Company's business relationships.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100% internally assessed
Forced/ Involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others- please specify	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

No significant risks or concerns were identified.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

The Company conducts periodic awareness initiatives to familiarize employees and workers with their rights and duties under applicable policies. No grievances or complaints were observed during the year.

2. Details of the scope and coverage of any Human rights due diligence conducted.

Throughout the year, the Company continued to incorporate human rights values into its workplace culture across all levels of the organization.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

The Company's premises/offices are largely accessible to differently abled visitors in addition to regular employees/workers.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	The Company assesses most sourcing suppliers using standardized evaluation criteria and forms.
Discrimination at workplace	
Child labour	
Forced/ Involuntary labour	
Wages	
Others-please specify	NA

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No significant risks or concerns were identified through the assessment of the specified value chain partners during the reporting period.

PRINCIPLE 6

Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
From Renewable sources		
Total electricity consumption (A) (In GJ)	10,563.30	9,079.51
Total fuel consumption (B) (In GJ)	-	-
Energy consumption through other sources (C) (In GJ)	-	-
Total energy consumption from renewable sources (A+B+C) (In GJ)	10,563.30	9,079.51
From Non-Renewable sources		
Total electricity consumption (D) (In GJ)	1,81,714.01	1,61,190.70
Total fuel consumption (E) (In GJ)	87,546.03	81,858.44
Energy consumption through other sources (F) (In GJ)	-	-
Total energy consumption from non-renewable sources (D+E+F) (In GJ)	2,69,260.05	2,43,049.15
Total energy consumed (A+B+C+D+E+F) (In GJ)	2,79,823.35	2,52,128.65
Energy intensity per rupee of turnover (GJ/INR Lakhs) (Total energy consumed/ Revenue from operations)	3.90	3.91



Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Energy intensity per rupee of turnover adjusted for Purchasing power Parity (PPP)* (Total energy consumed / Revenue from operations adjusted for PPP)	79.41	80.79
Energy intensity in terms of physical output (GJ/MT)	7.23	7.18
Energy intensity (optional) – the relevant metric may be selected by the entity		

*The source for Purchasing Power Parity (PPP) is International Monetary Fund (IMF). The PPP rates considered is 20.34 as per the 2026 update.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No such assessment/evaluation/assurance was carried out by an external agency during the reporting period.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

The Company does not operate any sites or facilities designated as Designated Consumers (DCs) under the Government of India's Performance, Achieve and Trade (PAT) Scheme. Accordingly, this disclosure is not applicable.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)**
Water withdrawal by source (in kiloliters)		
(i) Surface water	-	-
(ii) Groundwater	34,549	38,626
(iii) Third party water	75,771	61,077
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	1,10,320	99,703
Total volume of water consumption (in kiloliters)	1,00,287	91,883
Water intensity per rupee of Turnover (KL/INR Lakhs) (Water consumed / turnover)	1.40	1.43
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP) *	28.46	29.44
Water intensity in terms of physical output (KL/MT)	2.59	2.62
Water intensity (optional) – the relevant metric may be selected by the entity		

*The source for Purchasing Power Parity (PPP) is International Monetary Fund (IMF). The PPP rates considered is 20.34 as per the 2026 update.

** The previous year's values have been revised and regrouped wherever required.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No such assessment/evaluation/assurance was carried out by an external agency during the reporting period.

4. Provide the following details related to water discharged:

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)*
Water discharge by destination and level of treatment (in KL)		
(i) To surface Water	-	-
- No treatment	-	-
- With treatment (please specify level of treatment)	-	-
(ii) To Ground Water	-	-
- No treatment	-	-
- With treatment (please specify level of treatment)	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment (please specify level of treatment)	-	-
(iv) Sent to third parties	10,033	7,820
- No treatment	-	-
- With treatment (please specify level of treatment)	10,033	7,820

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)*
(v) Others	-	-
- No treatment	-	-
- With treatment (please specify level of treatment)	-	-
Total water discharge (in KL)	10,033	7,820

* The previous year's values have been revised and regrouped wherever required.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No such assessment/evaluation/assurance was carried out by an external agency during the reporting period

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, the Company has implemented a mechanism for Zero Liquid Discharge plant at Prithla and Bengaluru. Wastewater is treated through advanced processes, including Effluent Treatment Plant (ETP), Reverse Osmosis (RO), Multiple Effect Evaporator (MEE), and Mechanical Vapour Recompression Evaporator (MVRE), enabling its reuse within operations. The Company also takes several initiatives across all the plants to conserve and recycle water.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
NOx	MT	5.60	7.29
SOx	MT	2.35	3.33
Particulate matter (PM)	MT	33.23	48.40
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others-please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No such assessment/evaluation/assurance was carried out by an external agency during the reporting period.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)**
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	7,853.85	7,755.97
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	35,838.04	32,551.57
Total Scope 1 and Scope 2 emissions intensity per rupee of Turnover (MtCO2e/INR Lakhs) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric tonnes of CO2 equivalent/ Rupees	0.61	0.63
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) *		12.40	12.92
Total Scope 1 and Scope 2 emission intensity in terms of physical output (MtCO2e/MT)		1.13	1.15
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

*The source for Purchasing Power Parity (PPP) is International Monetary Fund (IMF). The PPP rates considered is 20.34 as per the 2026 update.

** The previous year's values have been revised and regrouped wherever required.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No such assessment/evaluation/assurance was carried out by an external agency during the reporting period.

**8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes. The Company has undertaken renewable energy projects to reduce its greenhouse gas emissions through the installation of rooftop solar power plants across multiple facilities. During FY 2025-26, a 232 kWp rooftop solar plant was commissioned at the DLF plant becoming operational from September 2025 onwards and a 126 kWp rooftop solar plant at the WDU plant becoming operational from October 2025 onwards. In addition, a 625 kWp solar power plant was installed at Prithla plant. These initiatives contribute to reducing dependence on grid electricity and lowering the Company's Scope 2 greenhouse gas emissions.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)**
Total Waste generated (in metric tonnes)		
Plastic waste (A)	24.57	2.58
E-waste (B)	-	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	1,845.19	1,492.61
Other Non-hazardous waste generated (H). Please specify, if any.	3,524.00	3,131.03
Total (A+B + C + D + E + F + G + H)	5,380.26	4,626.22
Waste intensity per rupee of turnover (MT/INR Lakhs) (Total waste generated / Revenue from operations)	0.08	0.07
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP) *	1.53	1.48
Waste intensity in terms of physical output (MT Waste/MT physical output)	0.14	0.13
Waste intensity – Metric tonne / Total number of employees		
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	5,350.76	4,626.22
(ii) Re-used	8	0
(iii) Other recovery operations	-	-
Total	5,358.76	4,626.22
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	35	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	35	-

*The source for Purchasing Power Parity (PPP) is International Monetary Fund (IMF). The PPP rates considered is 20.34 as per the 2026 update.

** The previous year's values have been revised and regrouped wherever required.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No such assessment/evaluation/assurance was carried out by an external agency during the reporting period.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company's approach to waste management is anchored in the principles of Reduce, Reuse, and Recycle (3Rs), with waste minimisation at source as the primary objective. Continuous improvement programmes across all manufacturing facilities target the reduction of both hazardous and non-hazardous waste streams, which are tracked as key environmental performance indicators. All hazardous waste is handled in full compliance with applicable statutory requirements and disposed of through environmentally sound, legally authorised methods. Non-hazardous waste is channelled to Company-approved authorised recyclers to enable responsible resource recovery. The Company has also installed Effluent Treatment Plants (ETPs) and Sewage Treatment Plants (STPs) at select facilities to treat and recycle process water for non-potable end uses, thereby reducing overall freshwater consumption and minimising liquid discharge.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
	Not Applicable, since there are no operations of the Company near above mentioned areas.		

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current Financial Year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes / No)	Relevant web link
The nature of business does not require EIA, 2006 assessment.					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	Not Applicable, since there is no non-compliance with the applicable environmental Laws/Regulations/Guidelines in India.			

Leadership Indicators

1. **Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):**

For each facility / plant located in areas of water stress, provide the following information:

- (i) **Name of the area:** 1) DLF Faridabad, 2) WDU, Ballabhgarh, 3) Kolar-Bengaluru, 4) Prithla - Palwal
- (ii) **Nature of operations:** Manufacturing of cold tensile fasteners
- (iii) **Water withdrawal, consumption, and discharge in the following format:**

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)**
Water withdrawal by source (in kiloliters)		
(i) Surface water	-	-
(ii) Groundwater	34,549	38,626
(iii) Third party water	75,771	61,077
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kiloliters)	1,10,320	99,703
Total volume of water consumption (in kiloliters)	1,00,287	91,883
Water intensity per rupee of Turnover (KL/INR Lakhs) (Water consumed / turnover)	1.40	1.43
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP) *	28.46	29.44
Water discharge by destination and level of treatment (in kiloliters)		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-



Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)**
(iv) Sent to third-parties	10,033	7,820
- No treatment	-	-
- With treatment – please specify level of treatment	10,033	7,820
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kiloliters)	10,033	7,820

*The source for Purchasing Power Parity (PPP) is International Monetary Fund (IMF). The PPP rates considered is 20.34 as per the 2026 update.

** The previous year's values have been revised and regrouped wherever required.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not such assessment/evaluation/assurance was carried out by an external agency during the reporting period.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ Equivalent	During the reporting year, the Company initiated preliminary assessments of its Scope 3 emissions. Key emission categories are being identified based on relevance and data availability, and the Company is working towards establishing a structured framework for comprehensive Scope 3 accounting in the coming year.	The Company is yet to track Scope 3 emissions and is in the process of reviewing and deciding on its future course of action in this regard.
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Installation of Solar Power Systems	Installed solar power systems across DLF, Prithla, and WDU plants to increase the share of renewable energy in operations and reduce dependence on grid electricity.	Increased renewable energy consumption, reduced reliance on conventional energy sources, and contributed to lowering Scope 2 greenhouse gas emissions.

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
2	Air Emission Control through Scrubbers and Fume Extraction Systems	Installed wet scrubbers, fume exhaust scrubbers, and fume extractor units at manufacturing facilities to capture particulate matter and process emissions before release into the atmosphere.	Improved air quality within and around facilities, enhanced compliance with environmental regulations, and reduced air pollutant emissions.
3	Effluent Treatment and Water Reuse Enhancement	Upgraded Effluent Treatment Plant (ETP) infrastructure through installation of UF membranes and RO systems at the Bangalore plant to improve wastewater treatment efficiency.	Enhanced wastewater treatment performance, increased water recovery and reuse, and reduced freshwater consumption and effluent discharge.
4	Energy-Efficient Cooling Infrastructure	Installed water-cooled chillers and cooling towers at DLF and Prithla plants to improve cooling efficiency and optimize energy consumption in manufacturing processes.	Reduced energy intensity of operations, improved process efficiency, and supported resource conservation initiatives.
5	Integrated Pollution Prevention Systems	Implemented a combination of scrubbers, fume extractors, and stack systems across facilities to strengthen environmental control measures for manufacturing operations.	Reduced environmental impact from industrial processes and improved operational compliance with emission control requirements.
6	Workplace Health and Safety Enhancement	Procured Self-Contained Breathing Apparatus (SCBA) equipment and mechanized scrubber driers to improve emergency preparedness, workplace hygiene, and employee safety.	Strengthened occupational health and safety measures, improved workplace cleanliness, and enhanced employee well-being.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The Company maintains a comprehensive Business Continuity and Disaster Management Plan covering a range of natural and operational emergency scenarios. The Plan addresses procedures for responding to fire emergencies, seismic events, medical emergencies, food safety incidents, and gas leakage situations. Defined response protocols, designated responsibilities, and regular drills are in place across facilities to ensure preparedness and minimise disruption to operations and personnel safety.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

The Company has not identified any significant adverse environmental impacts arising from its value chain. Key sourcing suppliers have been assessed, and the Company continues to work with its value chain partners to encourage environmentally responsible practices.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

100% of sourcing suppliers were evaluated for their environmental performance and impacts.

8. How many Green Credits have been generated or procured:

a. By the listed entity	Nil
b. By the top ten (in terms of value of purchases and sales, respectively) value chain partners	At present, this information is not available, as no assessment has been carried out by the Company in this regard.

**PRINCIPLE 7**

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations: 3**
- b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body the entity is a member of/ affiliated to;**

S. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Automotive Component Manufacturers Association of India (ACMA)	National
2	Society of Indian Automobile Manufacturers (SIAM)	National
3	Confederation of Indian Industry (CII)	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
Not Applicable. The Company has not received any adverse orders from regulatory authorities pertaining to anti-competitive conduct during the reporting period.		

Leadership Indicators

1. **Details of public policy positions advocated by the entity;**

S. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
The Company actively participates in shaping public policy through industry bodies, trade associations, and relevant forums. Suggestions and recommendations concerning the broader industry landscape as well as Company-specific concerns are presented through these channels. The Company engages constructively in various industry forums to provide its inputs on regulatory and policy matters.					

PRINCIPLE 8

Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current Financial Year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable. No projects undertaken by the Company in the current financial year required a Social Impact Assessment (SIA) under applicable laws.					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not Applicable, as there were no projects requiring R&R.						

3. Describe the mechanisms to receive and redress grievances of the community.

The Company has established a structured mechanism to receive and effectively address community grievances, as outlined below:

- The company maintains an Internal Grievance Redressal Committee to handle community grievances, forwarding issues to relevant departments.
- It actively conducts CSR activities to support local community needs near plant locations.
- The company encourages direct communication between Management and plant Operations, promoting transparency.
- It engages with local communities to address concerns and foster relations.
- The company focuses on the timely resolution of community issues to enhance community-company relations

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Directly sourced from MSMEs/ small producers	The Company procures from vendors based on quality, cost, and delivery aspects. The Company strives for a fair, transparent, and inclusive, procurement process that provides equal opportunities for all suppliers.	
Directly from within India	98.27%	95.88%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Rural	-	-
Semi-Urban	-	-
Urban	87.48%	83.58%
Metropolitan	12.52%	16.42%

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable, as there were no projects that required SIA based on applicable law in the current reporting year.	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR)
The Company has not undertaken any CSR projects in government-designated aspirational districts during the current reporting year. However, the Company is committed to expanding the geographic reach of its CSR initiatives in the coming years to include such districts.			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

The Company does not currently have a formal policy in place; however, it actively engages local and small-scale vendors where feasible and is exploring opportunities to establish a structured inclusive procurement framework.

- (b) From which marginalized /vulnerable groups do you procure?

Not Applicable

- (c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current Financial Year), based on traditional knowledge:

S. No	Intellectual property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Nil				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the case	Corrective action taken
Not Applicable, as the Company does not own or use any intellectual property based on traditional knowledge, as indicated above.		

6. Details of beneficiaries of CSR Projects:

S. No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Healthcare	The benefits of the initiatives are extended to the entire community, however the exact numbers of persons benefitted are not available.	100%
2	Training and Education		100%
3	Promoting Sports		100%
4	Rehabilitation and Livelihood Opportunities particularly for disadvantaged sections of society		100%

PRINCIPLE 9

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company has established structured mechanisms to receive and effectively address consumer complaints and feedback. As a B2B entity supplying components to Original Equipment Manufacturers (OEMs), the Company receives monthly supplier performance ratings from its OEM customers, evaluating performance across Quality, Cost, Delivery, Development, and Management (QCDDM) parameters. The Sales and Marketing team, in coordination with other relevant stakeholders, reviews these assessments to identify improvement areas and formulate corrective strategies. This feedback-driven approach enables the Company to continuously enhance its product and service standards.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Nil, as the Company is in B2B business, and the products
Safe and responsible usage	are not meant for the end customers directly.
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2025-26 (Current Financial Year)		Remarks	FY 2024-25 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other – please specify	Nil	Nil	Nil	Nil	Nil	Nil

4. Details of instances of product recalls on account of safety issues

	Number	Reasons for recall
Voluntary recalls	Nil	
Forced recalls	Nil	-

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the Company has a comprehensive framework and policy addressing cybersecurity risks and data privacy. The policy is available at the following web-link: <https://stlfasteners.com/assets/upload/investors/20240705100233-14-373259091989.pdf>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not applicable, as the Company is not dealing with rendering the Essential services.

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

Nil

b. Percentage of data breaches involving personally identifiable information of customers.

Nil

c. Impact, if any, of the data breaches

Nil



Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Detailed information about the Company's products and services is available through its official website. The web-link is: <https://stlfasteners.com/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The Company operates as a B2B supplier, delivering products directly to OEMs who assemble and distribute the final products to end users. Accordingly, the Company has limited involvement in educating end users on the safe and responsible use of its products.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not Applicable, as the Company does not provide essential services.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Not applicable, as the Company supplies products exclusively to OEMs and does not have direct visibility of end users. However, the Company prioritizes customer satisfaction by capturing feedback through direct and indirect channels, addressing concerns through corrective actions. Customer satisfaction summaries are periodically reviewed by relevant stakeholders and management.

Management Discussion and Analysis

ECONOMIC OVERVIEW

GLOBAL ECONOMY¹

OVERVIEW

In CY 2025, the global economy continued to demonstrate resilience despite moderating inflation, restrictive financial conditions and ongoing geopolitical uncertainties. Global GDP growth stood at 3.5%, supported by resilient services demand, stable labour market conditions across major economies and gradual monetary policy normalisation. Growth trends, however, remained uneven across regions. Emerging Market and Developing Economies recorded a stronger expansion of around 4.4%, while Advanced Economies grew at a comparatively moderate pace of 1.9%.

Global headline inflation moderated to an estimated 4.1% for CY 2025², supported by easing supply chain constraints and stabilising commodity prices. Global trade volumes also witnessed a modest recovery, though they remained below long-term averages due to geopolitical fragmentation and structural realignment of global supply chains.

Overall, the global economy remained stable during the year, although divergent regional growth patterns and evolving macroeconomic conditions continued to necessitate a cautious and adaptive business approach across globally integrated industries.

OUTLOOK

The global economic outlook remains cautiously optimistic, with growth projected to moderate over the near term. Global GDP is projected to grow by 3.1% in CY 2026 and 3.2% in CY 2027, with emerging markets remaining the primary drivers of expansion. However, elevated energy prices and supply-side disruptions may continue to exert inflationary pressures, with global headline inflation projected at around 4.4% in 2026.

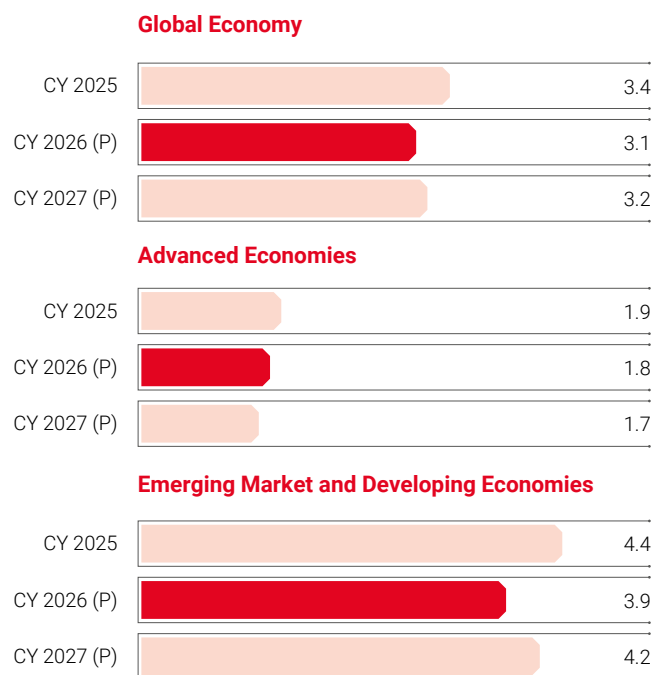
The Euro area outlook is expected to improve gradually, supported by recovery in manufacturing activity and global trade linkages. Further, the proposed EU-India Free Trade Agreement (FTA) is expected to strengthen bilateral trade by reducing tariff and non-tariff barriers, improving market access and enhancing value-chain integration across key sectors.

The global outlook nevertheless remains exposed to risks arising from geopolitical fragmentation, trade policy uncertainties and commodity price volatility. At the same time, accelerated investments in electric vehicles, clean energy and advanced manufacturing technologies could support productivity-led growth across industrial sectors. Persistent inflation volatility and uncertainty around the timing of monetary easing may

continue to influence investment sentiment and global trade flows. Consequently, businesses are expected to maintain a cautious approach while navigating evolving macroeconomic and geopolitical conditions.

Global Growth Projections

(in %)



P – Projections

Source – [IMF World Economic Outlook, April 2026](#)

INDIAN ECONOMY

OVERVIEW

India continued to remain one of the fastest-growing major economies globally during FY 2025-26, demonstrating strong macroeconomic resilience amid evolving global conditions. Real GDP growth stood at 7.7%,³ driven by robust domestic demand, policy support and sustained public investments. Inflation remained largely contained and remained within the Central Bank's target range during the year, aided by stable commodity trends, although intermittent volatility persists due to global factors.

Government-led capital expenditure continued to act as a key growth driver, with public capex increasing significantly to ₹11.2 trillion in FY 2025-26⁴, reflecting a sustained focus on infrastructure development, manufacturing and crowding in private investment. The automotive sector witnessed strong tailwinds, with overall vehicle sales reaching record highs in FY 2025-26, growing by approximately 13.30% year-on-year⁵, driven by rising demand across segments and improving consumer sentiment.

¹<https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026>

²<https://www.imf.org/-/media/files/publications/weo/2026/april/english/foreword.pdf>

³https://www.mospi.gov.in/uploads/latestReleases/latest_release_1780655857536_5ac01869-ca4a-422d-b7a7-57b81da60932_Press_Note_on_GDP_Estimates_for_Q4_2025-26_and_PE_FY_2025-26_F.pdf

⁴<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2222521®=3&lang=1>

⁵<https://fada.in/images/press-release/169d329fc83770FADA%20releases%20FY%202026%20and%20March%202026%20Vehicle%20Retail%20Data.pdf>

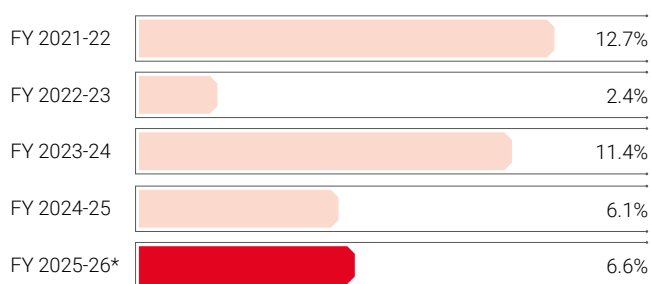


The domestic manufacturing sector continued its steady expansion during FY 2025-26, supported by policies such as 'Make in India', Production Linked Incentive (PLI) schemes and increasing localisation efforts across industries. Manufacturing Gross Value Added (GVA) grew by 6.6% in FY 2025-26, reflecting improving industrial activity and higher value-added production. Industrial momentum remained robust, with the Index of Industrial Production (IIP) recording 8.1% growth in December 2025, led by strong growth in sectors such as motor vehicles, electronics and transport equipment.

Forward-looking indicators also remained encouraging, with the manufacturing Purchasing Managers' Index (PMI) staying consistently above the expansion threshold during the year and standing at 55.4 in January 2026, indicating sustained improvement in business conditions and demand environment.⁶ These trends, coupled with infrastructure spending, supply chain diversification and supportive government policies, continued to strengthen India's position as an emerging global manufacturing hub.

Manufacturing GVA Growth

(in %)



*FY 2025-26 represents provisional estimates.

Source: [Economic Survey](#)

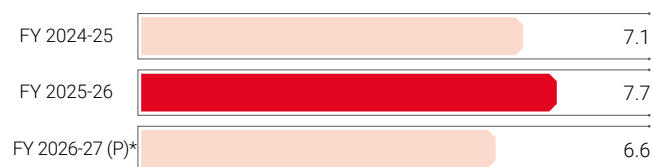
India's transition towards electric mobility continued to gain traction during the reporting year, supported by strong policy impetus and improving ecosystem readiness. Government of India initiatives, such as the PM E-DRIVE scheme and the Production Linked Incentive (PLI) Scheme for Advanced Chemistry Cell (ACC) Battery Storage, have played an instrumental role in accelerating EV adoption, domestic manufacturing and charging infrastructure development.

India has installed 29,151 public EV charging stations as of 2026, with continued investment of ₹9.1 billion under the PM E-DRIVE scheme to strengthen the nationwide charging infrastructure.⁷

India's growth story is underpinned by strong fundamentals, such as continued expansion of the manufacturing and services sectors, government reforms to sustain economic growth and emphasis on infrastructure creation. Another important feature is the revival of India's private capital expenditure (capex), which augurs well for the economy, going forward.

Indian GDP Growth Trend

(in %)



P – Projected

Source: [MOSPI](#), [RBI](#)*

OUTLOOK

India's economic outlook remains strong, aided by robust domestic fundamentals and continued policy support. Real GDP growth is projected at 6.6% for FY 2026-27.⁸

Growth is expected to be primarily driven by domestic demand. Private consumption is likely to remain healthy, aided by stable inflation, improving household income levels and gradual recovery in rural demand alongside steady urban consumption. Investment activity is also expected to sustain momentum, supported by continued government capital expenditure of ₹12.2 trillion in FY 2026-27 and sustained infrastructure development initiatives.⁹

Export growth is expected to remain favourable, with the proposed India–European Union Free Trade Agreement (FTA) likely to provide medium-term support to trade and manufacturing activity, subject to its conclusion and implementation. However, ongoing global uncertainties, geopolitical developments and potential supply chain disruptions may continue to create volatility across trade and financial markets, necessitating a cautious approach.

INDUSTRY OVERVIEW

INDIAN AUTOMOBILE INDUSTRY¹⁰

India continues to strengthen its global automotive footprint, ranking among the top three in passenger vehicle sales, while also serving as a key manufacturing hub.

Overall vehicle production across passenger vehicles, commercial vehicles and two and three wheelers stood at 34.7 million units during April 2025 to March 2026, reflecting sustained demand momentum and improving manufacturing activity across segments.

The passenger vehicle segment recorded its highest-ever sales of 4.6 million units in FY 2025–26, registering a growth of 7.9% over the previous year. Growth moderated due to the elevated base of the previous year, with demand heavily concentrated in the utility vehicle segment. Passenger vehicle exports also reached an all-time high, reflecting a growth of 17.5% over FY 2024–25. Export demand remained resilient across major markets such as the Middle East, Africa and Latin America.

⁶<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2226828®=3&lang=2>

⁷<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2225880®=3&lang=1>

⁸https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62863

⁹<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2222521®=3&lang=1>

¹⁰<https://www.siam.in/news-&updates/press-releases/auto-industry-performance-of-q4-jan-march-2026-fy-2025-26/605>

The two-wheeler segment achieved record sales of 21.7 million units during FY 2025-26, reflecting growth of 10.7%. The segment benefited from improving rural demand, new product launches and favourable consumer sentiment. Exports also witnessed a strong recovery, reaching 5.18 million units and growing by 23.4% over the previous year, aided by improving overseas demand and favourable currency movements.

The commercial vehicle segment delivered a growth of 12.9% over FY 2024-25, marking its best annual performance. Exports

also expanded by 17.4%, with neighbouring markets and the Middle East remaining key export destinations.

During FY 2025-26, the Indian farm vehicle segment recorded production of 12,42,032 units, reflecting stable manufacturing activity and continued demand from the agricultural sector. Domestic sales stood at 11,60,231 units, driven by increasing mechanization and sustained rural demand. Export sales reached 1,05,593 units, demonstrating the growing acceptance of Indian farm vehicles in international markets and strengthening the segment's global presence.

The industry's growth trajectory remains positive, driven by favourable demographics, rising disposable incomes, expanding infrastructure investment and an accelerated shift towards sustainable mobility solutions.

34.71 Mn.

Total Vehicles Produced

28.27 Mn.

Total Vehicle Sold

6.65 Mn.

Total Vehicle Export

Automobile Sales Trends (In Numbers)

Two-Wheeler Vehicles

Number of Vehicles (Mn.)



Passenger Vehicles

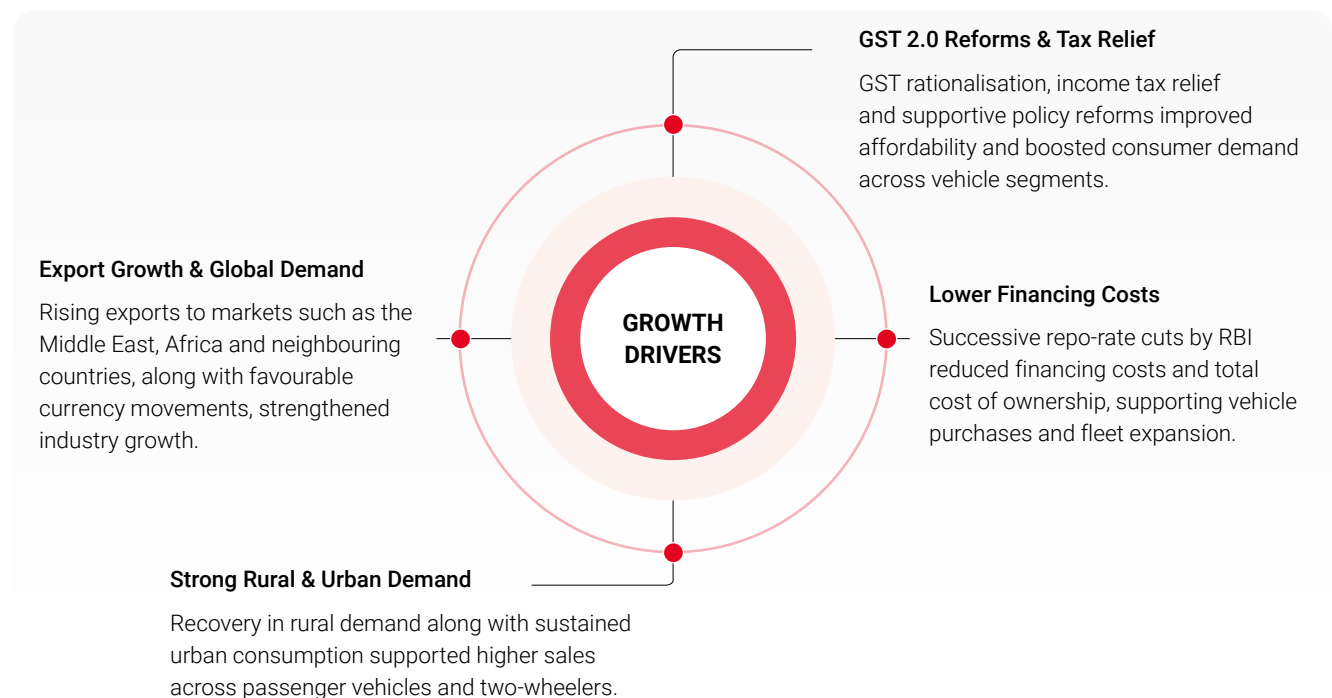
Number of Vehicles (Mn.)



OUTLOOK

The Indian automotive industry remains positive, supported by strong demand momentum and a favourable policy environment. FY 2025-26 data indicates growth across passenger vehicle, two-wheeler and three-wheeler segments, driven by sustained consumer demand and strengthened market sentiment.

The industry is also expected to benefit from increasing localisation, supply-chain diversification and growing export opportunities. Adoption of electric mobility, particularly across two- and three-wheelers, is likely to accelerate further, supported by policy initiatives, charging infrastructure expansion and improving ecosystem readiness. Overall, the sector remains well-positioned to sustain medium-term growth, supported by structural demand drivers and continued transition towards advanced and sustainable mobility solutions.





Electric Vehicle (EV) Industry

Overview

India's electric mobility ecosystem continued to witness strong momentum in FY 2025-26, supported by favourable policy interventions, improving consumer acceptance and expanding charging infrastructure. EV adoption in the country has scaled significantly over the past few years, with total registrations crossing 2.45 million units in FY 2025-26.¹¹

Electric two-wheelers continued to account for the largest share of EV volumes, the highest growth rates were however seen in the passenger three-wheelers, passenger vehicles, light commercial vehicles and busses in that order. Growing adoption across these segments continued to support the broader transition towards sustainable transportation.

Government initiatives remained a key enabler for industry expansion. Under schemes such as PM e-DRIVE, over 22 lakh EVs had been supported as of January 2026, with a strong focus on two- and three-wheelers.¹² Additionally, the Govt pushed for additional adoption of electric busses with Convergence Energy Services limited (CESL) concluding tenders for 10,900 Ebuses and having additional tenders 6,230 buses in the pipeline. Further, policy initiatives such as the Scheme for Promotion of Manufacturing of Electric Passenger Cars (SPMEPCI) aim to strengthen domestic manufacturing capabilities through defined localisation and investment thresholds, thereby supporting the development of a self-reliant EV ecosystem.

Infrastructure development also continued to gain momentum during the year. As of early 2026, India had installed over 29,000 public EV charging stations, supported by initiatives such as FAME-II and PM e-DRIVE, alongside increasing private sector participation. Continued expansion of the charging network is expected to reduce range anxiety and support wider EV adoption across regions.¹³

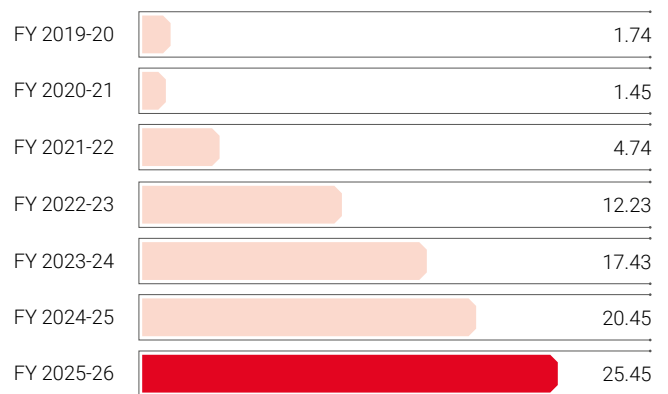
From a structural standpoint, the EV industry continues to benefit from rising fuel costs, improving total cost of ownership, urbanisation-led mobility demand and increasing environmental awareness. The transition is further reinforced by production-

linked incentive (PLI) schemes aimed at accelerating advanced battery manufacturing and localisation of EV supply chains.

Overall, India's EV industry remains well-positioned for long-term growth, supported by favourable regulations, rising investments in localisation and infrastructure development and increasing consumer acceptance. However, challenges such as high upfront costs, supply chain dependencies and uneven charging infrastructure continue to persist. As the ecosystem matures, the sector is expected to create significant opportunities for automotive and auto component manufacturers, particularly across EV-specific components, power electronics and battery system.

EV Registration Trend

Number of Registered Electric Vehicles (EVs) (Nos. in lakh)



Source : [Vahan Portal](#), [EV Reporter](#)

OUTLOOK

The outlook for India's EV industry remains positive, supported by favourable government policies, expanding charging infrastructure and rising consumer adoption across segments. Electric two- and three-wheelers are expected to remain key growth drivers, while increasing investments in localisation, battery manufacturing and power electronics are likely to strengthen the domestic EV ecosystem. Despite challenges such as high upfront costs and uneven charging infrastructure, the industry remains well-positioned for long-term growth, supported by policy support and India's transition towards sustainable mobility.

GROWTH DRIVERS

Growth Drivers	Description
Government Incentives & Localisation Push	Policy initiatives such as PM e-DRIVE, FAME-II and PLI schemes are accelerating EV adoption, domestic manufacturing and localisation of EV components.
Rising EV Penetration Across Segments	Increasing adoption of electric two- and three-wheeler, E-buses is driving demand for EV-specific components, electronics and precision engineering products.
Expansion of EV Charging Infrastructure	Growth in public charging infrastructure is improving EV accessibility and supporting long-term ecosystem development.
Supply Chain Diversification & Advanced Manufacturing	Increasing investments in advanced manufacturing, battery systems and power electronics are creating opportunities for domestic auto-component manufacturers.

¹¹<https://evreporter.com/indias-electric-vehicle-sales-trend-april-2026>

^{12 13}<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2225880®=3&lang=2>

INDIAN AUTO-COMPONENT INDUSTRY¹²

OVERVIEW

Driven by resilient domestic demand and deeper integration into global supply chains, the Indian auto-component industry remains a critical pillar of India's manufacturing ecosystem. The sector continues to strengthen its role in global automotive supply chains, supported by improving quality standards, cost competitiveness and increasing localisation.

The industry reported an estimated turnover of ₹6.73 lakh crore in FY25, reflecting year-on-year growth of 9.6%. Over the past five years, the sector has expanded at a CAGR of 14%, reflecting its resilience and long-term growth potential.¹³ Growth during the year was supported by sustained demand across passenger vehicles and two-wheelers, along with stable performance in the aftermarket segment.

Exports continued to remain a major contributor to industry growth, increasing by 8% to ₹1,95,726 crore in FY25, with North America and Europe remaining key markets. India's emergence as a preferred global sourcing hub is further reinforced by supply-

chain diversification strategies, with global OEMs and Tier-1 suppliers increasingly looking towards India for sourcing and manufacturing partnerships.

The industry is also undergoing a gradual transformation driven by electrification, increasing digitalisation and rising electronics content in vehicles. While EV adoption is accelerating, continued demand for internal combustion engine (ICE) vehicles necessitates parallel investments across both conventional and emerging automotive technologies.

OUTLOOK

Looking ahead, the industry is well-positioned for sustained growth, supported by strong domestic demand, export opportunities and policy support. India's vehicle production is projected to increase from 30–35 million units currently to 50–55 million units by 2030, which is expected to significantly expand component demand. The sector is also targeting a scale of USD 200 billion by 2030.¹⁴ However, increasing product complexity, rising technology intensity and evolving global dynamics will require continued investments in advanced manufacturing, automation and capability building.

GROWTH DRIVERS

Growth Drivers	Description
Export Growth & Global OEM Integration	Increasing global OEM sourcing from India, supported by supply-chain diversification, quality improvement and cost competitiveness, is strengthening export opportunities for Indian auto-component manufacturers.
Smart Manufacturing & Automation	Adoption of smart factories, automation, AI-driven analytics and digital manufacturing is improving productivity, quality, traceability and operational efficiency across the industry.
EV Transition & Rising Electronics Content	Increasing electrification and higher electronics integration in vehicles are driving demand for EV-specific components, power electronics and advanced engineering solutions.
Domestic Vehicle Demand & Localisation	Strong growth across passenger vehicles and two-wheelers, coupled with localisation and import substitution initiatives, continues to support domestic component manufacturing.

COMPANY OVERVIEW

Sterling Tools Limited is an established automotive components manufacturer with a strong presence in high-tensile cold-forged fasteners, catering to leading Original Equipment Manufacturers (OEMs) across passenger vehicles, commercial vehicles and two-wheelers. Built on consistent quality and deep engineering expertise, the Company's long-term customer relationships sustain its stable standing within the domestic automotive supply chain.

In recent years, the Company has undertaken a strategic transformation to expand beyond its core fasteners business and align with the evolving mobility landscape. Through its subsidiary, Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited), the Company has established a presence in the electric mobility segment, offering Motor Control Units (MCUs) and progressively expanding into integrated powertrain and power electronics solutions. The business is

actively engaged across multiple vehicle segments, including two-wheelers, three-wheelers and commercial vehicles and is working on a broad portfolio of programmes with OEMs. The product roadmap includes advanced solutions, such as integrated motor-controller systems, rare-earth magnet-free motors, onboard and off-board chargers and DC/DC converters, supported by strategic technology partnerships with global players.

Through strategic global partnerships, the company is bolstering its tech capabilities for advanced mobility expansion. During the year, it entered into a partnership with Nanjing Haohang Technology Co., Ltd. to localise Advanced Rider Assistance Systems (ARAS) for the Indian two-wheeler market, marking its entry into intelligent vehicle safety systems. These partnerships, along with existing alliances in the EV ecosystem, are aimed at accelerating product development, enabling localisation and enhancing the Company's presence in high-value, technology-driven segments.

¹⁴<https://www.bcg.com/publications/2026/india-reimagining-next-gen-auto-component-manufacturing>

¹⁵<https://www.acma.in/uploads/publication/research-studies/acma-report-sep-25.pdf>

¹⁶<https://web-assets.bcg.com/bc/2c/8bc4e9d64f8fa47303d601731652/bcg-x-acma-report-20260206-spreads.pdf>



Further strengthening its position in the EV ecosystem, the Company is developing capabilities in high-voltage components through its subsidiary, Sterling Tech-Mobility Limited. This includes the localisation of critical products such as high-voltage DC contactors and relays, which are currently largely import-dependent. These initiatives are aligned with the Government of India's focus on increasing domestic manufacturing, localisation and building supply chain resilience under programmes such as Make in India and Aatmanirbhar Bharat. The Company is also pursuing opportunities in adjacent EV-linked product categories, with a focus on import substitution and building indigenous capabilities.

The Company's growth strategy is centred on the Autonomous, Connected and Electric (ACE) mobility ecosystem, with a calibrated shift towards technology-led and high-value-added products. Its approach combines first-mover advantage in emerging segments, partnerships with global technology providers and investments in advanced manufacturing and engineering capabilities. The Company is building a diversified, future-ready portfolio to capitalise on the automotive industry's ongoing transformation. While the transition into new business verticals will scale progressively over the medium term, this strategic focus ensures the organisation is well-positioned to capture emerging growth opportunities as the sector evolves.

OPPORTUNITIES AND CHALLENGES



OPPORTUNITIES

Expansion in EV Powertrain and Power Electronics Portfolio

The Company is actively scaling its presence in the EV ecosystem through its expanding portfolio of powertrain and power electronics products, including MCUs, integrated motor-controller systems, DC/DC converters and onboard/off-board chargers. With multiple ongoing customer programmes across vehicle segments and initial nominations secured for new product lines, these businesses are expected to drive incremental growth over the medium term.

Import Substitution and Localisation Opportunities

A significant portion of advanced EV components and high-voltage systems continues to be imported into India. The Company is strategically focusing on localising such products, including high-voltage DC contactors and advanced power electronics, supported by technology partnerships and greenfield manufacturing initiatives. This enables the company to capitalise on localisation and supply chain diversification trends.

First-Mover Advantage in Emerging Technologies

The Company is building capabilities in relatively underpenetrated segments such as rare earth magnet-free motors and integrated EV systems. Early investments in these areas, supported by global technology collaborations,

provide a first-mover advantage and enable the Company to address evolving OEM requirements across multiple mobility segments.

Strong Customer Engagement and Programme Pipeline

With engagement across multiple OEM programmes in the EV segment and continued onboarding of new customers in the core fasteners business, the Company is strengthening its market position. Increasing participation across diverse vehicle categories enhances visibility for future growth and supports long-term business scalability.



CHALLENGES

Near-Term Revenue Volatility and Transition Phase

The Company is currently navigating a transition phase, with near-term performance impacted by factors such as product in-sourcing by strategic customers.

Long Gestation and Validation Cycles

New EV products involve longer lead times before commercialisation due to extensive testing and validation requirements by OEMs. This can delay revenue ramp-up despite ongoing development and customer interest.

Supply Chain Dependencies and Raw Material Risks

The automotive and EV sectors remain exposed to supply chain risks, including constraints in critical materials such as rare earth elements. Any disruption in availability or pricing volatility may impact production planning and cost structures.

KEY FINANCIALS

(Amount in ₹ Crs.)

Particulars	Consolidated		Standalone	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Revenue from Operations	827.8	1,026.3	716.7	644.8
EBITDA	87.9	121.2	111.0	94.8
EBIT	48.0	86.4	79.2	63.9
PAT	29.3	58.3	64.2	42.9
Interest Expenses	9.8	9.8	5.2	5.9
Net Worth	526.3	499.7	528.5	467.0

KEY RATIOS

Particulars	Consolidated		Standalone	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Operating Profit Margin (%)	10.6%	11.8%	15.5%	14.7%
Net Profit Margin (%)	3.5%	5.7%	9.0%	6.6%
Debtor Turnover (Days)	43.85	23.28	36.54	32.68
Inventory Turnover Ratio (times)	2.02	2.94	2.39	2.08
Interest Coverage Ratio (times)	4.88	8.84	15.38	10.92
Debt to Equity (times)	0.28	0.26	0.20	0.23
Current Ratio (times)	2.14	2.04	2.46	2.24
Return on Net Worth / Equity (%)	5.7%	12.3%	12.9%	9.6%

AWARDS

The Company continues to strengthen its position through its unwavering commitment to quality, innovation, operational excellence, and customer satisfaction. During the recent years, the Company has been honoured with several prestigious recognitions from its stakeholders and business partners, reflecting its dedication to maintaining high standards across all areas of operations.

In recognition of its exceptional performance and significant contributions, the Company was conferred with the **Outstanding Contribution Award in 2024**. This award acknowledges the Company's Supply Chain Management Award for Outstanding Contribution in Hardware and Consumables.

Further demonstrating its commitment to excellence in manufacturing and quality management systems, the Company received the **Best Quality Award in 2025**. This recognition highlights the Company's focus on continuous improvement, stringent quality control measures, and its ability to consistently meet and exceed customer expectations through superior product quality and reliability.

The Company's emphasis on innovation and technological advancement was recognized through the **Best New Model Development Award in 2026**. The award underscores the Company's capabilities in product development, engineering excellence, and successful execution of new projects that contribute to enhanced customer value and business growth.

In addition, the Company was presented with a **Certificate of Appreciation in 2026** in recognition of its continued support, commitment, and contribution towards achieving shared business objectives with Maruti Suzuki (MSIL). This appreciation reflects the trust and confidence placed in the Company by its stakeholders and reinforces its reputation as a reliable and valued business partner.

These accolades serve as a testament to the dedication, expertise, and collective efforts of the Company's employees and management team. The Company remains committed to pursuing excellence, fostering innovation, and delivering sustainable value to all its stakeholders.

RISK MANAGEMENT

The Company has established a comprehensive risk management framework designed to identify, assess and mitigate potential risks across its operations. This framework is supported by structured processes, periodic risk assessments and timely implementation of mitigation strategies, under the oversight of the Risk Management Committee. The approach enables proactive risk identification and ensures that appropriate controls are in place to safeguard business continuity and long-term value creation. The Company continuously monitors internal and external risk factors, including technological changes, regulatory developments, supply chain dependencies and market dynamics.

Particulars	Risk Description	Mitigation Strategy
 Market Transition and Technology Risk	Expansion into EV powertrain and power electronics segments, which are characterised by evolving technologies and extended product validation cycles. Delays in customer approvals or slower-than-expected adoption may impact revenue realisation.	Diversifying the Company's product portfolio across multiple EV segments and OEM programmes to reduce dependency on any single product or customer. It is also strengthening in-house engineering capabilities and leveraging global technology partnerships to accelerate development and validation processes.



Particulars	Risk Description	Mitigation Strategy
 Environmental and Regulatory Compliance Risk	Manufacturing operations are subject to environmental laws and regulations relating to emissions, waste management, energy consumption and workplace safety. Any tightening of regulatory standards or non-compliance may lead to increased compliance costs, operational disruptions or reputational impact.	The Company continues to strengthen its environmental, health and safety practices through compliance monitoring, resource optimisation and adoption of sustainable manufacturing processes. It also undertakes periodic audits and invests in energy-efficient technologies and responsible waste management practices to ensure regulatory adherence and operational sustainability.
 Supply Chain and Raw Material Risk	Dependence on critical components and materials, including electronic components and rare earth elements, may lead to supply disruptions or cost volatility.	Prioritising localisation and import substitution, along with strategic sourcing initiatives and vendor diversification. It also undertakes inventory planning and supply chain optimisation to mitigate potential disruptions.
 Competitive Intensity	Increasing competition from domestic and global players in both fasteners and EV components may exert pricing pressure and impact margins.	The Company focuses on product differentiation, quality, cost competitiveness and strengthening customer relationships. Early entry into emerging segments and continuous innovation support its competitive positioning.
 Cyber Security and Data Privacy Risk	Increasing reliance on digital systems and automation exposes the Company to potential cyber threats and data breaches.	The Company has implemented robust IT security measures, including secure network infrastructure, access controls, regular data backups and system monitoring to ensure data integrity and business continuity.
 Human Resource Risk	The availability and retention of skilled talent, particularly in specialised areas such as power electronics and advanced manufacturing, remain critical to business growth.	The Company focuses on talent development, capability building and employee engagement initiatives. It also strengthens leadership and technical teams to support expansion into new technology domains.

COMPANY OUTLOOK

The Company's strategic investments in the EV ecosystem are expected to progressively strengthen its growth profile. Driven by an expanding powertrain and power electronics portfolio and a strong customer pipeline, these business units are set to scale over the medium term. Strategic partnerships and recent collaborations in advanced mobility further enhance the Company's ability to localise high-value products and meet evolving industry demands. The broader policy environment remains supportive of localisation and technology development in the automotive and EV sectors. Initiatives such as the recently notified scheme to promote domestic manufacturing of rare-earth permanent magnets are expected to strengthen the supply chain ecosystem and reduce import dependence over time. This context enables the Company to capitalise on the emerging mobility landscape, driving enduring and sustainable growth over the long term.

HUMAN RESOURCES

The Company has a competent and well-trained workforce across its manufacturing and technology centres, with an emphasis on strengthening teams within its technology function. The Company undertook focused initiatives to enhance capabilities in emerging areas, particularly electric vehicle components and power electronics. Employee engagement, along with health, safety and overall well-being, continued to remain a key priority during the year. To promote skill development, the Company rolled out structured training programmes encompassing advanced manufacturing techniques, SAP systems and quality management practices. These initiatives support a culture of ownership, innovation and continuous improvement across the organisation.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

Sterling Tools Limited has established a robust internal control system that plays a critical role in ensuring operational excellence and regulatory compliance. This system provides a reliable framework for monitoring various business segments and sales operations, safeguarding assets and maintaining effective internal audit controls.

A dedicated team of experts identifies key operational areas for periodic internal audits, which are thoroughly reviewed by internal auditors in collaboration with the Audit Committee and the Board. These reviews offer valuable insights and recommendations to further strengthen the Company's internal control environment.

The Company's commitment to system-driven operations is reflected in its adoption of advanced IT-enabled controls, shop floor automation and stringent quality control measures. Significant investments in machinery upgrades are supported by an internal management information system, enhancing operational efficiency and data accuracy.

The presence of both internal and external auditors, proportionate to the scale of operations, further reinforces Sterling Tools Limited's dedication to sound governance and transparency.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion & Analysis section concerning future prospects may be forward-looking statements, which involve a number of underlying identified/unidentified risks and uncertainties that could cause actual results to differ materially. In addition to the foregoing changes in the macroenvironment, a global pandemic like Covid-19 may pose an unforeseen, unprecedented, unascertainable and constantly evolving risk(s), inter alia, to the Company and the environment in which it operates. The results of these assumptions, made by relying on available internal and external information, are the basis for determining certain facts and figures stated in the report. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.



Independent Auditor's Report

To the Members of **Sterling Tools Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Sterling Tools Limited ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2026, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2026, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter

Revenue recognition

The Company's revenue is derived primarily from manufacturing and sale of hi-tensile cold forged fasteners recognised in accordance with the accounting policy described in Note 1(C) (8) to the accompanying standalone financial statements.

Refer Note 29 and 48 for details of revenue recognised during the year.

In accordance with the principles of Ind AS 115, Revenue from Contract with Customers, (Ind AS 115') revenue from the sale of products is recognised by the Company when the performance obligation is satisfied, ie, when the 'control' of the goods is transferred to the customer and there is no unfulfilled obligation. The performance obligations are generally considered to be satisfied by the management at the time of delivery of goods to the customer/carrier in accordance with the terms and conditions included in the revenue contracts.

Revenue recognition from the sale of products also involves determination of transaction price net of variable consideration on account of volume discounts and other programs run by the Company, which requires significant management judgement and efforts due to varied terms of contract with customers.

How our audit addressed the key audit matter

Our audit procedures for testing revenue recognition included, but were not limited to the following:

- Understood the revenue recognition process and accounting for discounts or programs run by the Company and assessed the appropriateness of the revenue recognition policies adopted by the Company in accordance with principles enunciated under Ind AS 115;
- Evaluated the design and tested the operating effectiveness of Company's key financial controls around revenue recognition including test of IT general controls and key application controls in respect of revenue recognition by our IT Specialists;
- Performed substantive testing of revenue transactions recorded during the year using statistical sampling by verifying the underlying supporting documents including customer contracts, sales order, invoices and proof of delivery
- Performed testing of samples of revenue transactions recorded for specified period before year-end by verifying underlying documents as above to determine whether revenue is recognised in the correct period;

Key audit matter

Further, the Company and its external stakeholders focus on revenue as a key performance measure, which could be an incentive or external pressure to meet expectations resulting in revenue being overstated or recognised before control being transferred and accordingly, in line with the requirements of the Standards on Auditing, revenue is determined to be an area involving significant risk which requires significant auditor attention.

Considering the significance of amounts involved, volume of transactions and variable consideration involved for varied terms of contracts, we have identified revenue recognition as a key audit matter in the current year audit.

How our audit addressed the key audit matter

- Obtained confirmations for invoices outstanding at the year end on a sample basis;
- Tested manual journal entries posted to revenue;
- Performed analytical procedures considering both qualitative and quantitative factors to identify any unusual trends and/or material variances;
- Tested completeness and arithmetical accuracy of the data used in the computation of discount as per dealer's schemes.
- Tested on sample basis, credit notes issued/ agreed price differences passed on to the customers by verifying the terms and conditions of the agreements, underlying credit notes, workings for price differences etc.
- Assessed the adequacy of the disclosures made by the management in accordance with the applicable accounting standard.

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

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements and our auditor's report thereon. The annual report, is expected to be made available to us after the date of this auditor's report.

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

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

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

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets

of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's

report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
 - b) Except for the matters stated in paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 is disqualified as on 31 March 2026 from being appointed as a director in terms of section 164(2) of the Act;
 - f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in, paragraph 17(b) above on reporting under section 143(3)(b) of the Act and paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
 - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2026 and the operating effectiveness of such controls, refer to our separate report in Annexure II wherein we have expressed an unmodified opinion; and

- h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company, as detailed in note 41(B)(I) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2026;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2026;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2026;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, disclosed in note 54(vi) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 54(vii) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (iv)(a) and (iv)(b) above contain any material misstatement.
 - v. The final dividend paid by the Company during the year ended 31 March 2026 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in note 50 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2026 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
 - vi. As stated in note 53 to the standalone financial statements and based on our examination which included test checks, except for matter mentioned below, the Company, in respect of financial year commencing on 01 April 2025, have used an accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with other than the consequential impact of the exception given below. Furthermore, except for instance mentioned below, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

**Nature of exception noted**

Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature at database level

Details of Exception

The accounting software used for maintenance of payroll records is operated by a third-party software service provider. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization), we are unable to comment on whether audit trail feature with respect to the database of the said software was enabled and operated throughout the year.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gera

Partner

Membership No.: 508685

UDIN: 26508685QDLJKB1885

Place: Faridabad
Date: 15 May 2026

Annexure I referred to in paragraph 16 of the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2026

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress, and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment, capital work-in-progress, and relevant details of right-of-use assets under which the assets are physically verified

in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment, capital work-in-progress, and relevant details of right-of-use assets were verified during the year and no material discrepancies were noticed on such verification.

- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in Note 2 to the standalone financial statements, are held in the name of the Company, except for the following properties, for which the Company's management is in the process of getting the registration in the name of the Company:

Description of property	Gross carrying value (₹ Lakhs)	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of company
Freehold Land	989.54	Haryana Ispat Private Limited	No	2024-2026	Title deeds are in name of Company merged during the previous year.

Further, for title deeds of the undermentioned immovable properties in the nature of land, which have been mortgaged as security for loans or borrowings taken by the Company, confirmations with respect to title of the Company have been directly obtained by us from the respective lenders::

Description of property	Situated at/location	Gross carrying value as on 31 March 2026 (₹ in Lakhs)
Freehold Land	Plot No. 4, 5A, 52, 53, 54 and 54A DLF Industrial Estate, Phase-I, Delhi - Mathura Road, Faridabad, Haryana	195.95
Freehold Land	49 KM stone Delhi Mathura Road, Village Prithla, Tehsil-Palwal, Distt. Palwal, Haryana	206.13
Leasehold Land	Plot No 109-110, Vemgal Industrial Area, District Kolar, Karnataka	980.37

- (d) The Company has adopted cost model for its Property, Plant and Equipment (including right-of-use assets) and intangible assets. Accordingly, reporting under clause 3(i)(d) of the Order is not applicable to the Company.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed

as compared to book records. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties and in respect of goods-in-transit, these have been confirmed from corresponding receipt and/or dispatch inventory records.

- (b) As disclosed in Note 24(f) to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹ 5 crores by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods which were subject to audit/review, except for the following::



Name of the Bank	Working capital limit sanctioned (₹ lakhs)	Nature of current assets offered as security	Quarter ended	Information disclosed as per return (₹ lakhs)	Information as per Books of accounts (₹ lakhs)	Difference (₹ lakhs)
HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	14,400.00	Pari-passu charge on current assets	30 June 2025	16,884.40	16,861.44	22.96
HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	14,400.00	Pari-passu charge on current assets	30 September 2025	16,973.88	16,956.81	17.07
HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	14,400.00	Pari-passu charge on current assets	31 December 2025	16,489.99	16,477.99	12.00
HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	14,400.00	Pari-passu charge on current assets	31 March 2026	18,390.57	18,379.45	11.12

(iii) The Company has not provided any guarantee or security to companies, firms, limited liability partnerships during the year. Further, the Company has made investments in, and granted unsecured loans or advances in the nature of loans to companies, and other parties during the year, in respect of which:

(a) The Company has provided loans or advances in the nature of loans to others during the year as per details given below

Particulars	Loans/ Advances (₹ Lakhs)
Aggregate amount provided/granted during the year:	
- Loans	5.14
- Advances	5.42
Balance outstanding as at balance sheet date:	
- Loans	1.41
- Advances	2.09

(b) In our opinion, and according to the information and explanations given to us, the investments made, and terms and conditions of the grant of all loans and advances in the nature of loans are, prima facie, not prejudicial to the interest of the Company. Further, the company has not given any security and guarantee during the year.

(c) In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal has been stipulated and the repayments of principal are regular. Further, no interest is receivable on such loans.

(d) There is no overdue amount in respect of loans granted to other parties.

(e) The company has granted loans or advances in the nature of loans which had fallen due during the year

and were repaid on or before the due date. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan.

(f) The Company has not granted any loans, which are repayable on demand or without specifying any terms or period of repayment

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of investments made and guarantees provided by it, as applicable. There are no loans or securities given by the company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, duty of customs, cess and other material statutory dues, as applicable, with the appropriate

authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year -end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, we report that there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ lakhs)*	Amount paid under Protest (₹ lakhs)	Period to Which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty and penalty	106.04	NIL	April 2014 to June 2017	Customs Excise and Service Tax Appellate Tribunal ('CESTAT'), Chandigarh
Income Tax Act, 1961	Demand under the Income-tax Act, 1961	0.62	NIL	Assessment Year 2013-14	Commissioner of Income-Tax (Appeals)
Income Tax Act, 1961	Demand under the income - tax, 1961	2.94	NIL	Assessment Year 2016-17	Commissioner of Income-Tax (Appeals)
Income Tax Act, 1961	Demand under the Income-tax Act, 1961	51.78	NIL	Assessment Year 2018-19	Commissioner of Income-Tax (Appeals)
Income Tax Act, 1961	Demand under the Income-tax Act, 1961	142.58	NIL	Assessment Year 2020-21	Commissioner of Income-Tax (Appeals)
GST Act, 2017	Interest and Penalty under Central GST Act, 2017	2.10	NIL	April 2018 to March 2024	Commissioner of GST (Appeals)

*Excluding interest, If any

(viii) According to the information and explanations given to us, we report that no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the standalone financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any joint venture/ associate.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries. The Company does not have any joint venture/ associate.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.



- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company ('CIC').
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gera

Partner

Place: Faridabad

Date: 15 May 2026

Membership No.: 508685

UDIN: 26508685QDLJKB1885

Annexure II

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Sterling Tools Limited ('the Company') as at and for the year ended 31 March 2026, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to the standalone financial statements criteria established by the company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2026, based on the internal financial control with reference to the standalone financial statements criteria established by the company considering the essential components of internal control stated in Guidance Note by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gera

Partner

Place: Faridabad

Date: 15 May 2026

Membership No.: 508685

UDIN: 26508685QDLJKB1885

Standalone Balance Sheet

as at 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Particulars	Notes	As at 31 March 2026	As at 31 March 2025
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	24,432.33	25,955.29
(b) Capital work-in-progress	3	290.89	375.92
(c) Other intangible assets	4	21.14	38.01
(d) Financial assets			
(i) Investments	5	9,317.07	5,573.61
(ii) Other financial assets	6	540.65	539.74
(e) Income tax assets (net)	7	12.33	94.65
(f) Other non-current assets	8	481.12	285.15
Total non-current assets		35,095.53	32,862.37
Current assets			
(a) Inventories	9	11,214.93	11,883.53
(b) Financial assets			
(i) Investments	10	-	1,502.28
(ii) Trade receivables	11	7,175.64	5,772.17
(iii) Cash and cash equivalents	12	3,452.63	668.11
(iv) Bank balances other than (iii) above	13	10,453.23	8,529.70
(v) Loans	14	3.50	4.15
(vi) Other financial assets	15	96.00	119.00
(c) Other current assets	16	2,283.44	2,237.15
Total current assets		34,679.37	30,716.09
TOTAL ASSETS		69,774.90	63,578.46
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	726.89	723.69
(b) Other equity	18	52,123.56	45,977.87
Total equity		52,850.45	46,701.56
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	1,222.87	2,220.89
(ia) Lease liabilities	42	14.96	33.08
(ii) Other financial liabilities	20	43.55	46.25
(b) Provisions	21	163.79	89.65
(c) Deferred tax liabilities (net)	22	1,130.97	1,295.04
(d) Other non-current liabilities	23	586.15	718.34
Total non-current liabilities		3,162.29	4,403.25
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	7,829.18	7,259.39
(ia) Lease liabilities	42	18.12	30.76
(ii) Trade payables			
A) Total outstanding dues of micro enterprises and small enterprises; and	25	2,013.05	1,126.76
B) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,353.49	2,134.83
(iii) Other financial liabilities	26	419.23	467.48
(b) Other current liabilities	27	867.83	1,232.82
(c) Provisions	21	217.37	221.61
(d) Current tax liabilities (net)	28	43.89	-
Total current liabilities		13,762.16	12,473.65
Total liabilities		16,924.45	16,876.90
TOTAL EQUITY AND LIABILITIES		69,774.90	63,578.46

Notes 1 to 55 form an integral part of these standalone financial statements.

As per our report of even date attached.

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

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

Ashish Gera
Partner
Membership no. 508685

Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214

Atul Aggarwal
Managing Director
DIN : 00125825

Place: Faridabad
Date: 15 May 2026

Pragya Saxena
Company Secretary
M. No. F 9640

Anish Agarwal
Director & Chief Financial Officer
DIN : 07056465



Standalone Statement of Profit and Loss

for the year ended 31 March 2026
(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2026	For the year ended 31 March 2025
Income			
Revenue from operations	29	71,672.27	64,478.34
Other income	30	915.05	683.14
Total income		72,587.32	65,161.48
Expenses			
Cost of materials consumed	31	27,022.34	25,392.54
Changes in inventories of finished goods and work-in-progress	32	589.62	496.90
Employee benefits expense	33	6,802.96	5,949.23
Finance costs	34	514.98	585.19
Depreciation and amortisation expenses	35	3,175.90	3,090.21
Other expenses	36	27,076.87	23,844.46
Total expenses		65,182.67	59,358.53
Profit before exceptional items and tax		7,404.65	5,802.95
Exceptional items	37	949.64	-
Profit before tax		8,354.29	5,802.95
Tax expense:	22		
Current tax		2,114.35	1,489.07
Deferred tax		(180.27)	26.91
Total tax expense		1,934.08	1,515.98
Profit for the year		6,420.21	4,286.97
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		64.35	(29.04)
(b) Changes in fair value of equity investment through other comprehensive income"		-	(1,153.98)
(ii) Income-tax relating to items that will not be reclassified to profit or loss	22	(16.19)	231.27
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income-tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the year (net of tax)		48.16	(951.75)
Total comprehensive income for the year		6,468.37	3,335.22
Earnings per equity share	38		
Basic (₹)		17.73	11.89
Diluted (Rs)		17.57	11.81
[nominal value of share ₹ 2 (31 March 2025: ₹ 2)]			

Notes 1 to 55 form an integral part of these standalone financial statements.

As per our report of even date attached.

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

Ashish Gera
Partner
Membership no. 508685

Place: Faridabad
Date: 15 May 2026

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

Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214

Pragya Saxena
Company Secretary
M. No. F 9640

Atul Aggarwal
Managing Director
DIN : 00125825

Anish Agarwal
Director & Chief Financial Officer
DIN : 07056465

Standalone Statement of Cash Flows for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2026	For the year ended 31 March 2025
A Cash flow from operating activities			
Profit before tax		8,354.29	5,802.95
Adjustments for:			
Depreciation and amortisation expenses	35	3,175.90	3,090.21
Unrealised foreign exchange (gain)		(13.07)	(1.10)
Loss on disposal of property, plant and equipment (net)		60.08	43.30
Receipt of enhanced compensation from sale of land	37	(327.19)	-
Finance costs	34	514.98	585.19
Gain on termination of lease liability		-	(0.31)
Interest income		(1,392.60)	(576.05)
Amortisation of government grant	29	(154.81)	(167.99)
Gain on sale of investments		(48.34)	(61.13)
Changes in fair value of financial asset at fair value through profit or loss		-	(2.28)
Liabilities no longer required, written back		(4.48)	-
Bad debts written off		-	2.35
Provision for inventory	9	219.27	146.52
Inventory written off		-	35.79
Provision for expected credit loss		-	40.00
Operating profit before working capital changes		10,384.03	8,937.45
Net changes in working capital:			
Change in financial assets		(1,363.65)	554.83
Change in other assets		(22.54)	596.23
Change in financial liabilities		1,084.87	(2.00)
Change in inventories		449.33	986.81
Change in other liabilities		(342.36)	(460.04)
Change in provisions		134.24	(14.77)
Net cash generated from operations		10,323.92	10,598.51
Income-tax paid (net of refunds)		(1,988.14)	(1,546.64)
Net cash from operating activities (A)		8,335.78	9,051.87
B Cash flow from investing activities			
Purchase of property, plant and equipment		(1,885.93)	(3,545.69)
Proceeds from disposal of property, plant and equipment		353.71	194.55
Investment in fixed deposit		(16,001.47)	(12,323.00)
Maturity of fixed deposit		14,151.00	10,958.00
Investment in mutual funds		(12,300.00)	(11,110.00)
Redemption of mutual funds		13,850.62	9,671.13
Interest received		1,315.83	553.31
Investment in subsidiary company		(3,161.54)	(1,408.44)
Net cash used in investing activities (B)		(3,677.78)	(7,010.14)
C Cash flows from financing activities			
Proceeds from non-current borrowings		-	1,050.00
Repayment of non-current borrowings		(1,389.99)	(2,059.66)
Proceeds from issue of equity share capital	17	3.20	3.21
Dividend paid		(902.70)	(718.79)
Proceeds from /(repayment of) current borrowings (net)		973.35	554.20
Repayment of lease liabilities		(30.76)	(31.85)
Interest paid on lease liabilities	34	(4.32)	(5.57)
Interest paid		(522.26)	(933.98)
Net cash used in financing activities (C)		(1,873.48)	(2,142.44)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		2,784.52	(100.71)
Cash and cash equivalents at the beginning of the year		668.11	768.82
Cash and cash equivalents at the end of the year		3,452.63	668.11



Standalone Statement of Cash Flows for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2026	For the year ended 31 March 2025
Components of cash and cash equivalents :	12		
Balances with scheduled banks in current accounts		950.58	666.24
Cash on hand		2.05	1.87
Balances with banks in deposit accounts with original maturity upto three months		2,500.00	-
Total		3452.63	668.11
Non-cash financing and investing activities		-	-
Acquisition of right-of-use assets		-	51.36
Deemed investment in subsidiary		581.93	1,118.88

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

Particulars	Lease liabilities	Non-current borrowings including current maturities of long term borrowings	Current borrowings	Dividend
Opening balance as on 1 April 2024	48.44	4,621.57	5,318.92	11.34
Add: Non cash changes due to-				
- Recognition of lease liabilities	51.36	-	-	-
- Interest expense	5.57	324.97	253.63	-
- Fair value changes	-	1.02	-	-
- Final dividend	-	-	-	720.48
Less: Non cash changes due to-				
- Adjustment in lease liabilities on modification	(4.11)	-	-	-
Add: Cash inflows during the year			-	
- Proceeds from non-current borrowings	-	1,050.00	-	-
- Proceeds from current borrowings	-	-	554.20	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings	-	(2,059.66)	-	-
- Repayment of lease liabilities with interest	(37.42)	-	-	-
- Interest paid	-	(326.00)	(258.37)	-
- Amount transferred to Investor's Education and Protection Fund	-	-	-	(4.63)
- Final dividend paid	-	-	-	(718.79)
Closing balance as on 31 March 2025	63.84	3,611.90	5,868.38	8.40

Standalone Statement of Cash Flows for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Particulars	Lease liabilities	Non-current borrowings including current maturities of long term borrowings	Current borrowings	Dividend
Add: Non cash changes due to-				
- Interest expense	4.32	227.03	282.61	-
- Fair value changes	-	1.02	-	-
- Final dividend	-	-	-	904.61
Add: Cash inflows during the year				
- Proceeds from current borrowings	-	-	973.35	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings	-	(1,389.99)	-	-
- Repayment of lease liabilities with interest	(35.08)	-	-	-
- Interest paid	-	(228.04)	(294.22)	-
- Amount transferred to Investor's Education and Protection Fund	-	-	-	(1.93)
- Final dividend paid	-	-	-	(902.70)
Closing balance as on 31 March 2026	33.08	2,221.92	6,830.12	8.38

The standalone statement of cash flows has been prepared under the 'indirect method' as set out in Ind AS 7, 'Statement of cash flows'.

Notes 1 to 55 form an integral part of these standalone financial statements.

As per our report of even date attached.

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

Ashish Gera
Partner
Membership no. 508685

Place: Faridabad
Date: 15 May 2026

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

Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214

Pragya Saxena
Company Secretary
M. No. F 9640

Atul Aggarwal
Managing Director
DIN : 00125825

Anish Agarwal
Director & Chief Financial Officer
DIN : 07056465



Standalone Statement of Changes in Equity for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

(A) Equity share capital

Particulars	Number	Amount
Balance as at 1 April 2024	3,60,24,211	720.48
Changes in equity share capital during the year	1,60,107	3.21
Balance as at 31 March 2025	3,61,84,318	723.69
Changes in equity share capital during the year	1,60,108	3.20
Balance as at 31 March 2026	3,63,44,426	726.89

(B) Other equity

Particulars	Reserves and surplus					Equity instruments through other comprehensive income	Total
	Capital reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings		
Balance as at 1 April 2024	6.65	4,735.69	199.69	2,786.46	33,991.63	524.13	42,244.25
Profit for the year	-	-	-	-	4,286.97	-	4,286.97
Other comprehensive income	-	-	-	-	-	-	-
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	(21.73)	-	(21.73)
Changes in fair value of equity investment through other comprehensive income (net of tax)	-	-	-	-	-	(930.02)	(930.02)
Transactions with owners in their capacity as owners:							
Employee stock option reserve	-	-	1,118.88	-	-	-	1,118.88
Impact on exercise of ESOPs grants (Refer Note 51)	-	586.15	(586.15)	-	-	-	-
Final dividend paid on equity shares	-	-	-	-	(720.48)	-	(720.48)
Balance as at 31 March 2025	6.65	5,321.84	732.42	2,786.46	37,536.39	(405.89)	45,977.87
Profit for the year	-	-	-	-	6,420.21	-	6,420.21
Other comprehensive income	-	-	-	-	-	-	-
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	48.16	-	48.16
Transactions with owners in their capacity as owners:							
Employee stock option reserve	-	-	581.93	-	-	-	581.93
Impact on exercise of ESOPs grants (Refer Note 51)	-	583.43	(583.43)	-	-	-	-
Final dividend paid on equity shares	-	-	-	-	(904.61)	-	(904.61)
Balance as at 31 March 2026	6.65	5,905.27	730.92	2,786.46	43,100.15	(405.89)	52,123.56

Notes 1 to 55 form an integral part of these standalone financial statements.

As per our report of even date attached.

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

Ashish Gera
Partner
Membership no. 508685

Place: Faridabad
Date: 15 May 2026

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

Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214

Pragya Saxena
Company Secretary
M. No. F 9640

Atul Aggarwal
Managing Director
DIN : 00125825

Anish Agarwal
Director & Chief Financial Officer
DIN : 07056465

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

1. Company information and material accounting policies

A. Corporate information

Sterling Tools Limited (the 'Company') was incorporated on 7 June 1979 under the erstwhile Companies Act, 1956 and is domiciled in India (CIN: L29222DL1979PLC009668). The registered office of the Company is at DJ-1210, 12th Floor, DLF Tower-B, Jasola District Centre, New Delhi – 110025. The equity shares of the Company are listed on the Bombay Stock Exchange and National Stock Exchange of India. The Company is engaged in the manufacturing and sale of high tensile cold formed fasteners.

B. Basis of preparation

(1) Recent Accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the year ended 31 March 2026, MCA has notified following new standards or amendments to the existing standards applicable to the Company, and which are effective from 1 April 2025:

Ind AS 1 – Presentation of Financial Statements

The amendment clarifies the classification of liabilities as current or non-current and specifically addresses non-current liabilities with covenants. For determining whether a liability is current, the amendment removes the requirement for an unconditional right to defer settlement for at least twelve months after the reporting date. Instead, it requires that the right to defer settlement must exist as of the reporting date and must have substance. It also provides additional guidance on classifying liabilities subject to covenants.

Ind AS 7 – Statement of Cash Flows and Ind AS 107 – Financial Instruments: Disclosures

The amendment to Ind AS 7 requires companies to disclose the existence of supplier finance arrangements, including the nature of such arrangements, the carrying amount of related liabilities, and the range of payment due dates. Ind AS 107 has been correspondingly amended to include supplier finance arrangements as a factor that may contribute to concentration of liquidity risk.

Ind AS 12 – Income Taxes: International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary mandatory relief from recognising deferred tax arising from top-up tax, and require entities to disclose whether this relief has been applied. The relief is effective immediately and applies retrospectively. The amendments also require companies to provide new disclosures regarding potential top-up tax exposures in future periods.

Ind AS 21 – The Effects of Changes in Foreign Exchange Rates

The amendments address the 'Lack of Exchangeability' guidance under Ind AS 21. These amendments clarify the assessment of exchangeability of a currency and the determination of an appropriate spot exchange rate when exchangeability is lacking and require disclosures enabling users to understand the resulting financial impact.

The amendments do not have any material impact on the Company's standalone financial statements.

(2) Standards which are issued but are not yet effective

Paragraph 74 of Ind AS 1 currently effective for the year ended 31 March 2026 requires the entity not to classify the liability as current, if there is a breach of a material covenant of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, however, the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

MCA vide notification dated 13 August 2025, has introduced amendment under Paragraph 74 of Ind AS 1 which requires the entity to classify the liability as current under the aforementioned situation because, at the end of the reporting period, it does not have the right to defer its settlement for at least twelve months after that date. Such amendment has been made effective for annual reporting periods beginning on or after 01 April 2026 retrospectively in accordance with Ind AS 8.

This amendment is not expected to have a material impact on the Standalone Financial Statements.

(3) Statement of compliance

These standalone financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs under section 133 of Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, presentation requirements as per Division II of Schedule III of the Act and other provisions of the Act (to the extent notified and applicable).

These standalone financial statements of Sterling Tools Limited as at and for the year ended 31 March 2026 were approved and authorised for issue by Board of Directors on 15 May 2026.



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

(4) Overall considerations

These standalone financial statements have been prepared on going concern basis using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in the standalone financial statements, unless otherwise stated.

(5) Basis of measurement

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

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

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

(6) Functional and presentation currency

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

(7) Current and non-current classification

The Company presents assets and liabilities in the standalone 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. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

C. Material accounting policies

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

(1) Property, plant and equipment

1.1 Initial recognition and measurement

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

Cost of an item 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.

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

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 accruing from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

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

1.3 Derecognition

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

(2) Depreciation

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

Asset category	Useful life (in years)
Buildings	30 years
Leasehold buildings & other assets	Lower of lease term or useful life
Plant and equipment	10 – 30 years
Furniture and fixtures	10 years

Asset category	Useful life (in years)
Vehicles	8 – 10 years
Office equipments	5 years
Electrical installations and equipments	10 years
Computers	3 - 6 years

Land is not depreciated. Leasehold improvements are amortised over the primary period of the lease.

Depreciation on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date in which the asset is available for use/disposed.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate. Based on technical evaluation, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

(3) Impairment of non-financial assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets and group of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's selling price and its value in use. Value in use is the present value of estimated future cash flows expected to raise from continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

(4) 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



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

the taxing authorities, freight inwards and other expenditure directly attributable for its acquisition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Finished goods and stores, spares and consumables are valued at lower of cost and net realisable value and the comparison is made on an item-by-item basis.

The methods of determining cost of various categories of inventories are as under:

Nature of inventories	Method of valuation
Raw materials	First in first out method
Stores and spares and consumables	Weighted average method
Finished goods and work-in-progress	Raw material cost on first in first out method and includes conversion and other costs incurred in bringing the inventories to their present value and locations

Stock in transit is valued at lower of cost and net realisable value. Scrap is valued at estimated net realisable value.

(5) 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 standalone 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 not recognised in the standalone financial statements.

(6) Government grants

Grants from government are recognised when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

When the grant relates to a revenue item, it is recognised in standalone statement of profit and loss on a systematic basis over the periods in which the related costs are expensed. The grant can either be presented separately or can deduct from related reported expense.

Government grant relating to capital assets are recognised initially as deferred income and are credited to standalone statement of profit and loss on a straight line basis over the expected lives of the related asset and presented as other operating income within revenue from operations.

(7) Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the standalone statement of profit and loss in the year in which it arises.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

(8) Revenue

The Company recognises revenue from the following major sources:

Sale of products (including scrap sales)

Revenue from sale of products (including scrap sales) is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. It is measured at the amount of transaction price, net of returns and allowances, trade discounts and volume rebates. The Company recognises revenue when it transfers control over a product to a customer i.e. when goods are delivered at the delivery point, as per terms of the agreement, which could be either customer premises or carrier premises who will deliver goods to the customer. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the standalone Balance Sheet under other current liabilities (see note 27).

Satisfaction of performance obligations

The Company's revenue is derived from the single performance obligation to transfer primarily products under arrangements in which the transfer of control of the products and the fulfilment of the Company's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

Whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms.

Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-60 days.

Variable considerations associated with such sales

Periodically, the Company enters into volume or other rebate programs where once a certain volume or other conditions are met, it gives the customer as volume discount some portion of the amounts previously billed or paid. For such arrangements, the Company only recognises revenue for the amounts it

ultimately expects to realise from the customer. The Company estimates the variable consideration for these programs using the most likely amount method or the expected value method, whichever approach best predicts the amount of the consideration based on the terms of the contract and available information and updates its estimates each reporting period.

Contract assets and contract liabilities

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the standalone balance sheet. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its standalone balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on Company's future performance. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business and reflects Company's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Transfer of trade receivables

The Company transfers certain trade receivables under bill discounting arrangements with banks. These transferred receivables do not qualify for derecognition as the Company retains the credit risk with respect to these transferred receivables due to the existence of the recourse arrangement. Consequently, the proceeds received from such transfers with recourse arrangements are recorded as borrowings from banks and classified under current borrowings.

(9) Other income

Interest income from financial assets 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).

(10) Employee benefits

10.1 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 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.

10.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in the standalone statement of profit and loss in the period during which services are rendered by employees.

The Company pays fixed contribution to government administered provident fund scheme at predetermined rates. The contributions to the fund for the year are recognised as expense and are charged to the standalone statement of profit and loss.

10.3 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 plan.

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 liability recognised in the standalone balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

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.

10.4 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 liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. 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.

The obligations are presented as non-current, as the availment of leaves is subject to approval. Also based on past experience, the Company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

(11) Share based payments

The Company recognises compensation expense relating to share based payments in accordance with Ind AS 102, 'Share-based payment'. Stock options granted by the Company to its employees and employees of the subsidiaries are accounted as equity settled options. In respect of the options granted to the employees of the Company, the estimated fair value of options granted that is determined on the date of grant, is charged to standalone statement of profit and loss on a straight-line basis over the vesting period of options, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- (i) including any market performance conditions
- (ii) excluding the impact of any service and non-market performance vesting conditions
- (iii) including the impact of any non-vesting conditions

In respect of the options granted to the employees of the subsidiary companies, the estimated fair value of options granted that is determined on the date of grant, is considered investment in the subsidiary company, on a straight-line basis over the vesting period of options, with a corresponding increase in equity.

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with corresponding adjustment to equity.

(12) Leases

Company as a lessee

The Company's lease asset classes primarily consist of property leases. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

(13) Taxes on income

Income-tax expense comprises current and deferred tax. Current tax expense is recognised in the standalone statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for



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financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognised in the standalone statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(14) Segment reporting

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108.

(15) Equity investments

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.

(16) 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.

16.1 Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

However, trade receivables that do not contain a significant financing component are measured at transaction price in accordance with Ind AS 115. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the standalone 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 profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The right 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

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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 use forward-looking information to recognise expected credit losses (ECL) model' for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

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.

The presumption under Ind AS 109 with reference to significant increases in credit risk since initial recognition (when financial assets are more than 30 days past due), has been rebutted and is not applicable to the company, as the company is able to collect a significant portion of its receivables that exceed the due date.

16.2 Financial liabilities

Initial recognition and measurement

The Company's financial liabilities include borrowings, trade payables and other financial liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at FVTPL.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost

After initial measurement, such financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the standalone statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the standalone statement of profit and loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

Derecognition

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

16.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the standalone balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

D. Significant accounting judgments, estimates and assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are



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recognised in the period in which the estimates are revised and in any future periods affected.

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

(1) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income (supported by convincing evidence) against which the deferred tax assets can be utilised.

(2) Contingent liabilities

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

(3) Impairment of financial assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. At each balance sheet date, based on historical default rates observed over expected life, existing market conditions as well as forward looking estimates, the management assesses the expected credit losses on outstanding receivables. Further, management also considers the factors that may influence the credit risk of its customer

base, including the default risk associated with industry and country in which the customer operates.

(4) Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(5) Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical

and economic obsolescence that may change the utilisation of assets.

(6) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

(7) Government grant

Grants receivables are based on estimates for utilisation of the grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance life of the asset.

(8) Fair value measurements

Management applies valuation techniques to determine fair value of equity shares (where active market quotes are not available) and stock options. This involves developing estimates and assumptions around volatility, dividend yield which may affect the value of equity shares or stock options.

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances

Summary of material accounting policies and other explanatory information to the standalone financial statements

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2 Property, plant and equipment

Particulars	Owned assets							Right-of-use assets				Grand total	
	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Electrical installations and equipments	Computers	Total	Leasehold land	Right-of-use assets - Building		Right-of-use assets - other assets
Gross block													
As at 1 April 2024	2,061.68	7,565.23	38,524.45	445.28	707.84	651.89	1,197.91	375.14	51,529.42	980.37	315.16	12.51	1,308.04
Additions	-	-	2,059.76	20.89	713.78	62.33	13.65	45.37	2,915.78	367.15	27.37	23.99	418.51
Disposals/adjustments	-	-	(505.51)	-	(302.95)	-	-	-	(808.46)	-	(259.52)	(10.95)	(270.47)
Balance as at 31 March 2025	2,061.68	7,565.23	40,078.70	466.17	1,118.67	714.22	1,211.56	420.51	53,636.74	1,347.52	83.01	25.55	1,456.08
Additions	-	48.23	1,269.61	45.37	82.65	82.59	-	159.02	1,687.47	35.12	-	-	35.12
Disposals/adjustments	-	-	(651.18)	(0.21)	(51.31)	(59.24)	(230.39)	(24.18)	(1,016.51)	-	(29.71)	-	(29.71)
Balance as at 31 March 2026	2,061.68	7,613.46	40,697.13	511.33	1,150.01	737.57	981.17	555.35	54,307.70	1,382.64	53.30	25.55	1,461.49
Accumulated depreciation and amortization													
As at 1 April 2024	-	2,271.25	22,098.31	213.88	248.84	491.82	708.08	273.83	26,306.01	-	270.55	10.80	281.35
Charge for the year	-	239.00	2,479.95	35.06	100.52	62.73	74.66	47.16	3,039.08	-	29.97	2.57	32.54
Adjustments for disposals	-	-	(158.88)	-	(95.90)	-	-	-	(254.78)	-	(255.72)	(10.95)	(266.67)
Balance as at 31 March 2025	-	2,510.25	24,419.38	248.94	253.46	554.55	782.74	320.99	29,090.31	-	44.80	2.42	47.22
Charge for the year	-	238.77	2,515.29	34.14	128.91	54.04	74.35	82.96	3,128.45	-	25.46	5.12	30.58
Adjustments for disposals	-	-	(604.21)	(0.20)	(26.62)	(55.79)	(220.32)	(22.84)	(929.98)	-	(29.71)	-	(29.71)
Balance as at 31 March 2026	-	2,749.02	26,330.46	282.88	355.75	552.80	636.77	381.11	31,288.78	-	40.55	7.54	48.09
Net block as at 31 March 2025	2,061.68	5,054.98	15,659.32	217.23	865.21	159.67	428.82	99.52	24,546.43	1,347.52	38.21	23.13	1,408.86
Net block as at 31 March 2026	2,061.68	4,864.44	14,366.67	228.45	794.26	184.77	344.40	174.24	23,018.92	1,382.64	12.75	18.01	24,432.33

Notes:

- Refer note (a) of note 19 "Non current financial liabilities- Borrowings" and note (a) of note 24 "Current financial liabilities- Borrowings" for details regarding property, plant and equipment which are pledged as security.
- Refer note 41(A) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), except for the following properties, for which the Company's management is in the process of getting the registration in the name of the Company:
 - Freehold Land amounting Rs 989.54 lakhs is in held in the name of Haryana Ispat Private Limited
 - Further, For title deeds of the following immovable properties in the nature of land, which have been mortgaged as security for loans or borrowings taken by the Company, are lying with respective lenders.

Description of property	Situated at/location
Freehold land	Plot No. 52, 53 and 54, DLF Industrial Estate, Phase-I, Delhi - Mathura Road, Faridabad, Haryana
Freehold land	49 km stone Delhi Mathura Road, Village Prithla, Tehsil-Palwal, Distt. Palwal, Haryana (11.45 acres of land)
Leasehold land	Plot No 109-110, Vemgal Industrial Area, District Kolar, Karnataka



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

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3 Capital work-in-progress

Particulars	Amount
Balance as at 1 April 2024	179.11
Additions	2,270.22
Capitalised during the year	2,073.41
Balance as at 31 March 2025	375.92
Additions	1,106.73
Capitalised during the year	1,191.76
Balance as at 31 March 2026	290.89

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

	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2026					
- Projects in progress	186.85	-	-	104.04	290.89
- Projects temporarily suspended	-	-	-	-	-
					290.89
As at 31 March 2025					
- Projects in progress	271.88	-	-	104.04	375.92
- Projects temporarily suspended	-	-	-	-	-
					375.92

As at 31 March 2026 as well as at 31st March 2025, there are no projects whose completion is overdue or has exceeded its cost as compared to its original plan except for an independent feeder machine amounting to Rs 104.04 lakhs at the Company's manufacturing facility at Bangalore, whose installation is overdue owing to delay in the transmission line work and energization of the sub-station by the relevant authorities. The installation is expected to be completed during the year ending 31 March 2027.

Further, there are no projects whose completion has exceeded its cost.

4 Other intangible assets

Particulars	Computer software	Total
Gross block		
As at 1 April 2024	167.70	167.70
Additions	33.68	33.68
Balance as at 31 March 2025	201.38	201.38
Additions	-	-
Balance as at 31 March 2026	201.38	201.38
Accumulated amortisation		
As at 1 April 2024	144.78	144.78
Charge for the year	18.59	18.59
Balance as at 31 March 2025	163.37	163.37
Charge for the year	16.87	16.87
Balance as at 31 March 2026	180.24	180.24
Net block as at 31 March 2025	38.01	38.01
Net block as at 31 March 2026	21.14	21.14

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

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5 Non-current financial assets - investments

Particulars	As at 31 March 2026	As at 31 March 2025
Unquoted investments		
Investment in equity instruments in subsidiaries (carried at cost)		
2,84,56,000 equity shares (31 March 2025: 2,84,56,000 equity shares) of ₹ 10 each fully paid up in Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-mobility Limited) - [refer note (b)]	4,746.10	4,164.17
25,000 equity shares (31 March 2025: 25,000 equity shares) of Rs 10 each fully paid up in Sterling Advanced Electric Machines Private Limited	2.50	2.50
4,50,10,000 equity shares (31 March 2025: 1,40,10,000 equity shares) of Rs 10 each fully paid up in Sterling Tech Mobility Limited	4,501.00	1,401.00
51,000 equity shares (31 March 2025: 51,000 equity shares) of Rs 10 each fully paid up in Sterling E-Mobility Private Limited	5.10	5.10
6,980 equity shares (31 March 2025: 100 equity shares) of USD 10 each fully paid up in Sterling Overseas Pte. Limited	62.37	0.84
	9,317.07	5,573.61
Aggregate amount of unquoted investments	9,317.07	5,573.61
Aggregate amount of impairment in the value of investments	-	-

Notes:

- Equity investments in subsidiaries are measured at cost as per the provisions of Ind AS 27 on 'Separate Financial Statements'
- Includes deemed investment of Rs 581.93 lakhs during the year (previous year - Rs 1,118.88 lakhs) in respect of employee stock options granted to employee of subsidiary company with corresponding credit to share options outstanding account.

6 Non-current financial assets - others

(Unsecured and considered good)

Particulars	As at 31 March 2026	As at 31 March 2025
Security deposits	503.70	506.50
Interest accrued but not due	36.95	33.24
	540.65	539.74

7 Income-tax assets (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Prepaid taxes (net of provision for tax)*	12.33	94.65
	12.33	94.65

*Refer note 28 for movement of taxes

8 Other non-current assets

(Unsecured and considered good)

Particulars	As at 31 March 2026	As at 31 March 2025
Capital advances	413.11	193.39
Advances other than capital advances:		
- Prepaid expenses	68.01	91.76
	481.12	285.15



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9 Inventories

(Valued at lower of cost and net realisable value)

Particulars	As at 31 March 2026	As at 31 March 2025
Raw material	3,902.14	4,097.09
Work in progress	1,779.98	1,484.01
Finished goods	4,114.14	4,999.73
Stores, spares and consumables [includes goods in transit of ₹ 24.62 lakh (31 March 2025: ₹ 5.55 lakh)]	1,418.67	1,302.70
	11,214.93	11,883.53

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

- Certain inventory of finished goods have been written down to its net realisable value in line with Ind AS 2, Inventories, and the resultant impact of write down amounts to ₹ 21.60 lakh (31 March 2025 - ₹ 32.18 lakh). The carrying value of such inventories carried at fair value less costs to sell amounts to ₹ 295.69 lakh (31 March 2025 - ₹ 391 lakh).
- The Value of inventories above is stated after provision of ₹ 219.27 lakh (31 March 2025 - ₹ 146.52 lakh).

10 Current financial assets - investments

Particulars	As at 31 March 2026	As at 31 March 2025
Quoted investments		
Investment in mutual funds (carried at fair value through profit or loss)		
Nil units (31 March 2025: 37,038.932 units) in SBI Liquid Fund- Direct Plan- Growth	-	1,502.28
	-	1,502.28
Aggregate amount of quoted investments and market value thereof		
- Book value	-	1,500.00
- Market value	-	1,502.28

11 Current financial assets - trade receivables

Particulars	As at 31 March 2026	As at 31 March 2025
Trade receivables		
Trade receivables - considered good, unsecured	7,175.64	5,772.17
Trade receivables - credit impaired	204.86	204.86
	7,380.50	5,977.04
Less: allowance for expected credit loss	(204.86)	(204.86)
	7,175.64	5,772.17

Movement in the allowance for expected credit loss

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Balance at the beginning of the year	204.86	164.86
Add: Allowance provided during the year	-	40.00
Less: Amounts written off during the year	-	-
Balance at the end of the year	204.86	204.86

Notes :

- The net carrying value of trade receivables is considered a reasonable approximation of fair value.
- Refer note 24(a) for information on trade receivables pledged as security by the Company

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

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

- c. There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.
- d. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member
- e. The carrying amounts of the trade receivables include receivables which are subject to a bill discounting arrangement with the bank. Under this arrangement, the Company has transferred the relevant receivables to the bank in exchange for cash. However, the Company retains the credit risk with respect to the transferred receivables due to the existence of recourse till the due date of the relevant bills discounted. Accordingly, the Company continues to recognise the transferred receivables in their entirety in its standalone balance sheet till the due date. The amount repayable under the bills discounting arrangement is presented as unsecured current borrowings in note 24 - Current financial liabilities - borrowings. The Company considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.
- f. The trade receivable balance as on 1st April 2024 amounts to INR 6,322.70.

The relevant carrying amounts in respect of the bills discounting arrangement is as follows:

Particulars	As at 31 March 2026	As at 31 March 2025
Total transferred trade receivables under the bills discounting arrangement	1,294.11	831.31
Associated unsecured borrowings (refer note 24)	1,294.11	831.31

Ageing schedule of trade receivables is as follows:

As at 31 March 2026	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	5,716.43	1,333.00	57.86	66.23	1.11	1.01	7,175.64
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	54.40	54.40
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	40.00	-	110.46	150.46

As at 31 March 2025	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	4,785.23	934.92	47.41	2.73	1.40	0.48	5,772.17
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	17.57	36.83	54.40
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

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

As at 31 March 2025	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	40.00	-	-	110.46	150.46

12 Current financial assets - cash and cash equivalents

Particulars	As at 31 March 2026	As at 31 March 2025
Balances with scheduled banks in current accounts	950.58	666.24
Cash on hand	2.05	1.87
Balances with banks in deposit accounts with original maturity upto three months	2,500.00	-
	3,452.63	668.11

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

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

Particulars	As at 31 March 2026	As at 31 March 2025
Unpaid dividend accounts (earmarked balances with banks)*	8.38	8.40
Balances with banks in deposit accounts with original maturity of more than three months but residual maturity of less than twelve months	10,195.44	8,344.96
Interest accrued but not due on fixed deposits with banks	249.41	176.34
	10,453.23	8,529.70

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

14 Current financial assets - loans

(Unsecured and considered good)

Particulars	As at 31 March 2026	As at 31 March 2025
Loans receivable	3.50	4.15
	3.50	4.15

15 Current financial assets - others

(Unsecured and considered good)

Particulars	As at 31 March 2026	As at 31 March 2025
Export incentive receivable	4.62	6.34
Gratuity recoverable	15.42	28.85
Others # (refer note 43)	75.96	83.81
	96.00	119.00

This primarily pertains to cross charge of shared services recoverable from Sterling E-Mobility Solutions Limited ("SEM"), receivable from Sterling Overseas Pte. Limited ("SOPL"), scrap sale and other recoverable.

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

16 Other current assets

Particulars	As at 31 March 2026	As at 31 March 2025
Advances other than capital advances:		
Prepaid expenses	118.03	319.07
Balance with government authorities	742.67	1,451.45
Advance to suppliers	1,422.74	466.63
	2,283.44	2,237.15

17 Equity share capital

Particulars	As at 31 March 2026	As at 31 March 2025
Authorised:		
5,00,00,000 equity shares (31 March 2025: 5,00,00,000 equity shares) of Rs 2/- each	1,000.00	1,000.00
Issued, subscribed and paid up:		
3,63,44,426 equity shares (31 March 2025: 3,61,84,318 equity shares) of Rs 2/- each	726.89	723.69
	726.89	723.69

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

Particulars	For the year ended 31 March 2026		For the year ended 31 March 2025	
	Number	Amount	Number	Amount
Equity shares outstanding as at the beginning of the year	3,61,84,318	723.69	3,60,24,211	720.48
Add: Equity shares issued during the year	1,60,108	3.20	1,60,107	3.21
Equity shares outstanding as at the end of the year	3,63,44,426	726.89	3,61,84,318	723.69

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 2025: Rs 2 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

During the year ended 31 March 2026, the amount of per share final dividend recognised as distributions to equity shareholders is Rs 2.50 per share (31 March 2025: Rs 2 per share) amounting to ₹ 904.61 lakh (previous year - Rs 720.48 lakh).

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.

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

Particulars	As at 31 Mar 2026		As at 31 March 2025	
	No. of shares	% of holding	No. of shares	% of holding
Mr. Anil Aggarwal	61,10,583	16.81%	61,10,583	16.89%
Mr. Atul Aggarwal	94,45,574	25.99%	94,99,574	26.25%
Mr. Akhill Aggarwal	26,71,838	7.35%	26,60,957	7.35%
Mr. Anish Aggarwal	27,37,317	7.53%	27,01,957	7.47%

* As per records of the Company, including its register of members

d. Pursuant to contract, no shares have been issued 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.



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

17 Equity share capital (Contd..)

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

Particulars	As at 31 Mar 2026			As at 31 March 2025		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
Mr. Anil Aggarwal	61,10,583	16.81%	-0.08%	61,10,583	16.89%	-
Mr. Atul Aggarwal	94,45,574	25.99%	-0.26%	94,99,574	26.25%	-
Mrs. Promila Aggarwal	7,55,000	2.08%	-0.01%	7,55,000	2.09%	-
Mr. Akhill Aggarwal	26,71,838	7.35%	0.00%	26,60,957	7.35%	-
Mr. Anish Aggarwal	27,37,317	7.53%	0.06%	27,01,957	7.47%	-
Ms. Ayesha Aggarwal	17,99,166	4.95%	0.13%	17,45,166	4.82%	-
Mrs. Sarvat Amin	54,000	0.15%	0.00%	54,000	0.15%	-

* Promoters for the purpose of this disclosure means promoters as defined under section 2(69) of the Companies Act, 2013

f. Shares reserved for issue under options:

Information relating to the Company's Employee Stock Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of reporting period, is given in note 51.

18 Other equity

Particulars	As at 31 March 2026	As at 31 March 2025
Capital reserve	6.65	6.65
Securities premium	5,905.27	5,321.84
Share options outstanding account	730.92	732.42
General reserve	2,786.46	2,786.46
Retained earnings	43,100.15	37,536.39
Equity instruments through other comprehensive income	(405.89)	(405.89)
Total	52,123.56	45,977.87

i) Capital reserve

Capital reserves represents proceeds of forfeited shares.

ii) Securities premium

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

iii) Share options outstanding account

The Company has implemented a share option scheme under which option to subscribe for the Company's share have been granted to employees of the Company and its subsidiary companies. The reserve is used to recognise the value of equity settled share options provided to such employees. See note 51 for further details.

iv) General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with Companies (Transfer of profits to Reserve) Rules, 1975. Consequent to introduction of the Companies Act 2013, there is no such requirement to mandatorily transfer a specified percentage of the net profit to general reserve.

v) Retained earnings

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

vi) Equity instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of certain investment in equity instruments in other comprehensive income. These changes are accumulated in this reserve within equity.

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

19 Non current financial liabilities - Borrowings

Particulars	As at 31 March 2026	As at 31 March 2025
Indian rupee loan from banks (secured)		
Term loans	2,221.92	3,611.90
Less: Current maturities of long-term borrowings (refer note 24)	(999.05)	(1,391.01)
	1,222.87	2,220.89

- a) The term loans (including current maturities) are secured by equitable mortgage of certain land and building at Plot No. 52, 53 and 54 DLF Industrial Estate, Phase-I, Delhi - Mathura Road and factory land and building situated at Plot No 109-110, Vemgal Industrial Area, District Kolar, Bangalore, Karnataka and hypothecation of plant and machinery and other property, plant and equipment.
- b) The terms and repayment profile of the term loans from banks is below:
- (i) Term loan from State Bank of India carries an interest in the range of 8.75% to 9.06% and is repayable in 60 monthly instalments commencing from April 2024 with last instalment due in February 2029.
- (ii) Term loans from HDFC Bank carries an interest in the range of 6.37% to 8.06% and are repayable in 51 - 60 monthly instalments commencing from October 2021 with last instalment due in November 2029.
- c) There has been no default in servicing of loan during the year.
- d) The term loans have been used for the specific purpose for which they were availed.
- e) The Company has complied with the relevant financial covenants under the terms of borrowings throughout the reporting period.

20 Non-current financial liabilities - others

Particulars	As at 31 March 2026	As at 31 March 2025
Security deposits	43.55	46.25
	43.55	46.25

21 Provisions

Particulars	As at 31 March 2026		As at 31 March 2025	
	Non-current	Current	Non-current	Current
Compensated absences (refer note 39)	158.15	98.35	87.63	108.47
Gratuity (refer note 39)	5.64	119.02	2.02	113.14
	163.79	217.37	89.65	221.61

22 Deferred tax liabilities (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Property plant and equipment and other intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,388.97	1,532.59
Sub-total (a)	1,388.97	1,532.59



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

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

Particulars	As at 31 March 2026	As at 31 March 2025
Deferred tax assets		
Employee benefits	133.94	116.38
Allowance for expected credit loss	51.56	51.56
Fair value of investments in equity instruments	64.86	64.86
Effective interest rate adjustment	0.26	0.26
Impact of difference between right-of-use assets and lease liabilities	0.58	0.63
Others	6.80	3.86
Sub-total (b)	258.00	237.55
Net deferred tax liabilities [(a) - (b)]	1,130.97	1,295.04

Movement in deferred tax balances

Particulars	As at 1 April 2025	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2026
Deferred tax liabilities				
Property plant and equipment and other intangible assets:	1,532.59	(143.62)	-	1,388.97
Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act				
Sub- total (a)	1,532.59	(143.62)	-	1,388.97
Deferred tax assets				
Employee benefits	116.38	33.76	(16.19)	133.94
Allowance for expected credit loss	51.56	-	-	51.56
Fair value of investments in equity instruments	64.86	-	-	64.86
Effective interest rate adjustment	0.26	0.00	-	0.26
Impact of difference between right-of-use assets and lease liabilities	0.63	(0.05)	-	0.58
Others	3.86	2.94	-	6.80
Sub- total (b)	237.55	36.65	(16.19)	258.00
Net deferred tax liabilities [(a)-(b)]	1,295.04	(180.27)	16.19	1,130.97

Particulars	As at 1 April 2025	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2026
Deferred tax liabilities				
Property plant and equipment and other intangible assets:	1,584.05	(51.46)	-	1,532.59
Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act				
Sub- total (a)	1,584.05	(51.46)		1,532.59
Deferred tax assets				
Employee benefits	111.64	(2.57)	7.31	116.38
Interest on foreclosure of license under EPCG scheme	87.99	(87.99)	-	-
Allowance for expected credit loss	41.49	10.07	-	51.56
Fair value of investments in equity instruments	(159.10)	-	223.96	64.86
Effective interest rate adjustment	0.06	0.20	-	0.26
Impact of difference between right-of-use assets and lease liabilities	0.54	0.09	-	0.63
Others	2.03	1.83	-	3.86
Sub- total (b)	84.65	(78.37)	231.27	237.55
Net deferred tax liabilities [(a)-(b)]	1,499.39	26.91	(231.27)	1,295.04

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

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

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Current tax expense		
Current year	2,088.77	1,512.72
Earlier years	25.58	(23.65)
	2,114.35	1,489.07
Deferred tax expense /(credit)		
Origination and reversal of temporary differences	(180.27)	26.91
	(180.27)	26.91
Total income tax expense	1,934.08	1,515.98

ii) Income-tax recognised in other comprehensive income

Particulars	31 March 2026			31 March 2025		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
Remeasurement of defined benefit plans	64.35	(16.19)	48.16	(29.04)	7.31	(21.73)
Changes in fair value of equity investment through other comprehensive income	-	-	-	(1,153.98)	223.96	(930.02)
	64.35	(16.19)	48.16	(1,183.02)	231.27	(951.75)

iii) Reconciliation of effective tax rate

Particulars	31 March 2026		31 March 2025	
	Rate	Amount	Rate	Amount
Profit before tax		8,354.29		5,802.95
Tax using the Company's domestic tax rate of 25.17% (31 March 2025 - 25.17%)	25.17%	2,102.61	25.17%	1,460.49
Tax effect of:				
- Corporate social responsibility expenditure		28.16		25.08
- Tax adjustment for earlier years		25.58		(23.65)
- Tax impact on enhanced compensation received		(239.00)		-
- Others		16.73		54.06
At the effective income tax rate		1,934.08		1,515.98

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

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

Particulars	31 March 2026	31 March 2025
Base rate	22.00%	22.00%
Add : Surcharge @ 10%	2.20%	2.20%
	24.20%	24.20%
Add: Health and Education cess @ 4%	0.97%	0.97%
	25.17%	25.17%



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

23 Other non-current liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Deferred grant income [refer note (a) below]	528.65	665.84
Others [refer note (i) below]	57.50	52.50
	586.15	718.34
(a) Movement of deferred grant income:		
Opening balance	820.63	836.41
Less: Released to consolidated statement of profit and loss	(154.81)	(167.99)
Less: Reclassified to other payable [refer note (ii) below]	-	152.21
	665.82	820.63
Deferred grant income:		
- Current	137.17	154.79
- Non-current	528.65	665.84
	665.82	820.63

- (i) This pertains to security deposits received from customers. Refer note 48.
- (ii) During the previous year, the Company had completed its assessment in relation to fulfillment of export obligation against one of the license and paid the requisite duty amount against the un-fulfilled export obligation to the custom authorities. Owing to final settlement on account of payment of requisite duty, the remaining balance which pertained to the un-fulfilled export obligation of Rs 152.21 had been transferred to Deferred grant income. The said balance will be amortized in the remaining life of property, plant and equipment against which such export obligation was made.

24 Current financial liabilities - borrowings

(Secured and carried at amortised cost)

Particulars	As at 31 March 2026	As at 31 March 2025
Loans repayable on demand from banks		
- Working capital demand loan	5,521.87	5,011.32
Current maturities of long-term borrowings (refer note 19)	999.05	1,391.01
Interest accrued but not due on borrowings	14.15	25.75
Bill discounting facility from banks	1,294.11	831.31
	7,829.18	7,259.39

Note:

- The cash credit facilities and working capital demand loan are secured by hypothecation of all inventories including those in transit, receivables, book debts on pari passu basis, equitable mortgage of land and building situated at Plot No. 52, 53 and 54 DLF Industrial Estate, Phase-I, Delhi- Mathura Road and factory land and building situated at 49 km stone Delhi Mathura Road, Village Prithla, Tehsil-Palwal, Distt. Palwal, Haryana and Plot No 109-110, Vemgal Industrial Area, District Kolar, Bangalore, Karnataka.
- The outstanding balance of cash credit facilities is repayable on demand and the rate of interest ranges between 8.50% to 9.20% (31 March 2025: 8.30% to 9.20%) per annum.
- The outstanding balance of working capital demand loan is repayable within a period of 90 days and the rate of interest ranges between 6.00% to 7.20% (31 March 2025: 6.90% to 7.20%) per annum.
- The cash credit facilities and working capital demand loans have been used for the specific purpose for which they are taken as at the year end
- The bills discounting facility from banks are secured by first charge on trade receivables subject to the bills discounting arrangement
- Details of quarterly statements of current assets filed by the Company with banks and reasons of material discrepancies

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

24 Current financial liabilities - borrowings (Contd..)

For the year ended 31 March 2026:

Quarter ended	Name of bank	Particulars of securities provided	Amount as per books of account	Amount as reported in the quarterly statement	Amount of difference	Reason for material discrepancies
30 June 2025	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	16,884.40	16,861.44	22.96	Variance is primarily on account of inventory of scrap not considered in quarterly statement
30 September 2025	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	16,973.88	16,956.81	17.07	Variance is primarily on account of inventory of scrap not considered in quarterly statement
31 December 2025	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	16,489.99	16,477.99	12.00	Variance is primarily on account of inventory of scrap not considered in quarterly statement
31 March 2026	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	18,390.57	18,379.45	11.12	Variance is primarily on account of inventory of scrap not considered in quarterly statement

For the year ended 31 March 2025:

Quarter ended	Name of bank	Particulars of securities provided	Amount as per books of account	Amount as reported in the quarterly statement	Amount of difference	Remarks
30 June 2024	HDFC Bank, Punjab National Bank and State Bank of India	Pari-passu charge on current assets	18,805.85	18,781.19	24.66	Variance is primarily on account of inventory of scrap not considered in quarterly statement
30 September 2024	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	18,116.41	18,092.04	24.37	Variance is primarily on account of inventory of scrap not considered in quarterly statement
31 December 2024	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	17,414.59	17,389.87	24.72	Variance is primarily on account of inventory of scrap not considered in quarterly statement
31 March 2025	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	17,655.70	17,631.42	24.28	Variance is primarily on account of inventory of scrap not considered in quarterly statement

25 Current financial liabilities - trade payables

Particulars	As at 31 March 2026	As at 31 March 2025
Trade payables		
A) Total outstanding dues of micro enterprises and small enterprises; and	2,013.05	1,126.76
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,353.49	2,134.83
	4,366.54	3,261.59



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

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

- A) a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is given below.

Particulars	As at 31 March 2026	As at 31 March 2025
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year		
- Principal amount	2,003.62	1,123.04
- Interest	9.43	3.72
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	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	9.43	3.72
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

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

B) Ageing schedule of trade payables is as follows:

As at 31 March 2026	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	9.43	1,766.81	224.78	2.14	0.29	3.73	2,007.18
Total outstanding dues of creditors other than micro enterprises and small enterprises	965.61	1,146.11	228.64	1.89	5.05	6.19	2,353.49
Disputed dues of micro enterprises and small enterprises	-	-	-	-	5.87	-	5.87
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-

As at 31 March 2025	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	3.72	1,111.89	5.28	-	-	-	1,120.89

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

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

As at 31 March 2025	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of creditors other than micro enterprises and small enterprises	785.12	1,140.79	184.74	7.02	14.82	2.34	2,134.83
Disputed dues of micro enterprises and small enterprises	-	-	-	5.87	-	-	5.87
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-

Note: There are no unbilled trade payable, hence the same is not disclosed in the ageing schedule..

26 Current financial liabilities - others

Particulars	As at 31 March 2026	As at 31 March 2025
Creditors for capital goods [refer note (a) below]	27.26	55.92
Unclaimed dividends*	8.38	8.40
Employee related payables	383.59	403.16
	419.23	467.48

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

- a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is given below.

Particulars	As at 31 March 2026	As at 31 March 2025
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year		
- Principal amount	4.90	4.90
- Interest	-	-
ii) The amount of interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

This information has been compiled in respect of parties to the extent they could be identified as micro, small and medium enterprises on the basis of information available with the management as at the year end.



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

27 Other current liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Contract liabilities (refer note 48)	355.42	222.75
Deferred grant income [refer note 23(a)]	137.17	154.79
Statutory dues payable	375.24	855.28
	867.83	1,232.82

28 Current tax liabilities (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Provision for tax (net of advance tax)	43.89	-
	43.89	-

Note:

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

Particulars	As at 31 March 2026	As at 31 March 2025
Prepaid taxes (refer note 7)	12.33	94.65
Provision for tax	(43.89)	-
Net position [asset]	(31.56)	94.65

Particulars	As at 31 March 2026	As at 31 March 2025
a. Income-tax assets		
Opening balance	94.65	37.08
Prior year taxes	(25.58)	-
Transfer from current tax liabilities	-	57.57
Refunds received (net of demand paid)	(56.74)	-
Total (A)	12.33	94.65
b. Current tax liabilities		
Opening balance	-	-
Provision for tax	2,088.77	1,512.72
Prepaid taxes paid during the year	(2,044.88)	(1,546.64)
Tax earlier years	-	(23.65)
Transferred to income-tax assets	-	57.57
Total (B)	43.89	-
Net income-tax assets [(A) - (B)]	(31.56)	94.65

29 Revenue from operations

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Sale of products		
- Finished goods (refer note 48)	70,757.29	63,645.80
Other operating income		
- Sale of scrap	747.47	644.33
- Export incentives	12.70	20.22
- Amortisation of grant income	154.81	167.99
Total	71,672.27	64,478.34

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

30 Other income

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest income from:		
- fixed deposits with banks carried at amortised cost	731.96	545.74
- security deposit with electricity department carried at amortised cost	38.19	30.31
- income-tax refund	0.30	-
Other non operating income		
Liabilities no longer required, written back	4.48	-
Gain on foreign exchange fluctuation (net)	24.84	-
Gain on termination of lease liability	-	0.31
Insurance claim received	25.34	11.92
Income from mutual funds carried at fair value through profit or loss		
- gain on sale of mutual fund	48.34	61.13
- gain on fair value of mutual fund	-	2.28
Miscellaneous income	41.60	31.45
	915.05	683.14

31 Cost of materials consumed

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Raw material at the beginning of the year	4,097.09	4,911.11
Add: purchases during the year	26,827.39	24,578.52
Less: Raw material at the end of the year	3,902.14	4,097.09
Total cost of materials consumed	27,022.34	25,392.54

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Inventories at the beginning of the year		
- Finished goods	4,999.73	5,461.24
- Work-in-progress	1,484.01	1,519.40
	6,483.74	6,980.64
Inventories at the end of the year		
- Finished goods	4,114.14	4,999.73
- Work-in-progress	1,779.98	1,484.01
	5,894.12	6,483.74
Increase in inventories	589.62	496.90

33 Employee benefits expense

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Salary, wages and bonus	6,113.32	5,355.23
Contribution to provident and other funds	290.44	263.26
Staff welfare expenses	233.20	200.74
Commission to director (refer note 43)	166.00	130.00
	6,802.96	5,949.23



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

34 Finance costs

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest expense on financial liabilities measured at amortised cost	510.66	579.62
Interest on lease liabilities	4.32	5.57
	514.98	585.19

35 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Depreciation on property, plant and equipment	3,128.45	3,039.08
Amortisation of right-of-use assets	30.58	32.54
Amortisation of other intangible assets	16.87	18.59
	3,175.90	3,090.21

36 Other expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Consumption of stores and spares	6,642.77	6,011.53
Job work charges	3,207.67	2,548.68
Consumption of packing materials	1,023.93	944.11
Power and fuel	5,624.41	4,818.32
Rent (refer note 42)	53.86	100.69
Repairs and maintenance		
- Building	394.03	327.58
- Plant and machinery	2,049.92	1,802.78
Security charges	133.08	134.37
Insurance	238.92	200.82
Legal and professional charges	850.11	1,006.82
Rates and taxes	38.76	33.12
Sales promotion	94.76	63.58
Freight outward	2,197.68	1,891.16
Travelling and conveyance	422.89	380.19
Contract labour charges	2,816.35	2,500.29
Payment to auditors (refer details below)	50.76	43.57
Corporate social responsibility expenses (refer note 44)	111.89	99.64
Allowance for expected credit loss	-	40.00
Inventory written off (refer note 9)	-	35.79
Bad debts written off	-	2.35
Loss on foreign exchange fluctuation (net)	-	7.11
Loss on disposal of property, plant and equipment (net)	60.08	43.30
Bank Charges	21.36	16.93
Miscellaneous expenses	1,043.64	791.73
	27,076.87	23,844.46

Payments to statutory auditors*

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
(a) Auditors (statutory audit, limited reviews and tax audit)	44.00	36.55
(b) Other services	2.90	3.55
(c) For reimbursement of expenses	3.86	3.47
	50.76	43.57

*excluding applicable taxes

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

37 Exceptional items

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Enhanced compensation received	327.19	-
Interest received on delayed compensation received from DMRC	622.45	-
	949.64	-

Note:

Exceptional items for the year ended 31 March 2026 represent enhanced compensation amounting to ₹ 949.64 lakhs (including interest of ₹ 622.45 lakhs) received from Delhi Metro Rail Corporation ("DMRC") against land acquired by DMRC in an earlier year.

38 Earnings per equity share

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Profit for the year attributable to equity shareholders (A) (refer note 52)	6,420.21	4,286.97
Weighted average number of equity shares for basic earnings per share (B) (Numbers)	3,62,10,198	3,60,48,337
Effect of share options during the year (C) (Numbers)	3,37,062	2,62,467
Weighted average number of equity shares for diluted earnings per share (D)= (B) + (C) (Numbers)	3,65,47,260	3,63,10,804
Basic earnings per equity share (face value of share- Rs 2 each) (A/B) (₹)	17.73	11.89
Diluted earnings per equity share (face value of share- Rs 2 each) (A/D) (₹)	17.57	11.81

39 Employee benefits

i) Defined contribution plans

The Company makes fixed contribution towards provident fund and Employees' State Insurance (ESI) for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the Company is required to contribute a specified percentage of payroll cost to fund the benefits. Similarly, the contribution is made in ESI at a specified percentage of payroll cost.

The Company recognised Rs 283.75 lakh (31 March 2025: Rs 256.25 lakh) for provident fund contributions and Rs 6.69 lakh (31 March 2025: Rs 7.01 lakh) for ESI & LWF contributions in the Standalone Statement of Profit and Loss and included in "Employee benefits expenses" in note 33. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

ii) Defined benefit plans

Gratuity

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

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



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

39 Employee benefits (Contd..)

- 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 standalone financial statements as at balance sheet date:

Particulars	Gratuity (unfunded)		Gratuity (funded)	
	For the year ended 31 March 2026	For the year ended 31 March 2025	For the year ended 31 March 2026	For the year ended 31 March 2025
Present value of obligation at the beginning of the year	42.03	40.00	1,064.54	902.33
Included in profit or loss:				
Current service cost	2.58	3.30	95.78	110.91
Past service cost	-	-	146.78	-
Interest cost	2.76	2.84	70.54	61.84
Total amount recognised in profit or loss	5.34	6.14	313.10	172.74
Included in other comprehensive income:				
Remeasurement loss/(gain) arising from:				
- financial assumptions	(0.22)	0.21	(21.96)	36.40
- experience adjustment	(4.09)	(4.32)	(27.91)	5.82
Total amount recognised in other comprehensive income	(4.31)	(4.11)	(49.87)	42.22
Other	-	-	-	(5.08)
Less: Settlement payments from employer	-	-	36.74	-
Less: Benefits paid	-	-	113.28	47.67
Present value of obligation at the end of year	43.06	42.03	1,177.75	1,064.54

Change in the fair value of plan assets

Particulars	Gratuity (funded portion)	
	For the year ended 31 March 2026	For the year ended 31 March 2025
Fair value of plan asset at the beginning of the year	991.42	822.92
Included in profit or loss:		
Return on plan assets - interest income	66.17	58.60
Contributions paid	141.57	153.58
Benefits paid	(113.28)	(47.67)
Others	-	(5.08)
Included in other comprehensive income:		
Actuarial gain	10.27	9.07
Fair value of plan asset at the end of the year	1,096.14	991.42

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

Category of assets (% allocation)	As at 31 March 2026		As at 31 March 2025	
	(%)	Amount	(%)	Amount
Insurance policies	100	1,096.14	98	971.59
Banks	-	-	2	19.83
	100	1,096.14	100	991.42

Net defined benefit liability recognised in the standalone balance sheet

Particulars	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Present value of unfunded/funded obligation at the end of the year	43.06	42.03	1,177.75	1,064.54
Fair value of plan asset as at the end of the year	-	-	1,096.14	991.42
Net defined benefit liability/(asset)	43.06	42.03	81.61	73.12

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

39 Employee benefits (Contd..)

B) Actuarial assumptions

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

Particulars	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Discount rate (per annum)	6.95%	6.69%	6.95%	6.69%
Salary growth rate (per annum)	7.00%	7.00%	7.00%	7.00%
Mortality rates inclusive of provision for disability	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)
Retirement age (years)	58	58	58	58
Withdrawal rate (%)	1%	1%	2% to 15%	2% to 15%

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.

Particulars	Gratuity (funded)			
	31 March 2026		31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (movement of 100 bps)	(92.48)	106.53	(113.89)	51.74
Salary escalation rate (movement of 100 bps)	102.79	(91.62)	54.38	(117.91)

Particulars	Gratuity (unfunded)			
	31 March 2026		31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (movement of 100 bps)	(1.19)	1.35	(0.50)	0.59
Salary escalation rate (movement of 100 bps)	0.09	(0.43)	0.61	(0.53)

Sensitivities due to mortality and withdrawals are not material. Hence, impact of change is not calculated above.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year. This analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

D) Risk exposure

i) Changes in discount rate

A decrease in discount yield will increase plan liabilities.

ii) Mortality table

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

iii) Salary increase

Actual salary increase will increase the plan's liabilities. Increase in salary rate assumption in future valuation will also increase the valuation.



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

39 Employee benefits (Contd..)

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

Particulars	31 March 2026	31 March 2025
Less than 1 year	122.07	97.01
Between 1-5 years	441.91	380.65
Over 5 years	1,848.92	434.28
Total	2,412.91	911.94

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 9 years (31 March 2025: 18 years).

Expected contribution to post-employment benefit plans in the next year is Rs 204.02 lakhs (31 March 2025: Rs 36.28 lakhs).

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

Particulars	31 March 2026	31 March 2025
Less than 1 year	37.41	40.01
Between 1-5 years	0.22	0.08
Over 5 years	18.34	0.31
Total	55.97	40.41

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 2 years (31 March 2025: 6 years).

iii) Other long-term employee benefit plans

The Company provides for compensated absences to its employees. The employees can carry-forward a portion of the unutilized accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a other long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation. A provision of ₹ 124.99 lakh (31 March 2025: ₹ 70.38 lakh) for the year have been made on the basis of actuarial valuation as at the year end and debited to the Standalone Statement of Profit and Loss. As at 31 March 2026, provision for compensated absences amounts to ₹ 256.50 lakh (31 March 2025 - ₹ 196.10 lakh) presented as provisions for employee benefit obligations in note 21 - Provisions.

40 Operating segments

In accordance with Ind AS 108 'Operating Segments', the Board of Directors of the Company, being the chief operating decision maker of the Company has determined "Automotive components" as the only operating segment.

Further, in terms of paragraph 31 of Ind AS 108, entity wide disclosures have been presented below:

Entity wide disclosures

A. Information about products and services

The Company is engaged in the manufacturing and marketing of one product line i.e. "Automotive Components" primarily used in the automobile industry. 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. Information concerning principal geographic areas is as follows

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Net sales to external customers by geographic area by location of customers		
a) India	69,801.51	62,536.11
b) Outside India	955.78	1,109.69
Total	70,757.29	63,645.80
Non-current assets (other than non-current financial assets) by geographic areas		
a) India	25,237.81	26,749.02
b) Outside India	-	-
Total	25,237.81	26,749.02

C. Information about major customers

Revenues of Rs 36,713.86 lakh (31 March 2025 : Rs 32,551.08 lakh) are derived from three customers, who individually accounted for more than ten percent of the total revenue.

41 Contingent liabilities, contingent assets and commitments

A. Capital commitment:

- (i) Estimated amount of contracts remaining to be executed on the capital account and not provided for in the books of account (net of capital advances) ₹ 352.83 lakhs (₹ 701.18 lakhs as at 31 March 2025).

B. Contingent liabilities and other commitments

Particulars	As at 31 March 2026	As at 31 March 2025
Contingent liabilities		
I) Claims against the Company not acknowledged as debt:		
i) Disputed liability - Central Excise Act (refer note 'a' below)	106.04	106.04
ii) Interest on disputed liability - Central Excise Act (refer note 'b' below)	91.58	82.65
iii) Disputed liability - GST Act. (refer note 'c' below)	2.10	-
iv) Demand under Income-tax Act, 1961 (refer note 'd' below)		
- Assessment year: 2013-14	0.62	0.62
- Assessment year: 2016-17	2.94	2.94
- Assessment year: 2018-19	51.78	51.78
- Assessment year: 2020-21	142.58	142.58
Total	397.64	386.61
Other commitments		
i) Corporate guarantee given on behalf of a subsidiary company	11,133.00	11,133.00



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

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

- a) Service tax demand amounting to Rs 106.04 lakh for the period April 2014 to June 2017 was due to disallowance of the Cenvat credit on outward transportation of final product to the buyer's premises. Representation against the aforementioned demand were filed before the Joint Commissioner of Central Tax, Faridabad, Haryana. On 4 June 2021, the Company had received an unfavourable order from the Joint Commissioner. On 2 August 2021, the Company had filed an appeal against the aforesaid order with the Commissioner Appeals, however, the Company had received an unfavorable order from the Commissioner Appeals vide order dated 25 February 2022. The Company had filed an appeal, on 26 May 2022, against the said demand/order with Customs Excise and Service Tax Appellate Tribunal ('CESTAT'), Chandigarh and remains confident of getting a relief against the said order.
- b) Interest amounting to ₹91.58 lakh (31 March 2025 - ₹82.65 lakh) on the demands raised by excise authorities has been calculated by the Company based on the demand cum show-cause notices pending adjudication.
- c) An Order-in-Original (OIO No. 129JC/DDN/2025 dated 29 December 2025) has been received from the Office of the Central GST Commissionerate, Dehradun, wherein demand of interest amounting to ₹1.60 lakh and penalty of ₹0.50 lakh relating to supplementary invoices has been confirmed. The Company has filed an appeal on 13 March 2026 before the appropriate appellate authority.

The Company has been advised by its legal counsel that its position is likely to be upheld in the litigation process and accordingly no provision has been created in the financial statement.

- d) Appeals filed before Commissioner of Income tax (CIT) for demands under Income Tax Act 1961 in AY 2013-14, 2016-17, 2018-19 and 2020-21. The appeals has yet not been disposed off by CIT and the company expects a favorable chance of getting the relief against these orders.

The Company has no other material contingent liabilities other than those disclosed above, which could devolve upon the Company.

It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings. The Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required in respect of the above proceedings.

C. Contingent assets- Nil

42 Lease related disclosures as lessee

Lease liabilities are presented in the standalone balance sheet as follows:

Particulars	As at 31 March 2026	As at 31 March 2025
Current	18.12	30.76
Non-current	14.96	33.08
Total	33.08	63.84

The maturity analysis of lease liabilities are disclosed hereunder. Also refer note 45(II)(ii).

Particulars	As at 31 March 2026			As at 31 March 2025		
	Principal	Interest	Total payments	Principal	Interest	Total payments
Less than 1 year	18.12	2.23	20.35	30.76	4.30	35.06
1-5 years	14.96	5.05	20.01	33.08	5.07	38.15
More than 5 years	-	-	-	-	-	-
Total	33.08	7.28	40.36	63.84	9.37	73.21

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

42 Lease related disclosures as lessee (Contd..)

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Amortisation on right-of-use assets	30.58	32.54
Interest expense on lease liabilities	4.32	5.57
Rent expense*	53.86	100.69
Total	88.76	138.80

*Rent expense for short-term leases and not included in the measurement of lease liabilities.

The Company has leases for its plant, offices, vehicle and equipments. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the standalone balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets within property, plant and equipment within which the corresponding underlying assets would be presented if they were owned. The additions to right-of-use assets and carrying amounts of right-of-use assets has been disclosed in note 2

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on standalone balance sheet as at 31 March 2026 and 31 March 2025 respectively:

As at 31 March 2026

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options/ No of leases with termination options
Plant, offices, vehicle and equipment	11	1 - 6 years	11

As at 31 March 2025

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options/ No of leases with termination options
Plant, offices, vehicle and equipment	18	1 - 7 years	18

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities are disclosed in note 45(II)(B)(ii).

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Company does not have any liability to make variable lease payments for the right-to-use the underlying asset recognised in the financial statements.

The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 53.86 lakhs (31 March 2025 - ₹100.69 lakhs). At 31 March 2026 and 31 March 2025, the Company is not committed to any liability towards short-term leases.

Total cash outflow for leases for the year ended 31 March 2026 was ₹ 88.94 lakhs (31 March 2025 - ₹ 138.12 lakhs) [including ₹ 53.86 lakhs (31 March 2025 - ₹ 100.69 lakhs) paid towards the aforementioned short-term leases]



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

43 Related party disclosures

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during the reported period are as follows:

I Name of the related parties and description of relationship:

Relationship	Name of related party
Subsidiary companies	Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited)
	Sterling Advanced Electric Machines Private Limited
	Sterling Tech Mobility Limited (with effect from 28 June 2024)
	Sterling E-Mobility Private Limited (with effect from 28 June 2024)
	Sterling Overseas Pte. Ltd. (with effect from 23 September 2024)
Key management personnel (KMP)	Mr. Anil Aggarwal – Chairman cum Whole Time Director
	Mr. Atul Aggarwal – Managing Director
	Mr. Akhill Aggarwal – Whole Time Director
	Mr. Anish Agarwal - Director & Chief Financial Officer (with effect from 15 May 2026)
	Mr. Jaideep Wadhwa - Director
	Mr. Shailendra Swarup- Independent director
	Mr. Rakesh Batra - Independent Director
	Ms. Rashmi Urdhwareshe - Independent Director
	Mr. Sanjiv Garg - Independent Director (with effect from 10 May 2024)
	Mr. Vijay Madhav Paradkar- Independent Director
	Mr. Pankaj Gupta - Chief Financial Officer (till 31 December 2025)
	Mrs. Komal Malik - Company Secretary (with effect from 7 August 2025 till 28 February 2026)
	Mrs. Pragya Saxena - Company Secretary (with effect from 23 March 2026)
Enterprise over which KMP exercise control and/or significant influence	Sterling Technologies Private Limited
	Sterling Automobiles Private Limited
	Manohar Lal Aggarwal Foundation
	Swarup & Company
Relatives of KMP with whom transactions have occurred	Mrs. Promila Aggarwal (Wife of Mr. Anil Aggarwal)
	Mrs. Sarvat Amin (Wife of Mr. Atul Aggarwal)
	Ms. Ayesha Aggarwal (Daughter of Mr. Atul Aggarwal)

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

The Company's related parties primarily consist of its subsidiaries and entities over which KMP have significant control/influence. The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The following details summarise the related party transactions and balances included in the standalone financial statements of the Company for the year ended as at 31 March 2026 and 31 March 2025:

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

43 Related party disclosures (Contd..)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
i) Transaction with subsidiary company		
a) Investment made		
Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited)	581.93	1,118.88
Sterling Advanced Electric Machines Private Limited	-	1.50
Sterling Tech Mobility Limited	3,100.00	1,401.00
Sterling E-Mobility Private Limited	-	5.10
Sterling Overseas Pte. Ltd.	61.53	0.84
	3,743.46	2,527.32
* Pertains to deemed investment of Rs 581.93 lakhs during the year (previous year - Rs 1,118.88 lakhs) in respect of employee stock options granted to employee of subsidiary company with corresponding credit to share options outstanding account..		
b) Sale of goods		
Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited)	9.63	33.00
	9.63	33.00
c) Management services		
Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited)	56.16	65.34
	56.16	65.34
d) Sale of asset		
Sterling Tech Mobility Limited	0.85	-
	0.85	-
e) Purchase of goods / services		
Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited)	-	9.30
	-	9.30
ii) Transaction with enterprises over which KMP has control and/or significant influence		
a) Repairs and maintenance		
Sterling Automobiles Private Limited	2.18	1.91
	2.18	1.91
b) Insurance/warranty		
Sterling Automobiles Private Limited	1.65	2.32
	1.65	2.32
c) Rent paid		
Sterling Technologies Private Limited	44.46	38.04
	44.46	38.04
d) Corporate social responsibility expenses		
Manohar Lal Aggarwal Foundation (formerly known as Sterling Tools Foundation)	111.89	99.64
	111.89	99.64
e) Legal charges paid		
Swarup & Company	0.41	0.88
	0.41	0.88
f) Expenses incurred by company on behalf of other		
Sterling Tech Mobility Limited ("STML")	-	8.25
Sterling Overseas Pte. Ltd. ("SOPL")	-	16.90
	-	25.15
iii) Transaction with KMP and their close members		
Remuneration paid to directors (A)		
Mr. Anil Aggarwal	295.79	275.97



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

43 Related party disclosures (Contd..)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Mr. Atul Aggarwal	288.56	271.20
Mr. Akhill Aggarwal	103.68	77.76
	688.03	624.93
Remuneration paid to KMP other than directors (B)	116.68	119.59
Commission paid to directors (C)		
Mr. Anil Aggarwal	83.00	65.00
Mr. Atul Aggarwal	83.00	65.00
	166.00	130.00
Compensation to KMP [(A)+(B) + (C)]		
- Short-term employee benefits	897.77	812.49
- Defined contribution plans	72.94	62.03
	970.71	874.52
Dividend paid		
Mr. Anil Aggarwal	152.76	122.21
Mr. Atul Aggarwal	237.49	193.31
Mrs. Promila Aggarwal	18.88	15.10
Mr. Akhill Aggarwal	66.52	53.22
Mr. Anish Agarwal	67.55	54.04
Ms. Ayesha Aggarwal	43.63	35.98
Mrs. Sarvat Amin	1.35	-
Mr. Jaideep Wadhwa	3.79	0.28
	591.97	474.14
Director sitting fees		
Mr. Shailendra Swarup	8.50	7.00
Mr. Rakesh Batra	9.00	7.50
Ms. Rashmi Urdhwaresh	5.50	5.50
Mr. Sanjiv Garg	1.50	2.50
Mr. Vijay Madhav Paradkar	7.00	5.00
	31.50	27.50

iv) Closing balances

Particulars	As at 31 March 2026	As at 31 March 2025
Commission payable		
Mr. Anil Aggarwal	50.63	55.25
Mr. Atul Aggarwal	50.63	55.25
	101.26	110.50
Outstanding payable		
Sterling Automobiles Private Limited	-	0.27
Swarup & Company	-	0.45
	-	0.72
Outstanding receivable		
Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited)	8.99	44.29
Sterling Tech Mobility Limited	-	8.25
Sterling Overseas Pte. Ltd.	17.77	16.06
	26.76	68.59
Corporate guarantee on behalf of subsidiary company		
Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited)	11,133.00	11,133.00
	11,133.00	11,133.00

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

43 Related party disclosures (Contd..)

Particulars	As at 31 March 2026	As at 31 March 2025
Investments		
Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited)	4,746.10	4,164.17
Sterling Advanced Electric Machines Private Limited	2.50	2.50
Sterling Tech Mobility Limited	4,501.00	1,401.00
Sterling E-Mobility Private Limited	5.10	5.10
Sterling Overseas Pte. Ltd.	62.37	0.84
	9,317.07	5,573.61

Note :

- 1) The sale to and purchase from and other transactions with related party are made on terms equivalent to those that prevail in arm's length transaction.
- 2) Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.
- 3) The remuneration to the Key managerial personnel does not include the provisions made for gratuity as they are determined to the company as a whole

44 Corporate social responsibility ('CSR')

The Company's CSR programs/projects focusses on sectors and issues as mentioned in in Schedule VII read with section 135 of the Act. The CSR committee has been formed by the Company as per the Act

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

Particulars	As at 31 March 2026	As at 31 March 2025
Gross amount required to be spent (i.e. 2% of average net profits under section 198 of Companies Act, 2013 of last three years) (A)	111.89	99.64
Shortfall of the previous year (B)	-	-
Total (A+B)	111.89	99.64
Amount spent during the year* [refer note (b) below]	111.89	99.64
Shortfall/(surplus) for the year (refer note below)	-	-

b) Details of CSR expenses incurred:

Amount spent during the year ended 31 March 2026:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total
(i)	Construction/ acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	111.89	Others	111.89

Amount spent during the year ended 31 March 2025:

S. No.	Purpose for which expenditure incurred	Amount in cash/ cheque	Remarks	Total
(i)	Construction/ acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	99.64	Others	99.64

- c) The Company does not have any excess amount spent during the current and the previous year and accordingly, no such carry forward of the excess amount...
- d) The Company does not have any ongoing projects as at 31 March 2026 as well as at 31st March 2025.



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

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

Details of on-going projects are as follows:

Particulars	With the Company	In separate CSR unspent account
Balance as on 1 April 2024	-	-
Amount required to be spent during the year	99.64	-
Amount spent during the year	(99.64)	-
Balance as on 31 March 2025	-	-
Amount required to be spent during the year	111.89	-
Amount spent during the year	(111.89)	-
Balance as on 31 March 2026	-	-

45 Fair value measurements

I Financial instruments

(a) Financial instruments by category

Derivative financial instruments and investment in mutual funds are measured at fair value through profit or loss. Investment in equity instruments (except investments in subsidiaries) are measured at fair value through other comprehensive income. Other than the aforementioned, all other financial assets and liabilities viz. security deposits, cash and cash equivalents, other bank balances, interest receivable, other receivables, trade payables, employee related liabilities and borrowings, are measured at amortised cost.

(b) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels of in the fair value hierarchy::

As at 31 March 2026

Particulars	FVOCI	Carrying amount				Fair value			
		FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Current investments	-	-	-	-	-	-	-	-	-
Financial assets which are measured at amortised cost for which fair values are disclosed									
Non-current investments	-	-	9,317.07	-	9,317.07				
Loans	-	-	3.50	-	3.50				
Other financial assets	-	-	636.65	-	636.65				
Trade receivables	-	-	7,175.64	-	7,175.64				
Cash and cash equivalents	-	-	3,452.63	-	3,452.63				

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

45 Fair value measurements (Contd..)

Particulars	FVOCI	Carrying amount				Fair value			
		FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Other bank balances	-	-	10,453.23	-	10,453.23				
	-	-	31,038.72	-	31,038.72				
Financial liabilities which are measured at amortised cost for which fair values are disclosed									
Borrowings	-	-	-	9,052.05	9,052.05				
Lease liabilities	-	-	-	33.08	33.08				
Trade payables	-	-	-	4,366.54	4,366.54				
Other financial liabilities	-	-	-	462.78	462.78				
	-	-	-	13,914.45	13,914.45				

As at 31 March 2025

Particulars	FVOCI	Carrying amount				Fair value			
		FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Current investments	-	1,502.28	-	-		1,502.28	-	-	1,502.28
Financial assets which are measured at amortised cost for which fair values are disclosed									
Non-current investments	-	-	5,573.61	-	5,573.61				
Loans	-	-	4.15	-	4.15				
Other financial assets	-	-	658.74	-	658.74				
Trade receivables	-	-	5,772.17	-	5,772.17				
Cash and cash equivalents	-	-	668.11	-	668.11				
Other bank balance	-	-	8,529.70	-	8,529.70				
	-	1,502.28	21,206.48	-	22,708.76				
Financial liabilities which are measured at amortised cost for which fair values are disclosed									
Borrowings	-	-	-	9,480.28	9,480.28				
Lease liabilities	-	-	-	63.84	63.84				
Trade payables	-	-	-	3,261.59	3,261.59				
Other financial liabilities	-	-	-	513.73	513.73				
	-	-	-	13,319.44	13,319.44				



Summary of material accounting policies and other explanatory information to the standalone financial statements

for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

45 Fair value measurements (Contd..)

The Company has an established control framework with respect to the measurement of fair values. The finance and accounts team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the board of directors. The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's board of directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)..

There have been no transfers within the levels for the year ended 31 March 2026 and 31 March 2025.

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
Investment in quoted mutual funds measured at fair value through profit or loss	The fair value of investment in mutual funds is determined using quoted NAV as at the balance sheet date.	Not applicable	Not applicable
Investment in unquoted equity instruments measured at fair value through other comprehensive income	The fair value of investment in equity instruments is determined on the basis of independent valuation using the Discounted Cash Flow (DCF) method.	Long-term growth rate and discount rates	The estimated fair value would increase (decrease) if: - the long-term growth rate would be higher (lower); - the discount rate were lower (higher).

Fair value of financial assets and liabilities measured at 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 amortised cost, the carrying amounts are considered equal to their respective fair values.

II. Financial risk management

The Company's principal financial liabilities comprise borrowings, lease liabilities, trade payables and other payables. The Company's principal financial assets include trade and other receivables, investments and cash and bank balances that it derives directly from its operations.

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk"

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

45 Fair value measurements (Contd..)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, loans and advances, cash and cash equivalents and deposits with banks.

Trade receivables

The Company primarily sells high tensile cold forged fasteners to bulk customers comprising mainly automotive manufacturers operating in India and outside India. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

Cash and cash equivalents, other bank balances and deposits with banks

Cash and cash equivalents and other bank balances of the Company are held with banks which have high external rating. The Company considers that its cash and cash equivalents and other bank balances have low credit risk based on the external credit ratings of the counterparties.

Loans to employees, security deposits and other financial assets

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. Other financial assets majorly includes receivables from scrap sales wherein the Company monitors the credit risk of the respective customer/dealers on the basis of the individual characteristics of the customer/dealer and any default risk or increased credit risk in the past.

Investments

The Company has invested in unquoted equity instruments of its subsidiaries and other company. The management actively monitors the operation of subsidiaries which affect investments. The Company does not expect the counterparty to fail in meeting its obligations other than those specifically considered as impairment allowance as per the management's assessment

Plan assets

The Company has taken gratuity insurance policy from LIC of India for funding of its employee benefit obligations, LIC of India generally invest in securities of high credit rating.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

Particulars	31 March 2026			31 March 2025		
	Gross amount	Expected credit loss	Net amount	Gross amount	Expected credit loss	Net amount
Financial assets for which loss allowance is measured using 12 months expected credit loss model:						
Non-current investments	9,317.07	-	9,317.07	5,573.61	-	5,573.61
Other non-current financial assets	540.65	-	540.65	539.74	-	539.74
Current investments	-	-	-	1,502.28	-	1,502.28
Cash and cash equivalents	3,452.63	-	3,452.63	668.11	-	668.11
Other bank balances	10,453.23	-	10,453.23	8,529.70	-	8,529.70
Current loans	3.50	-	3.50	4.15	-	4.15
Other current financial assets	96.00	-	96.00	119.00	-	119.00
	23,863.08	-	23,863.08	16,936.59	-	16,936.59



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

45 Fair value measurements (Contd..)

Particulars	31 March 2026			31 March 2025		
	Gross amount	Expected credit loss	Net amount	Gross amount	Expected credit loss	Net amount
Financial assets for which loss allowance is measured using life time expected credit loss:						
Trade receivables	7,380.50	(204.86)	7,175.64	5,977.03	(204.86)	5,772.17
	7,380.50	(204.86)	7,175.64	5,977.03	(204.86)	5,772.17

Provision for expected credit loss

(a) Financial assets for which loss allowance is measured using 12 month expected credit loss

The Company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Hence, no impairment loss has been recognised during the reporting period in respect of these assets.

(b) Financial assets for which loss allowance is measured using life time expected credit loss

The Company has customers with strong capacity to meet the obligations and therefore the risk of default is negligible in respect of outstanding from customers. Further, management believes that the unimpaired amounts that are past due by more than 60 days are still collectible in full.

The expected credit loss on trade receivables has been determined as follows under the simplified approach:

Ageing as at 31 March 2026	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Gross carrying amount as 31 March 2026	5,716.43	1333.00	57.86	106.23	1.11	165.87	7,380.50
Expected loss rate	-	-	-	37.65%	-	99.39%	
Expected credit losses	-	-	-	40.00	-	164.86	204.86
Carrying amount of trade receivables (net of impairment)	5,716.43	1,333.00	57.86	66.23	1.11	1.01	7,175.64

Ageing as at 31 March 2025	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Gross carrying amount as 31 March 2025	4,785.23	934.92	87.41	2.73	18.97	147.77	5,977.03
Expected loss rate	-	-	45.76%	-	92.60%	99.67%	
Expected credit losses	-	-	40.00	-	17.57	147.29	204.86
Carrying amount of trade receivables (net of impairment)	4,785.23	934.92	47.41	2.73	1.40	0.48	5,772.17

For reconciliation of expected credit loss on trade receivables, refer note 11.

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 2026, the Company has a working capital of ₹ 20,917.21 lakhs (31 March 2025 - ₹ 18,242.44 lakhs) including cash and cash equivalents of ₹ 3,452.63 lakhs (31 March 2025 - ₹ 668.11 lakhs).

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

45 Fair value measurements (Contd..)

(i) Financing arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2026	As at 31 March 2025
Non- derivative financial liabilities		
Floating-rate borrowings		
- Expiring within one year	6,378.13	6,488.68
- Expiring beyond one year	-	-

(ii) Maturities of financial liabilities

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

31 March 2026

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
Non-derivative financial liabilities						
Non current borrowings (including current maturities of non-current borrowings)	329.52	329.52	170.00	170.00	1,222.88	2,221.92
Lease liabilities	5.22	4.92	4.36	3.62	14.96	33.08
Other non-current financial liabilities						
- Security deposits	-	-	-	-	43.55	43.55
Current borrowings						
- Working capital loans	6,815.98	-	-	-	-	6,815.98
Trade payables	4,366.54	-	-	-	-	4,366.54
Creditors for capital expenditure	27.26	-	-	-	-	27.26
Interest accrued but not due	14.15	-	-	-	-	14.15
Employee related payables	383.59	-	-	-	-	383.59
Unclaimed dividend	8.38	-	-	-	-	8.38
Total	11,950.64	334.44	174.36	173.62	1,281.39	13,914.45

31 March 2025

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
Non-derivative financial liabilities						
Non current borrowings (including current maturities of non-current borrowings)	360.77	360.77	339.94	329.52	2,220.90	3,611.90
Lease liabilities	8.99	8.69	8.69	8.69	28.77	63.83
Other non-current financial liabilities						
- Security deposits	-	-	-	-	46.25	46.25
Current borrowings						
- Working capital loans	5,842.63	-	-	-	-	5,842.63
Trade payables	3,261.59	-	-	-	-	3,261.59
Creditors for capital expenditure	55.92	-	-	-	-	55.92
Interest accrued but not due	25.75	-	-	-	-	25.75
Employee related payables	403.16	-	-	-	-	403.16
Unclaimed dividend	8.40	-	-	-	-	8.40
Total	9,967.21	369.46	348.64	338.21	2,295.93	13,319.44



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

45 Fair value measurements (Contd..)

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board of directors is responsible for setting up of policies and procedures to manage market risks of the Company. The Company is carrying out imports of certain raw materials and capital goods and exports finished goods which are denominated in the currency other than the functional currency of the Company which exposes it to foreign currency risk. In order to minimise the risk, the Company executes forwards contract with respect to purchases and sales made in currency other than its functional currency, the foreign exchange exposure of the Company is ascertained on the basis of the progress billings and purchase orders issued.

(i) Currency risk

The Company is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates.

The currency profile of financial assets and financial liabilities are as below:

Particulars	As at 31 March 2026	
	EURO	USD
Financial assets		
Trade receivables	233.78	19.03
Financial liabilities		
Trade payables	-	43.55
Net exposure to foreign currency risk - assets / (liabilities)	233.78	(24.52)

Particulars	As at 31 March 2025	
	EURO	USD
Financial assets		
Trade receivables	82.61	-
Financial liabilities		
Trade payables	-	21.24
Net exposure to foreign currency risk - assets / (liabilities)	82.61	(21.24)

Sensitivity analysis

A strengthening/weakening of the Indian Rupee, as indicated below, against foreign currency as at the year end would have increased (decreased) profit or loss (after tax) and equity 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 (after tax) and equity	
	Strengthening	Weakening
31 March 2026		
INR/EUR	11.69	(11.69)
INR/USD	(1.23)	1.23

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

45 Fair value measurements (Contd..)

5% movement	Profit and loss (after tax) and equity	
	Strengthening	Weakening
31 March 2025		
INR/EUR	4.13	(4.13)
INR/USD	(1.06)	1.06

(ii) Interest rate risk

The Company is exposed to interest rate risk arising mainly from non-current and current borrowings with floating interest rates. The Company is exposed to interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows

Particulars	31 March 2026	31 March 2025
Financial assets:		
Fixed rate instruments		
- Fixed deposits	12,695.44	8,344.96
Total	12,695.44	8,344.96
Variable-rate instruments		
- Rupee term loans	2,221.92	3,611.90
- Working capital facilities	5,521.87	5,011.32
Total	7,743.79	8,623.22

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 (after tax) and equity 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 (after tax) and equity	
	100 bp increase	100 bp decrease
31 March 2026		
Rupee term loans	(16.63)	16.63
Working capital facility	(41.32)	41.32
Cash flow sensitivity (net)	(57.95)	57.95

Particulars	Profit or loss (after tax) and equity	
	100 bp increase	100 bp decrease
31 March 2025		
Rupee term loans	(27.03)	27.03
Working capital facility	(37.50)	37.50
Cash flow sensitivity (net)	(64.53)	64.53

(iii) Price risk

The Company is mainly exposed to the price risk mainly due to its investment in mutual funds and equity instruments, which are measured at fair value through profit or loss. The price risk arises due to uncertainties about the future market values (quoted prices or NAV) of these instruments. To manage the price risk arising from investments in mutual funds and equity instruments, the group diversifies its portfolio. Further, the management reviews the investment portfolio and the movement in the market to manage the risk.



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

45 Fair value measurements (Contd..)

The Company's investment in the mutual funds and equity instruments are publicly traded.

Sensitivity analysis

To provide a meaningful assessment of the price risk associated with the Company's investment portfolio, the Company performed the sensitivity analysis to determine the impact of change in prices of the mutual funds and equity instruments that would have on the value of investment portfolio, assuming a 1% changes in the prices of mutual funds and equity instruments.

Particulars	Profit or loss (after tax) and equity				Value of investment			
	For the year ended 31 March 2026		For the year ended 31 March 2025		As at 31 March 2026		As at 31 March 2025	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Investment in mutual funds and equity instruments	-	-	11.24	(11.24)	-	-	15.02	(15.02)

46 Capital management

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an appropriate capital structure of debt and equity.

The management assesses the capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally imposed capital requirements.

The Company monitors capital on the basis of its gearing ratio which is net debt divided by total equity. Net debt comprises of non-current and current borrowings less cash and cash equivalents. Equity includes equity share capital and other equity that are managed as capital. The gearing ratio at the end of the reporting periods are as follows:

Particulars	31 March 2026	31 March 2025
Total borrowings	9,052.05	9,480.28
Less: Cash and cash equivalents	3,452.63	668.11
Net debt	5,599.42	8,812.16
Total equity	52,850.45	46,701.56
Net debt to equity ratio	0.11	0.19

47 Accounting ratios

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

Ratio	Numerator	Denominator	As at 31 March 2026	As at 31 March 2025	% variance	Reason for variance
Current ratio	Current assets	Current liabilities	2.52	2.46	2%	Not applicable, refer note below
Debt equity ratio	Net debt = Total borrowings - cash and cash equivalents	Total equity	0.11	0.19	-44%	Net Debt decreased whereas Total Equity increased

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

47 Accounting ratios (Contd..)

Ratio	Numerator	Denominator	For the year ended 31 March 2026	For the year ended 31 March 2025	% variance	Reason for variance
Debt service coverage ratio	"Earning available for debt service = Net Profit before taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc."	Debt service = Interest and lease payments + principal repayments of long-term borrowings	5.66	3.09	83%	Profit before tax increased because of exceptional item gain
Return on equity ratio	Net profit after taxes	Average shareholder's equity	13%	10%	35%	Profit after tax increased because of exceptional item gain
Inventory turnover ratio	Cost of goods sold	Average inventories	2.39	2.08	15%	Not applicable, refer note below
Trade receivables turnover ratio	Net sales	Average trade receivables	10.93	10.52	4%	Not applicable, refer note below
Trade payables turnover ratio	Purchase of material + consumption of stores and spares + job work charges + consumption of packing materials + power and fuel	Average trade payables	11.36	11.75	-3%	Not applicable, refer note below
Net capital turnover ratio	Net sales	Working capital = current assets - current liabilities	3.38	3.49	-3%	Not applicable, refer note below
Net profit ratio	Net profit after taxes	Revenue from operations	9%	7%	35%	Gain on exceptional item is resulting into increase in net profit ratio
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + total debt + deferred tax liabilities	14%	12%	14%	Not applicable, refer note below
Return on investment	Income generated from invested fund	Average invested fund in treasury investments	6.92%	7.13%	-3%	Not applicable, refer note below

* Gain on exceptional item is resulting into increase in net profit ratio.

Note:

Reasons for variance in the ratios are required to be furnished when variance is more than 25%..



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

48 Disclosures pursuant to Ind AS 115, Revenue from Contracts with Customers, are as follows:

(a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography, type and timing of recognition.

Description	Year ended 31 March 2026	Year ended 31 March 2025
Revenue by geography		
Domestic	69,801.51	62,536.11
Export	955.78	1,109.69
	70,757.29	63,645.80
Customer wise		
Related party	9.63	33.00
Non-related party	70,747.66	63,612.80
	70,757.29	63,645.80
Revenue by time		
Revenue recognised at point in time	70,757.29	63,645.80
	70,757.29	63,645.80

(b) Revenue recognised in relation to contract liabilities

Ind AS 115 requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous period. Disclosure for the same is as below:

Description	Year ended 31 March 2026	Year ended 31 March 2025
Amounts included in contract liabilities at the beginning of the year	222.75	246.43
Performance obligations satisfied in previous years	-	-
	222.75	246.43

(c) Assets and liabilities related to contracts with customers

Description	Notes	As at 31 March 2026		As at 31 March 2025	
		Non-current	Current	Non-current	Current
Contract assets related to sale of goods		-	-	-	-
Contract liabilities related to sale of goods					
Contract liabilities - Advance from customers	27	-	355.42	-	222.75
Contract liabilities - Security deposits	23	57.50	-	52.50	-

(d) Significant changes in contract assets and liabilities

Changes in balance of contract liabilities during the year:

Description	31 March 2026	31 March 2025
Opening balance of contract liabilities	275.25	300.83
Amount of revenue recognised against opening contract liabilities	(222.75)	(246.43)
Addition in balance of contract liabilities for current year	360.42	220.85
Closing balance of contract liabilities	412.92	275.25

There has been no significant changes in contract assets/liabilities during the year.
Contract liability balance as on 1st April 2024 is amounting to INR 300.83.

(e) Reconciliation of revenue recognised in Standalone Statement of Profit and Loss with contract price

Description	Year ended 31 March 2026	Year ended 31 March 2025
Contract price	72,676.35	65,309.17
Less: Discounts	1,592.32	1,368.54
Less: Freight	326.74	294.83
Revenue from operations as per Standalone Statement of Profit and Loss	70,757.29	63,645.80

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

48 Disclosures pursuant to Ind AS 115, Revenue from Contracts with Customers, are as follows: (Contd..)

(f) Satisfaction of performance obligations

The Company's revenue is derived from the single performance obligation to transfer primarily hi-tensile fasteners under arrangements in which the transfer of control of the products and the fulfilment of the Company's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Company has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Company will collect the consideration to which it is entitled to in exchange for the goods.

Whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms. In case of the Company's operations, generally the criteria to recognize revenue has been met when its products are delivered to its customers or to a carrier who will transport the goods to its customers, this is the point in time when the Company has completed its performance obligations. Revenue is measured at the transaction price of the consideration received or receivable, the amount the Company expects to be entitled to.

Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-60 days.

Variable considerations associated with such sales

Periodically, the Company enters into volume or other rebate programs where once a certain volume or other conditions are met, it refunds the customer some portion of the amounts previously billed or paid. For such arrangements, the Company only recognizes revenue for the amounts it ultimately expects to realise from the customer. The Company estimates the variable consideration for these programs using the most likely amount method or the expected value method, whichever approach best predicts the amount of the consideration based on the terms of the contract and available information and updates its estimates each reporting period.

49 Details of disclosure pursuant to Regulation 34 of the SEBI (Listing, Obligations & Disclosure Requirements) Regulations, 2015 and disclosure under section 186(4) of the Act:

Particulars	As at 31 March 2026				
	Sterling E- Mobility Solutions Limited (subsidiary)	Sterling Advanced Electric Machines Private Limited (subsidiary)	Sterling Tech Mobility Limited (subsidiary)	Sterling E-Mobility Private Limited (subsidiary)	Sterling Overseas Pte. Limited (subsidiary)
Investments					
Investments at the beginning of the year	4,164.17	2.50	1,401.00	5.10	0.84
Investments at the end of the year	4,746.10	2.50	4,501.00	5.10	62.37
Corporate guarantee on behalf of subsidiary company#					
Corporate guarantee at the beginning of the year	11,133.00	-	-	-	-
Corporate guarantee at the end of the year	11,133.00	-	-	-	-



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

49 (Contd..)

Particulars	As at 31 March 2025				
	Sterling E- Mobility Solutions Limited (subsidiary)	Sterling Advanced Electric Machines Private Limited (subsidiary)	Sterling Tech Mobility Limited (subsidiary)	Sterling E-Mobility Private Limited (subsidiary)	Sterling Overseas Pte. Limited (subsidiary)
Investments					
Investments at the beginning of the year	3,045.29	1.00	-	-	-
Investments at the end of the year	4,164.17	2.50	1,401.00	5.10	0.84
Corporate guarantee on behalf of subsidiary company#					
Corporate guarantee at the beginning of the year	11,133.00	-	-	-	-
Corporate guarantee at the end of the year	11,133.00	-	-	-	-

* The corporate guarantee given on behalf of the subsidiary company is in relation to the short term borrowings and term loans availed by the subsidiary company.

- 50** The Board of Directors at its meeting held on 15 May 2026, have recommended a final dividend of Rs 2.75 per share (face value of ₹ 2 per share) for the financial year 2025-26, which is subject to the approval of the members at the ensuing Annual General Meeting.

51 Employee Stock Option Plan ('ESOP')

During the earlier year ended 31 March 2024, the Company vide resolution dated 30 October 2023, approved the 'STL-Employee Stock Option Plan-2023'. The Employee Stock Option Plan ('ESOP') is introduced to provide employees of the Company and its subsidiary companies, with an additional incentive based on productivity and performance and thereby to motivate them to contribute to the overall corporate growth and profitability. The Company aims to make the overall compensation structure attractive to attract, retain and suitably reward the employees and unify the interests of the Company's personnel and shareholders.

Under the plan, options granted to the employees shall vest on satisfying time-based eligibility criteria, which shall not be earlier than one year and not later than the maximum period of five years from the date of the grant of the options. The options which have vested can be exercised by the eligible employees within a period of ten years from the date of vesting. When exercisable, each option is convertible into one equity share.

Below is a summary of options granted under the plan:

Particulars	Year ended 31 March 2026"		Year ended 31 March 2025"	
	No. of options	Weighted average exercise price (in ₹)	No. of options	Weighted average exercise price (in ₹)
Total no. of options granted till date	6,40,431		6,40,431	
Opening balance as at the beginning of the year	4,80,324	2	6,40,431	2
Granted during the year	-	-	-	-
Exercised during the year	(1,60,108)	-	(1,60,107)	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Closing balance as at the end of the year	3,20,216	-	4,80,324	2
Exercisable as at the end of the year	-	-	-	-
Weighted average share price at the date of exercise (₹)	-	-	-	-
Weighted average remaining period (in years)	6.34 years		6.84 years	
Exercise price (₹)	2		2	

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

51 Employee Stock Option Plan ('ESOP') (Contd..)

Expected volatility during the expected life of the options is estimated using the historical volatility of the equity shares of the Company during the period equivalent to the expected life of the options from the grant date. As the options are vesting on graded basis, the expected volatility has been estimated for each tranche of the options vested using the historical volatility of the Company during the period equivalent to the expected life of each tranche of the options.

Since, 640,431 options are issued to an employee of the subsidiary company as on 31 January 2024 and the Company has an obligation to settle the options provided to the subsidiary's employees by providing the Company's equity shares, the Company has measured its obligation with a credit to share option outstanding reserve amounting to ₹ 581.93 lakhs during the year (previous year - Rs 1,118.88 lakhs) in accordance with Ind AS 102, Share based payments, with a corresponding debit to the Company's investment in the subsidiary company.

Pursuant to the ESOP Plan 2023, 1,60,107 & 1,60,108 options have been granted to an employee of a subsidiary company which were vested on 31st January 2025 & 31st January 2026 respectively and were subsequently exercised by employee. Based on the Exercise Letter, Nomination and Remuneration Committee recommendation, and Board approval of Sterling Tools Limited, the equity shares have been allotted to the employee.

52 On November 21, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating twenty-nine existing labour laws. The Company has assessed and disclosed the incremental impact of these changes on the basis of best information available, consistent with the guidance provided by the Institute of Chartered Accountants of India. The incremental impact on provision for gratuity of ₹ 146.78 lakhs and on provision for long-term compensated absences of ₹ 15.05 lakhs has primarily arisen due to changes in definition of wages. The Company will continue to monitor the finalisation of Central and State Rules and further Government clarifications, and will record any additional accounting impact, as required.

53 The Ministry of Corporate Affairs (MCA) has prescribed a requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules, 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

For the year ended 31 March 2026, the Company uses an accounting software for maintenance of books of account, which records the logs for all the transactions and edit logs for the changes therein. However, the edit logs of events for the changes directly at the database level and application level was enabled at certain specific areas/tables. Furthermore, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

Further, accounting software used for payroll processing of the Company is operated by a third party software service provider and the availability of audit trail (edit logs) are covered in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization). There is an exception in the design of control, whereby for changes made directly at the database level, the audit trail logs do not capture old values. Also, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

54 Other statutory information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (ii) The Company has not been declared willful defaulter by any bank or financial institutions or other lenders.
- (iii) The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- (iv) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies ('ROC') beyond the statutory period.



Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

54 Other statutory information (Contd..)

- (v) The Company has complied with number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- (vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (viii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the current and preceding year in the tax assessments under the Income-tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961).
- (ix) The Company has not traded or invested in crypto currency or virtual currency during the current and the preceding financial year.

55 Previous year figures have been regrouped/reclassified, where necessary, to conform to the current year classification. The impact of such reclassification/regrouping is not material to the standalone financial statements.

As per our report of even date attached.

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

Ashish Gera
Partner
Membership no. 508685

Place: Faridabad
Date: 15 May 2026

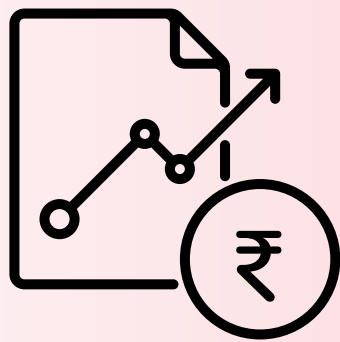
For and on behalf of the Board of Directors
Sterling Tools Limited

Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214

Pragya Saxena
Company Secretary
M. No. F 9640

Atul Aggarwal
Managing Director
DIN : 00125825

Anish Agarwal
Director & Chief Financial Officer
DIN : 07056465



Consolidated Financial Statements



Independent Auditor's Report

To the Members of **Sterling Tools Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Sterling Tools Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure A, which comprise the Consolidated Balance Sheet as at 31 March 2026, 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 notes to the consolidated financial statements, including material accounting policy information and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2026, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

Revenue recognition

The Group's revenue is derived primarily from manufacturing and sale of hi-tensile cold forged fasteners and other automotive products recognised in accordance with the accounting policy described in Note 1(C) (8) to the accompanying consolidated financial statements.

Refer Note 29 and 50 for details of revenue recognised during the year.

In accordance with the principles of Ind AS 115, Revenue from Contract with Customers, (Ind AS 115') revenue from the sale of products is recognised by the Group when the performance obligation is satisfied, ie, when the 'control' of the goods is transferred to the customer and there is no unfulfilled obligation. The performance obligations are generally considered to be satisfied by the management at the time of delivery of goods to the customer/carrier in accordance with the terms and conditions included in the revenue contracts.

How our audit addressed the key audit matter

Our audit procedures for testing revenue recognition included, but were not limited to the following:

- Understood the revenue recognition process and accounting for discounts or programs run by the Group and assessed the appropriateness of the revenue recognition policies adopted by the Group in accordance with principles enunciated under Ind AS 115;
- Evaluated the design and tested the operating effectiveness of Group's key financial controls around revenue recognition including test of IT general controls and key application controls in respect of revenue recognition by our IT Specialists;
- Performed substantive testing of revenue transactions recorded during the year using statistical sampling by verifying the underlying supporting documents including customer contracts, sales order, invoices and proof of delivery;
- Performed testing of samples of revenue transactions recorded for specified period before year-end by verifying underlying documents as above to determine whether revenue is recognised in the correct period;

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from the sale of products also involves determination of transaction price net of variable consideration on account of volume discounts and other programs run by the Group, which requires significant management judgement and efforts due to varied terms of contract with customers . Further, the Group and its external stakeholders focus on revenue as a key performance measure, which could be an incentive or external pressure to meet expectations resulting in revenue being overstated or recognised before control being transferred and accordingly, in line with the requirements of the Standards on Auditing, revenue is determined to be an area involving significant risk which requires significant auditor attention Considering the significance of amounts involved, volume of transactions and variable consideration involved for varied terms of contracts, we have identified revenue recognition as a key audit matter in the current year audit. Provision for expected credit loss in relation to disputed trade receivables: Refer note 11 of the consolidated financial statements regarding dispute with one of the customers of the Subsidiary Company. During the year ended 31 March 2026, one of the subsidiary company had a significant amount receivable from one of the customers amounting to ₹ 1,519.50 lakhs. Due to delay in collection from such customer and evaluation of customer's ability, the subsidiary company has created a specific provision for such customer due to uncertainty in timing and expected credit risk of such receivables as per Ind AS 109, Financial Instruments. Further, the management of subsidiary company has also taken legal steps to recover the said dues. Considering the significance of the impact of the aforesaid provision for expected credit loss on the financial statements which required discussions with the subsidiary's management and those charged with governance, this was the most significant area for our audit for the current year and has been identified as a key audit matter.	• Obtained confirmations for invoices outstanding at the year end on a sample basis; • Tested manual journal entries posted to revenue; • Performed analytical procedures considering both qualitative and quantitative factors to identify any unusual trends and/or material variances; • Tested completeness and arithmetical accuracy of the data used in the computation of discount per dealer's schemes. • Tested, on sample basis, credit notes issued/ agreed price differences passed on to the customers by verifying the terms and conditions of the agreements, underlying credit notes, workings for price differences etc. • Assessed the adequacy of the disclosures made by the management in accordance with the applicable accounting standard. Audit procedures performed by the component auditor of subsidiary company included, but were not limited to the following: • Obtained an understanding of details of dispute and the management's process followed for assessment and determination of the amount of provision due to such dispute. • Obtained an understanding of the design, implementation and operating effectiveness of the subsidiary company's key internal controls over estimation of loss allowance for trade receivables. • Examined the underlying purchase order from such customer. • Inspected the legal filings made by the Subsidiary Company against such customer. • Assessed management's position through discussions with the management's legal team to determine the basis of their conclusion. • Tested the ageing of such receivable, circulated balance confirmation to the said customer and checked subsequent collections if any. Performed alternative procedures in case confirmation is not received from the said customer. • Assessed the adequacy of the disclosures made in the financial statements by the management in • accordance with the applicable accounting standard.

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

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other

information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of



Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements,

which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of five subsidiaries, whose financial statements reflects total assets of ₹ 22,028.92 lakhs as at 31 March 2026, total revenues of ₹ 11,118.15 lakhs and net cash outflows amounting to ₹ 309.77 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Holding Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

Further, of these subsidiaries, one subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its respective

country and which has been audited by other auditor under generally accepted auditing standards applicable in its respective country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiary located outside India, is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditor, referred to in paragraph 15 above, on separate financial statements of the subsidiaries, we report that the Holding Company and one subsidiary company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that three subsidiaries incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiaries.
17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditor as mentioned in paragraph 15 above, of companies included in the consolidated financial statements for the year ended 31 March 2026 and covered under the Act we report that, following are the qualifications/adverse remarks reported by the other auditor in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2026 for which such Order reports have been issued till date and made available to us:

S No	Name	CIN	Holding Company/ subsidiary/ Associate/ Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Sterling Advanced Electric Machines Private Limited	U27103DL2023PTC423592	Subsidiary	Clause (xvii)
2	Sterling E-Mobility Private Limited	U31900DL2018PTC334442	Subsidiary	Clause (xvii)
3	Sterling Tech-Mobility Limited	U29304DL2023PLC413786	Subsidiary	Clause (xvii)
4	Sterling E-Mobility Solutions Limited	U31909DL2020PLC360123	Subsidiary	Clause (xvii)



18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, 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) Except for the matters stated in paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 auditor,
- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) On the basis of the written representations received from the directors of the Holding Company and its subsidiaries and taken on record by the Board of Directors of the Holding Company and its subsidiaries, and the reports of the statutory auditor of its subsidiaries, covered under the Act, none of the directors of the Holding Company and its subsidiaries, are disqualified as on 31 March 2026 from being appointed as a director in terms of section 164(2) of the Act;
- f) The qualification relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 18(b) above on reporting under section 143(3)(b) of the Act and paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiaries covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure B' wherein we have expressed an unmodified opinion; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given

to us and based on the consideration of the reports of the other auditor on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 41(B)(I) to the consolidated financial statements;
- ii. The Holding Company and its subsidiaries did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2026;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2026;
- iv.
 - a. The respective managements of the Holding Company and its subsidiaries incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in note 53(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiaries to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiaries ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The respective managements of the Holding Company and its subsidiaries incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 53(vi) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiaries from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded

- in writing or otherwise, that the Holding Company, or any such subsidiaries shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditor of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (iv)(a) and (iv)(b) above contain any material misstatement.
- v. The final dividend paid by the Holding Company, during the year ended 31 March 2026 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in note 52 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2026 which is subject
- to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend. Further, the subsidiary companies have not declared or paid any dividend during the year ended 31 March 2026; and
- vi. As stated in Note 49 to the consolidated financial statements and based on our examination which included test checks and that performed by the respective auditor of the subsidiaries, except for matters mentioned below, the Holding Company and its subsidiaries, in respect of financial year commencing on or after 01 April 2025, have used accounting softwares for maintaining their books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit we and respective auditor of the above referred subsidiaries, did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below. Furthermore, except for matters mentioned below the audit trail has been preserved by the Holding Company and its subsidiaries as per the statutory requirements for record retention.

Nature of exception noted	Details of Exception
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature at database level	The accounting software used for maintenance of payroll records of the holding Company is operated by a third-party software service provider. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization), we are unable to comment on whether audit trail feature with respect to the database of the said software was enabled and operated throughout the year.
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software	The audit trail feature was not enabled at the database level for accounting software to log any direct data changes, used for maintenance of accounting records by two subsidiary companies.

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

Ashish Gera
Partner

Membership No.: 508685
UDIN: 26508685YWMHFP2976

Place: Faridabad
Date: 15 May 2026



Annexure A

List of entities included in the Statement

Holding Company:

- a) Sterling Tools Limited

Subsidiaries:

- a) Sterling E-Mobility Solutions Limited (formerly known as Sterling Gtake E-Mobility Limited),
- b) Sterling Advanced Electric Machines Private Limited,
- c) Sterling E-Mobility Private Limited (with effect from 28 June 2024),
- d) Sterling Tech-Mobility Limited (with effect from 28 June 2024), and
- e) Sterling Overseas Pte. Limited (with effect from 23 September 2024)

Annexure B

Independent Auditor's Report on the internal financial controls with reference to Consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Sterling Tools Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2026, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to the consolidated financial statements criteria established by the company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Annexure B 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 2026 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditor on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2026, based on the internal financial control with reference

to the consolidated financial statements criteria established by the company considering the essential components of internal control stated in Guidance Note by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to four subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 21,980.88 lakhs as at 31 March 2026, total revenues of ₹ 11,118.15 lakhs and net cash outflows amounting to ₹ 348.08 lakhs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies, have been audited by other auditor whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies, is based solely on the reports of the auditor 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 auditor.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gera

Partner

Membership No.: 508685

UDIN: 26508685YWMHFP2976

Place: Faridabad
Date: 15 May 2026

Consolidated Balance Sheet

as at 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Particulars	Notes	As at 31 March 2026	As at 31 March 2025
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	31,526.23	31,711.23
(b) Capital work-in-progress	3	2,213.64	724.02
(c) Other intangible assets	4	162.28	194.38
(d) Intangible assets under development	5	944.22	578.73
(e) Financial assets			
(i) Other financial assets	6	653.06	654.99
(f) Deferred-tax assets (net)	22(b)	511.46	420.51
(g) Income-tax assets (net)	7	51.89	149.41
(h) Other non-current assets	8	773.77	1,097.26
Total non-current assets		36,836.55	35,530.53
Current assets			
(a) Inventories	9	15,904.00	17,405.79
(b) Financial assets			
(i) Investments	10	-	1,502.28
(ii) Trade receivables	11	9,946.31	6,544.76
(iii) Cash and cash equivalents	12	4,841.36	2,366.35
(iv) Bank balances other than (iii) above	13	11,025.97	12,427.23
(v) Loans	14	6.15	11.78
(vi) Other financial assets	15	70.33	51.40
(c) Other current assets	16	3,480.78	3,228.35
Total current assets		45,274.90	43,537.94
TOTAL ASSETS		82,111.45	79,068.47
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	726.89	723.69
(b) Other equity	18	51,898.17	49,243.75
Total equity		52,625.06	49,967.44
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	2,028.37	3,468.03
(iia) Lease liabilities	42	1,294.21	1,565.14
(ii) Other financial liabilities	20	43.55	46.25
(b) Provisions	21	1,442.63	1,654.37
(c) Deferred tax liabilities (net)	22(a)	1,131.00	1,295.07
(d) Other non-current liabilities	23	586.15	718.34
Total non-current liabilities		6,525.91	8,747.20
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	11,095.25	10,276.63
(iia) Lease liabilities	42	252.27	197.61
(ii) Trade payables			
A) Total outstanding dues of micro enterprises and small enterprises; and	25	2,099.37	1,217.47
B) Total outstanding dues of creditors other than micro enterprises and small enterprises		5,312.12	5,013.34
(iii) Other financial liabilities	26	2,200.57	678.43
(b) Other current liabilities	27	1,129.94	1,990.72
(c) Provisions	21	827.07	979.63
(d) Current tax liabilities (net)	28	43.89	-
Total current liabilities		22,960.48	20,353.83
Total liabilities		29,486.39	29,101.03
TOTAL EQUITY AND LIABILITIES		82,111.45	79,068.47

Notes 1 to 54 form an integral part of these consolidated financial statements.

As per our report of even date attached.

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

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

Ashish Gera
Partner
Membership no. 508685

Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214

Atul Aggarwal
Managing Director
DIN : 00125825

Place: Faridabad
Date: 15 May 2026

Pragya Saxena
Company Secretary
M. No. F 9640

Anish Agarwal
Director & Chief Financial Officer
DIN : 07056465



Consolidated Statement of Profit and Loss for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2026	For the year ended 31 March 2025
Income			
Revenue from operations	29	82,780.78	1,02,629.95
Other income	30	1,169.73	1,165.40
Total income		83,950.51	1,03,795.35
Expenses			
Cost of materials consumed	31	32,858.52	51,495.92
Purchase of stock-in-trade		92.42	-
Changes in inventories of finished goods and work-in-progress	32	725.96	(305.33)
Employee benefits expense	33	9,799.42	9,179.24
Finance costs	34	981.71	976.99
Depreciation and amortisation expenses	35	3,988.87	3,481.79
Other expenses	36	31,688.25	31,303.22
Total expenses		80,135.15	96,131.83
Profit before exceptional items and tax		3,815.36	7,663.52
Exceptional items	37	949.64	-
Profit before tax		4,765.00	7,663.52
Tax expense:	22		
Current tax		2,108.10	1,956.29
Deferred tax		(275.94)	(122.08)
Total tax expense		1,832.16	1,834.21
Profit for the year		2,932.84	5,829.31
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		91.74	(29.99)
(b) Changes in fair value of equity investment through other comprehensive income		-	(1,153.98)
(ii) Income-tax relating to items that will not be reclassified to profit or loss	22	(20.90)	231.43
(B) (i) Items that will be reclassified to profit or loss		0.42	(0.19)
(ii) Income-tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive (loss)/ income for the year (net of tax)		71.26	(952.73)
Total comprehensive income for the year		3,004.10	4,876.58
Profit for the year attributable to			
a) Owners of the Holding Company		2,932.84	5,829.31
b) Non-controlling interest		-	-
		2,932.84	5,829.31
Other comprehensive (loss)/ income attributable to			
a) Owners of the Holding Company		71.26	(952.73)
b) Non-controlling interest		-	-
		71.26	(952.73)
Total comprehensive income attributable to			
a) Owners of the Holding Company		3,004.10	4,876.58
b) Non-controlling interest		-	-
		3,004.10	4,876.58
Earnings per equity share			
Basic (Rs)	38	8.10	16.17
Diluted (Rs)		8.02	16.05

[nominal value of share ₹ 2 (31 March 2025: ₹ 2)]

Notes 1 to 54 form an integral part of these consolidated financial statements.

As per our report of even date attached.

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

Ashish Gera
Partner
Membership no. 508685

Place: Faridabad
Date: 15 May 2026

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

Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214

Pragya Saxena
Company Secretary
M. No. F 9640

Atul Aggarwal
Managing Director
DIN : 00125825

Anish Agarwal
Director & Chief Financial Officer
DIN : 07056465

Consolidated Statement of Cash Flows for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2026	For the year ended 31 March 2025
A Cash flow from operating activities			
Net profit before tax		4,765.00	7,663.52
Adjustments for:			
Depreciation and amortisation expenses	35	3,988.87	3,481.79
Unrealised foreign exchange loss (net)		125.84	17.81
Loss on disposal of property, plant and equipment (net)		59.39	41.22
Receipt of enhanced compensation from sale of land	37	(327.19)	-
Finance costs	34	981.71	976.99
Gain on termination of lease liability		-	(0.31)
Interest income		(1,647.54)	(712.87)
Amortisation of government grant	29	(154.81)	(167.99)
Gain on sale of investments		(48.34)	(61.13)
Changes in fair value of financial asset at fair value through profit or loss		-	(2.28)
Employee share based payments		581.93	1,118.88
Liabilities no longer required, written back		(4.48)	(2.11)
Bad debts recovered		(11.10)	-
Unwinding of discount on deposits		(5.95)	(0.73)
Bad debts written off		-	2.35
Provision for warranty		557.81	2,275.08
Provision for inventory (net of reversal)	9	(878.54)	2,555.32
Inventory written off		-	35.79
Provision for doubtful advances		20.91	-
Provision for expected credit loss		1,505.81	114.91
Operating profit before working capital changes		9,509.32	17,336.24
Change in financial assets		(5,020.89)	2,231.15
Change in other assets		(154.37)	(180.47)
Change in financial liabilities		2,516.24	(1,223.10)
Change in inventories		2,380.33	(2,086.63)
Change in other liabilities		(838.16)	(75.38)
Change in provisions		(830.37)	(1,616.45)
Net cash generated from operations		7,562.10	14,385.36
Income-tax paid (net of refunds)		(1,966.68)	(2,035.56)
Net cash from operating activities (A)		5,595.42	12,349.81
B Cash flow from investing activities			
Purchase of property, plant and equipment		(5,462.99)	(7,576.20)
Proceeds from disposal of property, plant and equipment		357.76	222.43
Investment in fixed deposits		(21,321.06)	(15,291.51)
Maturity of fixed deposits		22,780.00	10,958.00
Investment in mutual funds		(12,300.00)	(11,110.00)
Redemption of mutual funds		13,850.62	9,671.13
Interest received		1,602.14	653.59
Net cash used in investing activities (B)		(493.53)	(12,472.56)
C Cash flows from financing activities			
Proceeds from non-current borrowings		-	2,383.27
Repayment of non-current borrowings		(1,849.32)	(2,354.47)
Proceeds from issue of equity share capital	17	3.20	3.21
Dividend paid		(902.70)	(718.79)
Proceeds from/(repayment of) current borrowings (net)		1,227.12	2,112.11
Repayment of lease liabilities		(123.89)	(70.00)
Interest paid on lease liabilities	34	(144.41)	(103.67)
Interest paid		(837.30)	(1,222.94)
Net cash (used in) / from financing activities (C)		(2,627.30)	28.72
Net increase/(decrease) in cash and cash equivalents (A+B+C)		2,474.59	(94.04)
Cash and cash equivalents at the beginning of the year		2,366.35	2,460.58



Consolidated Statement of Cash Flows for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2026	For the year ended 31 March 2025
Exchange fluctuation translation difference		0.42	(0.19)
Cash and cash equivalents at the end of the year	12	4,841.36	2,366.35
Components of cash and cash equivalents :			
Balances with scheduled banks in current accounts		1,092.24	753.53
Cash on hand		2.36	2.67
Balances with banks in deposit accounts with original maturity upto three months		3,746.76	1,610.15
		4,841.36	2,366.35
Non-cash financing and investing activities			
Acquisition of right-of-use assets		-	1,743.40

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

Particulars	Lease liabilities	Non-current borrowings including current maturities of long term borrowings	Current borrowings	Dividend
Opening balance as on 1 April 2024	151.98	5,289.18	6,312.16	11.34
Add: Non cash changes due to-				
- Recognition of lease liabilities	1,684.88	-	-	-
- Interest expense	103.67	537.02	335.28	-
- Interest capitalised	-	-	-	-
- Fair value changes	-	1.02	-	-
- Final dividend	-	-	-	720.48
Less: Non cash changes due to-				
- Adjustment in lease liabilities on modification	(4.11)	-	-	-
Add: Cash inflows during the year				
- Proceeds from non-current borrowings	-	2,383.27	-	-
- Proceeds from current borrowings	-	-	-	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings	-	(2,354.47)	-	-
- Repayment of current borrowings	-	-	2,112.11	-
- Repayment of lease liabilities	(173.67)	-	-	-
- Interest paid	-	(538.04)	(332.87)	-
- Amount transferred to Investor's Education and Protection Fund	-	-	-	(4.63)
- Final dividend paid	-	-	-	(718.79)
Closing balance as on 31 March 2025	1,762.75	5,317.98	8,426.68	8.40

Consolidated Statement of Cash Flows for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

Particulars	Lease liabilities	Non-current borrowings including current maturities of long term borrowings	Current borrowings	Dividend
Add: Non cash changes due to-				
- Recognition of lease liabilities	-	-	-	-
- Interest expense	144.41	357.21	479.07	-
- Interest capitalised	-	-	-	-
- Fair value changes	-	1.02	-	-
- Final dividend	-	-	-	904.61
Less: Non cash changes due to-				
- Adjustment in lease liabilities on modification	(92.38)	-	-	-
Add: Cash inflows during the year				
- Proceeds from non-current borrowings	-	-	-	-
- Proceeds from current borrowings	-	-	-	-
Less: Cash outflow during the year				
- Repayment of non-current borrowings	-	(1,849.32)	-	-
- Repayment of current borrowings	-	-	1,227.12	-
- Repayment of lease liabilities	(268.30)	-	-	-
- Interest paid	-	(358.23)	(477.91)	-
- Amount transferred to Investor's Education and Protection Fund	-	-	-	(1.93)
- Final dividend paid	-	-	-	(902.70)
Closing balance as on 31 March 2026	1,546.48	3,468.66	9,654.96	8.38

The consolidated statement of cash flows has been prepared under the 'indirect method' as set out in Ind AS 7, 'Statement of cash flows'.

Notes 1 to 54 form an integral part of these consolidated financial statements.

As per our report of even date attached.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

Ashish Gera

Partner

Membership no. 508685

Place: Faridabad

Date: 15 May 2026

For and on behalf of the Board of Directors

Sterling Tools Limited

Anil Aggarwal

Chairman & Whole-Time Director

DIN : 00027214

Pragya Saxena

Company Secretary

M. No. F 9640

Atul Aggarwal

Managing Director

DIN : 00125825

Anish Agarwal

Director & Chief Financial Officer

DIN : 07056465



Consolidated Statement of Changes in Equity for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

(A) Equity share capital

Particulars	Number	Amount
Balance as at 1 April 2024	3,60,24,211	720.48
Changes in equity share capital during the year	1,60,107	3.21
Balance as at 31 March 2025	3,61,84,318	723.69
Changes in equity share capital during the year	1,60,108	3.20
Balance as at 31 March 2026	3,63,44,426	726.89

(B) Other equity

Particulars	Reserves and surplus					Other comprehensive income	Total
	Capital reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings		
Balance as at 1 April 2024	6.65	4,735.69	199.69	2,786.46	35,737.75	524.13	43,990.37
Profit for the year	-	-	-	-	5,829.31	-	5,829.31
Other comprehensive income	-	-	-	-	-	-	-
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	(22.52)	-	(22.52)
Changes in fair value of equity investment through other comprehensive income (net of tax)	-	-	-	-	-	(930.02)	(930.02)
Exchange fluctuation translation difference	-	-	-	-	-	(0.19)	(0.19)
Share issue expenses	-	-	-	-	(21.60)	-	(21.60)
Transactions with owners in their capacity as owners:							
Employee stock option reserve	-	-	1,118.88	-	-	-	1,118.88
Impact on exercise of ESOPs grants (Refer Note 47)	-	586.15	(586.15)	-	-	-	-
Final dividend paid on equity shares	-	-	-	-	(720.48)	-	(720.48)
Balance as at 31 March 2025	6.65	5,321.84	732.42	2,786.46	40,802.46	(406.08)	49,243.75
Profit for the year	-	-	-	-	2,932.84	-	2,932.84
Other comprehensive income	-	-	-	-	-	-	-
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	70.84	-	70.84
Exchange fluctuation translation difference	-	-	-	-	-	0.42	0.42
Share issue expenses	-	-	-	-	(27.00)	-	(27.00)
Transactions with owners in their capacity as owners:							
Employee stock option reserve	-	-	581.93	-	-	-	581.93
Impact on exercise of ESOPs grants (Refer Note 47)	-	583.43	(583.43)	-	-	-	-
Final dividend paid on equity shares	-	-	-	-	(904.61)	-	(904.61)
Balance as at 31 March 2026	6.65	5,905.27	730.92	2,786.46	42,874.53	(405.66)	51,898.17

Notes 1 to 54 form an integral part of these consolidated financial statements.
As per our report of even date attached.

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

Ashish Gera
Partner
Membership no. 508685

Place: Faridabad
Date: 15 May 2026

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

Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214

Pragya Saxena
Company Secretary
M. No. F 9640

Atul Aggarwal
Managing Director
DIN : 00125825

Anish Agarwal
Director & Chief Financial Officer
DIN : 07056465

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

1. Group information and material accounting policies

A. Corporate information

Sterling Tools Limited (the 'Holding Company') was incorporated on 7 June 1979 under the erstwhile Companies Act, 1956 and is domiciled in India (CIN: L29222DL1979PLC009668). The registered office of the Holding Company is at DJ-1210, 12th Floor, DLF Tower-B, Jasola District Centre, New Delhi – 110025. The equity shares of the Holding Company are listed on the Bombay Stock Exchange and National Stock Exchange of India. The Holding Company and its subsidiaries (collectively 'the Group') is engaged in the manufacturing and sale of high tensile cold forged fasteners and other automotive products.

B. Basis of preparation

(1) Recent Accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the year ended 31 March 2026, MCA has notified following new standards or amendments to the existing standards applicable to the Group, and which are effective from 1 April 2025:

Ind AS 1 – Presentation of Financial Statements

The amendment clarifies the classification of liabilities as current or non-current and specifically addresses non-current liabilities with covenants. For determining whether a liability is current, the amendment removes the requirement for an unconditional right to defer settlement for at least twelve months after the reporting date. Instead, it requires that the right to defer settlement must exist as of the reporting date and must have substance. It also provides additional guidance on classifying liabilities subject to covenants.

Ind AS 7 – Statement of Cash Flows and Ind AS 107 – Financial Instruments: Disclosures (effective April 1, 2025)

The amendment to Ind AS 7 requires companies to disclose the existence of supplier finance arrangements, including the nature of such arrangements, the carrying amount of related liabilities, and the range of payment due dates. Ind AS 107 has been correspondingly amended to include supplier finance arrangements as a factor that may contribute to concentration of liquidity risk.

Ind AS 12 – Income Taxes: International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary mandatory relief from recognising deferred tax arising from top-up tax,

and require entities to disclose whether this relief has been applied. The relief is effective immediately and applies retrospectively. The amendments also require companies to provide new disclosures regarding potential top-up tax exposures in future periods.

Ind AS 21 – The Effects of Changes in Foreign Exchange Rates

The amendments address the 'Lack of Exchangeability' guidance under Ind AS 21. These amendments clarify the assessment of exchangeability of a currency and the determination of an appropriate spot exchange rate when exchangeability is lacking and require disclosures enabling users to understand the resulting financial impact.

The amendments do not have any material impact on the Group's consolidated financial statements.

(2) Standards which are issued but are not yet effective

Paragraph 74 of Ind AS 1 currently effective for the year ended 31 March 2026 requires the entity not to classify the liability as current, if there is a breach of a material covenant of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, however, the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

MCA vide notification dated 13 August 2025, has introduced amendment under Paragraph 74 of Ind AS 1 which requires the entity to classify the liability as current under the aforementioned situation because, at the end of the reporting period, it does not have the right to defer its settlement for at least twelve months after that date. Such amendment has been made effective for annual reporting periods beginning on or after 01 April 2026 retrospectively in accordance with Ind AS 8.

This amendment is not expected to have a material impact on the Group's Consolidated Financial Statements.

(3) Statement of compliance

The consolidated financial statements include the financial statements of the Holding Company, its undermentioned subsidiaries (hereinafter referred to as 'the Group'):

- Sterling E-Mobility Solutions Limited, India, 100% subsidiary with effect from 12 March 2020; and



Summary of material accounting policies and other explanatory information to the consolidated financial statements

for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

- b) Sterling Advanced Electric Machines Private Limited, 100% subsidiary with effect from 8 December 2023.
- c) Sterling E-Mobility Private Limited, 100% subsidiary with effect from 28 June 2024.
- d) Sterling Tech-Mobility Limited, 100% subsidiary with effect from 28 June 2024.
- e) Sterling Overseas PTE Limited, 100% subsidiary with effect from 23 September 2024.

These consolidated financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs under section 133 of Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, presentation requirements as per Division II of Schedule III of the Act and other provisions of the Act (to the extent notified and applicable).

These consolidated financial statements of Sterling Tools Limited as at and for the year ended 31 March 2026 were approved and authorized for issue by Board of Directors on 15 May 2026.

(4) Overall considerations

These consolidated financial statements have been prepared on going concern basis using the significant accounting policies and measurement bases summarised below.

These accounting policies have been used throughout all periods presented in the consolidated financial statements, unless otherwise stated.

(5) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the consolidated financial statements of the Holding Company and its subsidiaries, line by line adding together like items of assets, liabilities, equity, income

and expenses. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transactions provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and the equity of subsidiaries is shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

(6) 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.
Share based payments	Fair value.

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

(7) Functional and presentation currency

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

(8) Current and non-current classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

- 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. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

C. Material accounting policies

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

(1) Property, plant and equipment

1.1 Initial recognition and measurement

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

Cost of an item 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 accruing 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 repairs of property, plant and equipment are recognised as in the consolidated statement of profit and loss as incurred.

1.3 Derecognition

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

(2) Depreciation

Depreciation is recognised in consolidated statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment specified in Schedule II to the Act as given below:



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

Asset category	Useful life (in years)
Buildings	30 years
Leasehold buildings & other assets	Lower of lease term or useful life
Plant and equipment	10 – 30 years
Furniture and fixtures	10 years
Vehicles	8 – 10 years
Office equipments	5 years
Electrical installations and equipments	10 years
Computers	3 - 6 years

Land is not depreciated. Leasehold improvements are amortised over the primary period of the lease.

Depreciation on additions to/deductions from property, plant and equipment during the year is charged on pro-rata basis from/up to the date in which the asset is available for use/disposed.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate. Based on technical evaluation, the Group management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

(3) Impairment of non-financial assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets and group of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's selling price and its value in use. Value in use is the present value of estimated future cash flows expected to raise from continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

(4) Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses wherever considered necessary. Cost of

inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of purchase consists of the purchase price including duties and taxes other than those subsequently recoverable by the enterprise from the taxing authorities, freight inwards and other expenditure directly attributable for its acquisition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Finished goods and stores, spares and consumables are valued at lower of cost and net realisable value and the comparison is made on an item-by-item basis.

The methods of determining cost of various categories of inventories are as under:

Nature of inventories	Method of valuation
Raw materials	First in first out method
Stores and spares and consumables	Weighted average method
Finished goods and work-in-progress	Raw material cost on first in first out method and includes conversion and other costs incurred in bringing the inventories to their present value and locations

Stock in transit is valued at lower of cost and net realisable value. Scrap is valued at estimated net realisable value.

(5) 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.

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

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

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

Contingent assets are not recognised in the consolidated financial statements.

(6) Government grants

Grants from government are recognised when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

When the grant relates to a revenue item, it is recognised in the consolidated statement of profit and loss on a systematic basis over the periods in which the related costs are expensed. The grant can either be presented separately or can deduct from related reported expense.

Government grant relating to capital assets are recognised initially as deferred income and are credited to consolidated statement of profit and loss on a straight line basis over the expected lives of the related asset and presented as other operating income within revenue from operations.

(7) Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the

consolidated statement of profit and loss in the year in which it arises.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(8) Revenue

The Group recognizes revenue from the following major sources:

Sale of products (including scrap sales)

Revenue from sale of products (including scrap sales) is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. It is measured at the amount of transaction price, net of returns and allowances, trade discounts and volume rebates. The Group recognises revenue when it transfers control over a product to a customer i.e. when goods are delivered at the delivery point, as per terms of the agreement, which could be either customer premises or carrier premises who will deliver goods to the customer. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the Consolidated Balance Sheet under other current liabilities (see note 27).

Satisfaction of performance obligations

The Group's revenue is derived from the single performance obligation to transfer primarily products under arrangements in which the transfer of control of the products and the fulfilment of the Group's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Group has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Group will collect the consideration to which it is entitled to in exchange for the goods.

Whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms.

Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-60 days.



Summary of material accounting policies and other explanatory information to the consolidated financial statements

for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

Variable considerations associated with such sales

Periodically, the entities included in the Group enters into volume or other rebate programs where once a certain volume or other conditions are met, it gives the customer as volume discount some portion of the amounts previously billed or paid. For such arrangements, the respective entities only recognise revenue for the amounts it ultimately expects to realise from the customer. The respective entities estimate the variable consideration for these programs using the most likely amount method or the expected value method, whichever approach best predicts the amount of the consideration based on the terms of the contract and available information and updates its estimates each reporting period.

The subsidiary company provides product warranty on its goods sold to the buyer which is for a period of 3 years or specified distance run by the goods under the warranty terms, whichever is earlier. Under the terms of this warranty customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under Ind AS 37.

Contract assets and contract liabilities

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the consolidated balance sheet. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its consolidated balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on Group's future performance. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. The Group does not expect to have any contracts where

the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business and reflects Group's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

Transfer of trade receivables

The Holding Company transfers certain trade receivables under bill discounting arrangements with banks. These transferred receivables do not qualify for derecognition as the Holding Company retains the credit risk with respect to these transferred receivables due to the existence of the recourse arrangement. Consequently, the proceeds received from such transfers with recourse arrangements are recorded as borrowings from banks and classified under current borrowings.

(9) Other income

Interest income from financial assets 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).

(10) Employee benefits

10.1 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 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.

10.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed

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contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in the consolidated statement of profit and loss in the period during which services are rendered by employees.

The Group pays fixed contribution to government administered provident fund scheme at predetermined rates. The contributions to the fund for the year are recognised as expense and are charged to the consolidated statement of profit and loss.

10.3 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 plan.

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 liability recognised in the consolidated balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

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.

10.4 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 liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. 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.

The obligations are presented as non-current, as the avilment of leaves is subject to approval. Also based on past experience, the Group does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

(11) Share based payments

The Holding Company recognises compensation expense relating to share based payments in accordance with Ind AS 102, 'Share-based payment'. Stock options granted by the Holding Company to its employees and employees of the subsidiaries are accounted as equity settled options. In respect of the options granted to the employees of the Group, the estimated fair value of options granted that is determined on the date of grant, is charged to consolidated statement of profit and loss on a straight line basis over the vesting period of options, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- (i) including any market performance conditions
- (ii) excluding the impact of any service and non-market performance vesting conditions
- (iii) including the impact of any non-vesting conditions

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with corresponding adjustment to equity.

(12) Leases

Group as a lessee

The Group's lease asset classes primarily consist of property leases. The Group assesses whether a



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contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

(13) Taxes on income

Income-tax expense comprises current and deferred tax. Current tax expense is recognised in the consolidated statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognised in the consolidated statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(14) Segment reporting

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Holding Company's management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Holding Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108.

(15) Equity investments

Equity investments in joint venture and subsidiaries are measured at cost. The investments are reviewed

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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.

(16) 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.

16.1 Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial asset (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. However, trade receivables that do not contain a significant financing component are measured at transaction price in accordance with Ind AS 115. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit and loss.

Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or 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 right 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 use forward-looking information to recognise expected credit losses (ECL) model' for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- Trade receivables under IND AS 115.

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



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recognising impairment loss allowance based on 12-month ECL.

The presumption under Ind AS 109 with reference to significant increases in credit risk since initial recognition (when financial assets are more than 30 days past due), has been rebutted and is not applicable to the Group, as the Group is able to collect a significant portion of its receivables that exceed the due date.

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

16.2 Financial liabilities

Initial recognition and measurement

The Group's financial liabilities include borrowings, trade payables and other financial liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost

After initial measurement, such financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of profit and loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

Derecognition

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

16.3 Offsetting

D. Significant accounting judgments, estimates and assumptions

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

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

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

(1) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the respective Company's (included in the Group) future taxable income (supported by convincing evidence) against which the deferred tax assets can be utilised.

(2) Contingent liabilities

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

(3) Impairment of financial assets

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The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. At each balance sheet date, based on historical default rates observed over expected life, existing market conditions as well as forward looking estimates, the Group management assesses the expected credit losses on outstanding receivables. Further, Group management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with industry and country in which the customer operates.

(4) Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(5) Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

(6) Leases

The entities included in the Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group

is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

(7) Government grant

Grants receivables are based on estimates for utilisation of the grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance life of the asset.

(8) Fair value measurements

Management applies valuation techniques to determine fair value of equity shares (where active market quotes are not available) and stock options. This involves developing estimates and assumptions around volatility, dividend yield which may affect the value of equity shares or stock options.

(9) Warranties

The subsidiary company makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information of the nature, frequency and average cost of warranty claims. The Company seeks to improve product quality and minimise warranty expenses arising from claims. Warranty costs may differ from those estimated if actual claim rates are higher or lower than historical rates.

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.



Summary of material accounting policies and other explanatory information to the consolidated financial statements

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2 Property, plant and equipment

Particulars	Owned assets							Right-of-use assets				Grand total		
	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Electrical installations and equipments	Computers	Total	Leasehold land	Right-of-use assets - Building		Right-of-use assets - other assets	
Gross block														
As at 1 April 2024	2,061.75	7,565.23	39,598.24	549.79	801.55	729.82	1,260.77	558.22	53,125.37	980.37	416.63	12.51	1,409.51	54,534.88
Additions	-	1,658.06	3,211.05	48.52	713.78	84.21	118.89	95.34	5,929.85	367.15	1,719.41	23.99	2,110.55	8,040.40
Disposals/adjustments	-	-	(517.26)	-	(321.13)	-	-	-	(838.39)	-	(259.52)	(10.95)	(270.47)	(1,108.86)
Balance as at 31 March 2025	2,061.75	9,223.29	42,292.03	598.31	1,194.20	814.03	1,379.66	653.56	58,216.83	1,347.52	1,876.52	25.55	3,249.59	61,466.42
Additions	-	489.18	2,661.04	96.64	109.74	153.53	58.43	220.93	3,789.49	35.12	-	-	35.12	3,824.61
Disposals/adjustments	-	(46.87)	(604.31)	(0.21)	(51.31)	(59.24)	(236.67)	(24.18)	(1,022.79)	-	(48.54)	-	(48.54)	(1,071.33)
Balance as at 31 March 2026	2,061.75	9,665.60	44,348.76	694.74	1,252.63	908.32	1,201.42	850.31	60,983.53	1,382.64	1,827.98	25.55	3,236.17	64,219.70
Accumulated depreciation and amortization														
As at 1 April 2024	-	2,271.25	22,204.23	226.90	284.95	509.39	727.69	336.64	26,561.05	-	287.46	10.80	298.26	26,859.31
Charge for the year	-	265.71	2,564.91	45.44	107.03	78.14	80.88	103.09	3,245.20	-	173.71	2.57	176.28	3,421.48
Adjustments for disposals	-	-	(160.91)	-	(98.02)	-	-	-	(258.93)	-	(255.72)	(10.95)	(266.67)	(525.60)
Balance as at 31 March 2025	-	2,536.96	24,608.23	272.34	293.96	587.53	808.57	439.73	29,547.32	-	205.45	2.42	207.87	29,755.19
Charge for the year	-	400.83	2,689.31	49.52	135.35	80.87	93.49	146.76	3,596.13	-	299.64	5.12	304.76	3,900.89
Adjustments for disposals	-	(0.01)	(604.19)	(0.20)	(26.62)	(55.79)	(223.25)	(22.84)	(932.90)	-	(29.71)	-	(29.71)	(962.61)
Balance as at 31 March 2026	-	2,937.78	26,693.35	321.66	402.69	612.61	678.81	563.65	32,210.55	-	475.38	7.54	482.92	32,693.47
Net block as at 31 March 2025	2,061.75	6,686.33	17,683.80	325.97	900.24	226.50	571.09	213.83	28,669.51	1,347.52	1,671.07	23.13	3,041.72	31,711.23
Net block as at 31 March 2026	2,061.75	6,727.82	17,655.41	373.08	849.94	295.71	522.61	286.66	28,772.98	1,382.64	1,352.60	18.01	2,753.25	31,526.23

Notes:

- Refer note (a) of note 19 "Non current financial liabilities- Borrowings" and note (a) of note 24 "Current financial liabilities- Borrowings" for details regarding property, plant and equipment which are pledged as security.
- Refer note 41(A) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- The title deeds of all the immovable properties held by the entities included in the Group (other than properties where the entities included in the Group are the lessee and the lease agreements are duly executed in favour of the lessee), except for the following properties, for which the Holding Company's management is in the process of getting the registration in the name of the Company:
 - Freehold Land amounting Rs 989.54 lakhs is in held in the name of Haryana Ispat Private Limited
 - Further, For title deeds of the following immovable properties in the nature of land, which have been mortgaged as security for loans or borrowings taken by the Holding Company, are lying with respective lenders

Description of property	Situated at/location
Freehold land	Plot No. 52, 53 and 54, DLF Industrial Estate, Phase-I, Delhi - Mathura Road, Faridabad, Haryana
Freehold land	49 km stone Delhi Mathura Road, Village Prithla, Tehsil-Palwal, Distt. Palwal, Haryana (11.45 acres of land)
Leasehold land	Plot No 109-110, Vemgal Industrial Area, District Kolar, Karnataka

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3 Capital work-in-progress

Particulars	Amount
Balance as at 1 April 2024	476.16
Additions	4,573.31
Capitalised during the year	(4,325.45)
Balance as at 31 March 2025	724.02
Additions	4,338.58
Capitalised during the year	(2,848.96)
Balance as at 31 March 2026	2,213.64

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

	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2026					
- Projects in progress	1,812.51	297.09	-	104.04	2,213.64
- Projects temporarily suspended	-	-	-	-	-
					2,213.64
As at 31 March 2025					
- Projects in progress	619.98	-	-	104.04	724.02
	-	-	-	-	-
					724.02

4 Other intangible assets

Particulars	Computer software	Trade Marks	Total
Gross block			
As at 1 April 2024	278.66	-	278.66
Additions	167.48	0.49	167.97
Balance as at 31 March 2025	446.14	0.49	446.63
Additions	55.88	-	55.88
Balance as at 31 March 2026	502.02	0.49	502.51
Accumulated amortisation			
As at 1 April 2024	191.90	-	191.90
Charge for the year	60.34	0.01	60.35
Balance as at 31 March 2025	252.24	0.01	252.25
Charge for the year	87.90	0.08	87.98
Balance as at 31 March 2026	340.14	0.09	340.23
Net block as at 31 March 2025	193.90	0.48	194.38
Net block as at 31 March 2026	161.88	0.40	162.28

5 Intangible assets under development

Particulars	Technology development expenditure	Software	Total
Balance as at 1 April 2024	194.02	12.50	206.52
Additions	384.71	37.50	422.21
Capitalised during the year	-	(50.00)	(50.00)
Balance as at 31 March 2025	578.73	-	578.73
Additions	365.49	-	365.49
Capitalised during the year	-	-	-
Balance as at 31 March 2026	944.22	-	944.22



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

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5 Intangible assets under development (Contd..)

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

	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2026					
- Projects in progress	365.49	384.71	194.02	-	944.22
- Projects temporarily suspended	-	-	-	-	-
					944.22
As at 31 March 2025					
- Projects in progress	384.71	194.02	-	-	578.73
- Projects temporarily suspended	-	-	-	-	-
					578.73

- As at 31 March 2026, development of Intangible assets has been overdue by two years as compared to its original plan , however cost has not exceeded as compared to original budget.
- As at 31 March 2025, development of Intangible assets has been overdue by one year as compared to its original plan , however cost has not exceeded as compared to original budget.
- The Subsidiary Company i.e. Sterling E-Mobility Solutions Limited has assessed that the recoverable amount from the Technology development expenditure is higher than the carrying amount, accordingly there are no impairment indicators.

6 Non-current financial assets - others

(Unsecured and considered good)

Particulars	As at 31 March 2026	As at 31 March 2025
Security deposits	616.11	605.75
Deposit accounts with original and residual maturity period more than 12 months	-	16.00
Interest accrued but not due	36.95	33.24
	653.06	654.99

7 Income-tax assets (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Prepaid taxes (net of provision for tax)*	51.89	149.41
	51.89	149.41

*Refer note 28 for movement of taxes

8 Other non-current assets

(Unsecured and considered good)

Particulars	As at 31 March 2026	As at 31 March 2025
Capital advances	695.65	921.08
Advances other than capital advances:		
- Other Advances	-	83.18
- Prepaid expenses	78.12	93.00
	773.77	1,097.26

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9 Inventories

(Valued at lower of cost and net realisable value)

Particulars	As at 31 March 2026	As at 31 March 2025
Raw material	7,019.80	7,967.46
Work in progress	1,779.98	1,484.02
Finished goods [includes goods in transit of ₹ 554.08 lakh (31 March 2025: ₹ 983.81 lakh)]	5,584.47	6,606.39
Stores, spares and consumables [includes goods in transit of ₹ 24.62 lakh (31 March 2025: ₹ 5.55 lakh)]	1,519.75	1,347.92
	15,904.00	17,405.79

- (i) Certain inventory of finished goods have been written down to its net realisable value in accordance with Ind AS 2, Inventories, and the resultant impact of write down amounts to ₹ 21.60 lakh (31 March 2025 - ₹ 32.18 lakh). The carrying value of such inventories carried at fair value less costs to sell aggregating to ₹ 295.69 lakh (31 March 2025 - ₹ 391 lakh)
- (ii) The Value of inventories above is stated after provision (net of reversal) of Rs. - 878.54 lakh (31 March 2025 - Rs. 2,555.32 lakh).

10 Current financial assets - investments

Particulars	As at 31 March 2026	As at 31 March 2025
Quoted investment		
Investment in mutual funds (carried at fair value through profit or loss)		
Nil units (31 March 2025: 37,038.932 units) in SBI Liquid Fund- Direct Plan- Growth	-	1,502.28
	-	1,502.28
Aggregate amount of quoted investments and market value thereof		
- Book value	-	1,500.00
- Market value	-	1,502.28

11 Current financial assets - trade receivables

Particulars	As at 31 March 2026	As at 31 March 2025
Trade receivables		
Trade receivables - considered good, unsecured	8,450.76	6,544.76
Trade receivables - credit impaired	3,219.91	279.77
	11,670.67	6,824.53
Less: allowance for expected credit loss	(1,724.36)	(279.77)
	9,946.31	6,544.76

Movement in the allowance for expected credit loss

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Balance at the beginning of the year	279.77	164.86
Add: Allowance provided during the year	1,444.59	114.91
Less: Amounts written off during the year	-	-
Balance at the end of the year	1,724.36	279.77

- a. The net carrying value of trade receivables is considered a reasonable approximation of fair value.
- b. Refer Note 24(a) for information on trade receivables pledged as security by the Group.
- c. There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

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

- d. No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member
- e. The carrying amounts of the trade receivables include receivables which are subject to a bill discounting arrangement with the bank. Under this arrangement, the Holding Company has transferred the relevant receivables to the bank in exchange for cash. However, the Holding Company retains the credit risk with respect to the transferred receivables due to the existence of recourse till the due date of the relevant bills discounted. Accordingly, the Holding Company continues to recognise the transferred receivables in their entirety in its balance sheet till the due date. The amount repayable under the bills discounting arrangement is presented as unsecured current borrowings in note 24 - Current financial liabilities - borrowings. The Holding Company considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.
- f. During the year ended 31 March 2026, Sterling E-Mobility Solutions Limited, one of our subsidiary company had a significant amount receivable from one of the customers amounting to INR 3,001.36 lakhs. Due to delay in collection from such customer, the subsidiary company has filed a legal case for recovery of the said balance with such customer and accordingly classified the amount receivable from such customer as disputed in the financial statements. The provision for expected credit loss has been recognized in accordance with Ind AS 109, Financial Instruments to present the receivables in the Balance Sheet at their appropriate carrying value after considering expected credit risk, uncertainty, and timing of realization, thereby ensuring a true and fair presentation of financial position whereby these receivables are fully provided for. As per management's legal assessment, recognition of such provision to comply with financial reporting framework will not constitute any concession, waiver, or dilution of the Company's contractual, legal, or other rights to pursue and enforce full recovery of the amounts due.
- g. The trade receivable balance as on 1st April 2024 amounts to INR 8,964.74.

The relevant carrying amounts in respect of the bills discounting arrangement is as follows:

Particulars	As at 31 March 2026	As at 31 March 2025
Total transferred trade receivables under the bills discounting arrangement	1,294.11	831.31
Associated unsecured borrowings (refer note 24)	1,294.11	831.31

Ageing schedule of trade receivables is as follows:

As at 31 March 2026	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	6,278.08	2,046.29	57.86	66.41	1.11	1.01	8,450.76
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	13.69	54.40	68.09
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	402.50	1,285.39	1,313.47	-	-	3,001.36
(vi) Disputed trade receivables – credit impaired	-	-	-	40.00	-	110.46	150.46

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

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

As at 31 March 2025	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	5,365.17	1,127.19	47.41	3.11	1.40	0.48	6,544.76
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	24.80	67.68	36.83	129.31
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	40.00	-	-	110.46	150.46

12 Current financial assets - cash and cash equivalents

Particulars	As at 31 March 2026	As at 31 March 2025
Balances with scheduled banks in current accounts	1,092.24	753.53
Cash on hand	2.36	2.67
Balances with banks in deposit accounts with original maturity upto three months	3,746.76	1,610.15
	4,841.36	2,366.35

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

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

Particulars	As at 31 March 2026	As at 31 March 2025
Unpaid dividend accounts (earmarked balances with banks)*	8.38	8.40
Balances with banks in deposit accounts with original maturity of more than three months but residual maturity of less than twelve months#	10,733.68	12,176.62
Interest accrued but not due on fixed deposits with banks	283.91	242.21
	11,025.97	12,427.23

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

Includes deposit of Rs 123.48 lakhs (31 March 2025: Rs 232.65 lakhs) pledged with bank against Letter of credit ("LC") by one of the subsidiary company.

14 Current financial assets - loans

(Unsecured and considered good)

Particulars	As at 31 March 2026	As at 31 March 2025
Loans receivable	6.15	11.78
	6.15	11.78



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

15 Current financial assets - others

(Unsecured and considered good)

Particulars	As at 31 March 2026	As at 31 March 2025
Export incentive receivable	4.62	6.34
Security deposits	1.10	1.00
Gratuity recoverable	15.42	28.85
Others #	49.19	15.21
	70.33	51.40

This pertains to receivable from scrap sale and other recoverable.

16 Other current assets

Particulars	As at 31 March 2026	As at 31 March 2025
Advances other than capital advances:		
Prepaid expenses	312.18	411.47
Balance with government authorities	1,637.57	2,193.29
Advance to suppliers	1,531.03	623.59
	3,480.78	3,228.35

17 Equity share capital

Particulars	As at 31 March 2026	As at 31 March 2025
Authorised:		
5,00,00,000 equity shares (31 March 2025: 5,00,00,000 equity shares) of Rs 2/- each	1,000.00	1,000.00
Issued, subscribed and paid up:		
3,63,44,426 equity shares (31 March 2025: 3,61,84,318 equity shares) of Rs 2/- each	726.89	723.69
	726.89	723.69

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

Particulars	For the year ended 31 March 2026		For the year ended 31 March 2025	
	Number	Amount	Number	Amount
Equity shares outstanding as at the beginning of the year	3,61,84,318	723.69	3,60,24,211	720.48
Add: Equity shares issued during the year	1,60,108	3.20	1,60,107	3.21
Equity shares outstanding as at the end of the year	3,63,44,426	726.89	3,61,84,318	723.69

b. Terms/rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of Rs 2 per share (31 March 2025: Rs 2 per share). Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian rupees

During the year ended 31 March 2026, the amount of per share final dividend recognised as distributions to equity shareholders is Rs 2.50 per share (31 March 2025: ₹ 2.00 per share) amounting to ₹ 904.61 lakh (previous year - ₹ 720.48 lakh).

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

17 Equity share capital (Contd..)

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

Particulars	As at 31 Mar 2026		As at 31 March 2025	
	No. of shares	% of holding	No. of shares	% of holding
Mr. Anil Aggarwal	61,10,583	16.81%	61,10,583	16.89%
Mr. Atul Aggarwal	94,45,574	25.99%	94,99,574	26.25%
Mr. Akhill Aggarwal	26,71,838	7.35%	26,60,957	7.35%
Mr. Anish Aggarwal	27,37,317	7.53%	27,01,957	7.47%

* As per records of the Holding Company, including its register of members

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

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

Particulars	As at 31 Mar 2026			As at 31 March 2025		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
Mr. Anil Aggarwal	61,10,583	16.81%	-0.08%	61,10,583	16.89%	-
Mr. Atul Aggarwal	94,45,574	25.99%	-0.26%	94,99,574	26.25%	-
Ms. Promila Aggarwal	7,55,000	2.08%	-0.01%	7,55,000	2.09%	-
Mr. Akhill Aggarwal	26,71,838	7.35%	0.00%	26,60,957	7.35%	-
Mr. Anish Aggarwal	27,37,317	7.53%	0.06%	27,01,957	7.47%	-
Ms. Ayesha Aggarwal	17,99,166	4.95%	0.13%	17,45,166	4.82%	-
Mrs. Sarvat Amin	54,000	0.15%	0.00%	54,000	0.15%	-

* Promoters for the purpose of this disclosure means promoters as defined under section 2(69) of the Companies Act, 2013

f. Shares reserved for issue under options:

Information relating to the Holding Company's Employee Stock Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of reporting period, is given in note 47.

18 Other current assets

Particulars	As at 31 March 2026	As at 31 March 2025
Capital reserve	6.65	6.65
Securities premium	5,905.27	5,321.84
Share options outstanding account	730.92	732.42
General reserve	2,786.46	2,786.46
Retained earnings	42,874.53	40,802.46
Other comprehensive income	(405.66)	(406.08)
Total	51,898.17	49,243.75

i) Capital reserve

Capital reserves represents proceeds of forfeited shares.

ii) Securities premium

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

iii) Share options outstanding account

The Holding Company has implemented a share option scheme under which option to subscribe for the Company's share have been granted to employees of the holding Company and its subsidiary companies The reserve is used to recognise the value of equity settled share options provided to such employees. See note 48 for further details.



Summary of material accounting policies and other explanatory information to the consolidated financial statements

for the year ended 31 March 2026
(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

18 Other current assets (Contd..)

iv) General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with Companies (Transfer of profits to Reserve) Rules, 1975. Consequent to introduction of the Companies Act, 2013, there is no such requirement to mandatorily transfer a specified percentage of the net profit to general reserve.

v) Retained earnings

Retained earnings are created from the profit / loss of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

vi) Equity instruments through other comprehensive income

The Holding Company has elected to recognise changes in the fair value of certain investment in equity instruments in other comprehensive income. These changes are accumulated in this reserve within equity.

vii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

19 Non current financial liabilities - Borrowings

Particulars	As at 31 March 2026	As at 31 March 2025
Indian rupee loan from banks (secured)		
Term loans	3,468.66	5,317.98
Less: Current maturities of long-term borrowings (refer note 24)	(1,440.29)	(1,849.95)
	2,028.37	3,468.03

- a) (i) The term loans (including current maturities) of the Holding company are secured by equitable mortgage of certain land and building at Plot No. 52, 53 and 54 DLF Industrial Estate, Phase-I, Delhi - Mathura Road and factory land and building situated at Plot No 109-110, Vemgal Industrial Area, District Kolar, Bangalore, Karnataka and hypothecation of plant and machinery and other property, plant and equipment.
- (ii) The term loans (including current maturities) of the Subsidiary Company i.e. Sterling E-Mobility Solutions Limited from HDFC are secured by way exclusive charge on entire movable fixed assets and by first pari-passu charge on entire current assets of the Subsidiary Company. The loan is also secured by corporate guarantee of Holding Company i.e Sterling Tools Limited.
- (iii) The term loan (including current maturities) of the Subsidiary Company i.e. Sterling E-Mobility Solutions Limited from SBI are secured by first charge by way of hypothecation on the fixed assets acquired out of said loan (plant & machinery and others) and first pari-passu charge on unencumbered movable fixed asset of the Subsidiary Company. The loan is also secured by corporate guarantee of Holding Company i.e Sterling Tools Limited.
- b) The terms and repayment profile of the term loans from banks of the Holding Company is below:
- (i) Term loan from State Bank of India carries an interest in the range of 8.75% to 9.06% and is repayable in 60 monthly instalments commencing from April 2024 with last instalment due in February 2029.
- (ii) Term loans from HDFC Bank carries an interest in the range of 6.37% to 8.06% and are repayable in 51 - 60 monthly instalments commencing from October 2021 with last instalment due in November 2029

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

19 Non current financial liabilities - Borrowings (Contd..)

- c) The terms and repayment profile of the term loans from banks of the Subsidiary Company i.e. Sterling E-Mobility Solutions Limited is below:
- (i) Term loan from HDFC Bank carry variable interest rate of 8.60% linked with 3m-Tbill rate for the Subsidiary Company and are repayable as mentioned below in table.
- (ii) Term loan from SBI carry variable interest rate linked with 6m-MCLR rate plus 0.15% for the Subsidiary Company and are repayable as mentioned below in table.

Maturity profile of Secured Term Loans is as set out below :	2026-27	2027-28	Beyond 2027-28
Term loan from the bank is repayable in quarterly installments	441.24	365.56	439.94

- d) There has been no default in servicing of loan during the year.
- e) The term loans have been used for the specific purpose for which they were availed.
- f) The Group has complied with the relevant financial covenants under the terms of borrowings throughout the reporting period.

20 Non-current financial liabilities - others

Particulars	As at 31 March 2026	As at 31 March 2025
Security deposits	43.55	46.25
	43.55	46.25

21 Provisions

Particulars	As at 31 March 2026		As at 31 March 2025	
	Non-current	Current	Non-current	Current
Compensated absences (refer note 39)	204.05	122.87	119.36	113.59
Gratuity (refer note 39)	80.80	125.31	52.26	124.68
Other provisions				
Provision for warranty	1,157.78	578.89	1,482.75	741.36
	1,442.63	827.07	1,654.37	979.63

Movement in the provision for warranty

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Balance at the beginning of the year	2,224.11	1,603.10
Add: provision created during the year	557.81	2,275.08
Less: Amounts adjusted during the year	(1,045.25)	(1,654.07)
Balance at the end of the year	1,736.67	2,224.11



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

22 (a) Deferred tax liabilities (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Deferred tax liabilities		
Property plant and equipment and other intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,388.98	1,532.60
Sub-total (a)	1,388.98	1,532.60
Deferred tax assets		
Employee benefits	132.39	114.82
Allowance for expected credit loss	51.56	51.56
Impact of difference between right-of-use assets and lease liabilities	0.57	0.62
Fair value of investments in equity instruments	64.86	64.86
Effective interest rate adjustment	0.25	0.25
Others	8.35	5.42
Sub-total (b)	257.98	237.53
Net deferred tax liability [(a) - (b)]	1,131.00	1,295.07

Movement in deferred tax balances

Particulars	As at 1 April 2025	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2026
Deferred tax liabilities				
Property plant and equipment and other intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,532.60	(143.62)	-	1,388.98
Sub- total (a)	1,532.60	(143.62)	-	1,388.98
Deferred tax assets				
Employee benefits	114.82	33.76	(16.19)	132.39
Allowance for expected credit loss	51.56	-	-	51.56
Impact of difference between right-of-use assets and lease liabilities	0.62	(0.05)	-	0.57
Fair value of investments in equity instruments	64.86	-	-	64.86
Effective interest rate adjustment	0.25	-	-	0.25
Others	5.42	2.93	-	8.35
Sub- total (b)	237.53	36.64	(16.19)	257.98
Net deferred tax liabilities [(a)-(b)]	1,295.07	(180.26)	16.19	1,131.00

Particulars	As at 1 April 2024	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2025
Deferred tax liabilities				
Property plant and equipment and other intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,584.05	(51.45)	-	1,532.60
Sub- total (a)	1,584.05	(51.45)	-	1,532.60
Deferred tax assets				
Employee benefits	110.07	(2.56)	7.31	114.82
Interest on foreclosure of authorisation license under EPCG scheme	87.99	(87.99)	-	-
Allowance for expected credit loss	41.49	10.07	-	51.56
Impact of difference between right-of-use assets and lease liabilities	0.54	0.08	-	0.62

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

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

Particulars	As at 1 April 2024	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2025
Fair value of investments in equity instruments	(159.10)	-	223.96	64.86
Effective interest rate adjustment	0.06	0.19	-	0.25
Others	3.60	1.82	-	5.42
Sub- total (b)	84.64	(78.39)	231.27	237.53
Net deferred tax liabilities [(a)-(b)]	1,499.40	26.94	(231.27)	1,295.07

22 (b) Deferred tax liabilities (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Deferred tax assets		
Employee benefits	34.95	24.43
Others	710.42	685.39
Sub-total (a)	745.37	709.82
Deferred tax liabilities		
Property plant and equipment and other intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	235.74	288.88
Others	(1.83)	0.43
Sub-total (b)	233.91	289.31
Net deferred tax assets [(a)-(b)]	511.46	420.51

Movement in deferred tax balances

Particulars	As at 1 April 2025	Recognised in consolidated statement of profit and loss	Recognised in OCI	As at 31 March 2026
Deferred tax assets				
Employee benefits	24.43	15.23	(4.71)	34.95
Others	685.39	25.03	-	710.42
Sub- total (b)	709.82	40.26	(4.71)	745.37
Deferred tax liabilities				
Property plant and equipment and other intangible assets: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	288.88	(53.14)	-	235.74
Others	0.43	(2.26)	-	(1.83)
Sub- total (a)	289.31	(55.40)	-	233.91
Net deferred tax assets [(b)-(a)]	420.51	95.66	(4.71)	511.46

Particulars	As at 1 April 2024	Recognised in consolidated statement of profit and loss	Recognised in OCI	As at 31 March 2025
Deferred tax assets				
Employee benefits	15.70	8.57	0.16	24.43
Others	293.66	391.73	-	685.39
Sub- total (a)	309.36	400.30	0.16	709.82



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

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

Particulars	As at 1 April 2024	Recognised in consolidated statement of profit and loss	Recognised in OCI	As at 31 March 2025
Deferred tax liabilities				
Property plant and equipment and other intangible assets:	38.02	250.86	-	288.88
Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act				
Others	-	0.43	-	0.43
Sub- total (b)	38.02	251.29	-	289.31
Net deferred tax assets [(a)-(b)]	271.34	149.01	0.16	420.51

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Current tax expense		
Current year	2,088.77	1,986.56
Earlier years	19.33	(30.27)
	2,108.10	1,956.29
Deferred tax credit		
Origination and reversal of temporary differences	(275.94)	(122.08)
	(275.94)	(122.08)
Total income tax expense	1,832.16	1,834.21

ii) Income-tax recognised in other comprehensive income

Particulars	31 March 2026			31 March 2025		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
Remeasurement of defined benefit plans	91.74	(20.90)	70.84	(29.99)	7.47	(22.52)
Changes in fair value of equity investment through other comprehensive income	-	-	-	(1,153.98)	223.96	(930.02)
Exchange fluctuation translation difference	0.42	-	0.42	(0.19)	-	(0.19)
	92.16	(20.90)	71.26	(1,184.16)	231.43	(952.73)

iii) Reconciliation of effective tax rate

Particulars	31 March 2026	31 March 2025
Profit before tax	4,764.99	7,663.52
Income-tax expense at tax rates applicable to individual entities included in the Group	1,423.85	1,772.05
Tax effect of:		
- Corporate social responsibility expenditure	33.18	27.95
- Tax adjustment for earlier years	19.33	(30.27)
- Tax impact on enhanced compensation received	(239.00)	-
- Tax impact on business losses and others	594.80	64.48
At the effective income tax rate	1,832.16	1,834.21

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

23 Other non-current liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Deferred grant income [refer note (a) below]	528.65	665.84
Others [refer note (i) below]	57.50	52.50
	586.15	718.34
(a) Movement of deferred grant income:		
Opening balance	820.63	836.41
Less: Released to consolidated statement of profit and loss	(154.81)	(167.99)
Less: Reclassified to other payable [refer note (ii) below]	-	152.21
	665.82	820.63
Deferred grant income:		
- Current	137.17	154.79
- Non-current	528.65	665.84
	665.82	820.63

- (i) This pertains to security deposits received from customers of Holding Company
- (ii) During the previous year, the Holding Company has completed its assessment in relation to fulfillment of export obligation against one of the license and paid the requisite duty amount against the un-fulfilled export obligation to the custom authorities. Owing to final settlement on account of payment of requisite duty, the remaining balance which pertained to the un-fulfilled export obligation of Rs 152.21 had been transferred to Deferred grant income. The said balance will be amortized in the remaining life of property, plant and equipment against which such export obligation was made.

24 Current financial liabilities - borrowings

(Secured and carried at amortised cost)

Particulars	As at 31 March 2026	As at 31 March 2025
Loans repayable on demand from banks		
- Cash credit facilities	2,800.00	2,546.23
- Working capital demand loan	5,521.87	5,011.32
Current maturities of long-term borrowings (refer note 19)	1,440.29	1,849.95
Interest accrued but not due on borrowings	38.98	37.82
Bill discounting facility from banks	1,294.11	831.31
	11,095.25	10,276.63

Note:

- a) (i) The cash credit facilities and working capital demand loan obtained by the Holding Company are secured by hypothecation of all inventories including those in transit, receivables, book debts on pari passu basis, equitable mortgage of land and building situated at Plot No. 52, 53 and 54 DLF Industrial Estate, Phase-I, Delhi- Mathura Road and factory land and building situated at 49 km stone Delhi Mathura Road, Village Prithla, Tehsil-Palwal, Distt. Palwal, Haryana and Plot No 109-110, Vemgal Industrial Area, District Kolar, Bangalore, Karnataka.
- (ii) The cash credit facility obtained by the subsidiary company is primarily secured by corporate guarantee given by the Holding Company and exclusive charge on entire movable and current assets of that subsidiary company.
- b) The outstanding balance of cash credit facilities of Holding company is repayable on demand and the rate of interest ranges between 8.50% to 9.20% (31 March 2025: 8.30% to 9.20%) per annum .
- c) The outstanding balance of working capital demand loan of Holding company is repayable within a period of 90 days and the rate of interest ranges between 6.00% to 7.20% (31 March 2025: 6.90% to 7.20%) per annum.
- d) The outstanding balance of cash credit facilities of subsidiary company i.e. Sterling E-Mobility Solutions Limited carry variable interest rate linked with 6M MCLR rate plus 0.15%.



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

24 Current financial liabilities - borrowings (Contd..)

- e) The cash credit facilities and working capital demand loans of Holding company have been used for the specific purpose for which they are taken as at the year end.
- f) The bills discounting facility from banks are secured by first charge on trade receivables subject to the bills discounting arrangement.
- g) Details of quarterly statements of current assets filed by the Holding Company with banks and reasons of material discrepancies:

For the year ended 31 March 2026:

Quarter ended	Name of bank	Particulars of securities provided	Amount as per books of account	Amount as reported in the quarterly statement	Amount of difference	Remarks
30 June 2025	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	16,884.40	16,861.44	22.96	Variance is primarily on account of inventory of scrap not considered in quarterly statement
30 September 2025	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	16,973.88	16,956.81	17.07	Variance is primarily on account of inventory of scrap not considered in quarterly statement
31 December 2025	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	16,489.99	16,477.99	12.00	Variance is primarily on account of inventory of scrap not considered in quarterly statement
31 March 2026	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	18,390.57	18,379.45	11.12	Variance is primarily on account of inventory of scrap not considered in quarterly statement

For the year ended 31 March 2025:

Quarter ended	Name of bank	Particulars of securities provided	Amount as per books of account	Amount as reported in the quarterly statement	Amount of difference	Remarks
30 June 2024	HDFC Bank, Punjab National Bank and State Bank of India	Pari-passu charge on current assets	18,805.85	18,781.19	24.66	Variance is primarily on account of inventory of scrap not considered in quarterly statement
30 September 2024	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	18,116.41	18,092.04	24.37	Variance is primarily on account of inventory of scrap not considered in quarterly statement
31 December 2024	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	17,414.59	17,389.87	24.71	Variance is primarily on account of inventory of scrap not considered in quarterly statement
31 March 2025	HDFC Bank, Punjab National Bank, State Bank of India & HSBC Bank	Pari-passu charge on current assets	17,655.70	17,631.42	24.28	Variance is primarily on account of inventory of scrap not considered in quarterly statement

With respect to the quarterly statements of current assets filed with bank by the subsidiary company - Sterling E-Mobility Solutions Limited, are materially in agreement with the books of account of such subsidiary

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

25 Current financial liabilities - trade payables

Particulars	As at 31 March 2026	As at 31 March 2025
Trade payables		
A) Total outstanding dues of micro enterprises and small enterprises; and	2,099.37	1,217.47
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,312.12	5,013.34
	7,411.49	6,230.81

- A) a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is given below.

Particulars	As at 31 March 2026	As at 31 March 2025
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year		
- Principal amount	2,089.94	1,213.75
- Interest	9.43	3.72
ii) The amount of interest paid by the Group in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	9.43	3.72
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

- b) This information has been compiled in respect of parties to the extent they could be identified as micro, small and medium enterprises on the basis of information available with the management as at the year end

B) Ageing schedule of trade payables is as follows:

As at 31 March 2026	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	9.43	1,831.44	246.47	2.14	0.29	3.73	2,093.50
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,044.43	1,739.21	2,477.24	37.02	5.49	8.73	5,312.12
Disputed dues of micro enterprises and small enterprises	-	-	-	-	5.87	-	5.87
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

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

As at 31 March 2025	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	3.72	1,202.05	5.83	-	-	-	1,211.60
Total outstanding dues of creditors other than micro enterprises and small enterprises	946.87	1,253.27	2,784.29	8.61	15.61	4.69	5,013.34
Disputed dues of micro enterprises and small enterprises	-	-	-	5.87	-	-	5.87
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-

26 Current financial liabilities - others

Particulars	As at 31 March 2026	As at 31 March 2025
Creditors for capital goods [refer note (a) below]	313.05	265.87
Unclaimed dividend*	8.38	8.40
Employee related payables	383.59	404.16
Customer Obligation [refer footnote (f) of note 11]	1,495.55	-
	2,200.57	678.43

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

- a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is given below.

Particulars	As at 31 March 2026	As at 31 March 2025
i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year		
- Principal amount	112.06	138.98
- Interest	-	-
ii) The amount of interest paid by the Group in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

This information has been compiled in respect of parties to the extent they could be identified as micro, small and medium enterprises on the basis of information available with the management as at the year end

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

27 Other current liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Contract liabilities (refer note 50)	355.42	722.45
Deferred grant income [refer note 23(a)]	137.17	154.79
Statutory dues payable	635.58	1,113.48
Others	1.77	-
	1,129.94	1,990.72

28 Current tax liabilities (net)

Particulars	As at 31 March 2026	As at 31 March 2025
Provision for tax (net of advance tax)	43.89	-
	43.89	-

Note:

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

Particulars	As at 31 March 2026	As at 31 March 2025
Prepaid taxes (refer note 7)	51.89	149.41
Provision for tax (refer note 28)	(43.89)	-
Net position [asset/(liability)]	8.00	149.41

Particulars	As at 31 March 2026	As at 31 March 2025
a. Income-tax assets		
Opening balance	149.41	70.14
Prior year taxes	(19.33)	-
Transfer from current tax liabilities	-	118.95
Refunds received (net of demand paid)	(78.18)	(39.68)
Total (A)	51.89	149.41
b. Current tax liabilities		
Provision for tax	2,088.77	1,986.56
Prepaid taxes paid during the year	(2,044.88)	(2,075.24)
Tax earlier years	-	(30.27)
Transferred to income-tax assets	-	118.95
Total (B)	43.89	-
Net income-tax assets [(A) - (B)]	8.00	149.41

29 Revenue from operations

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Sale of products		
- Finished goods	80,264.04	1,01,697.38
Sale of services		
- Product support services	51.60	73.44
Other operating income		
- Sale of scrap	820.59	670.92
- Export incentives	12.70	20.22
- Amortisation of grant income	154.81	167.99
- Warranty claim received on rejections	1,477.04	-
Total	82,780.78	1,02,629.95



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

30 Other income

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest income from:		
- fixed deposits with banks carried at amortised cost	986.90	682.56
- security deposit with electricity department carried at amortised cost	38.19	30.31
- income-tax refund	0.39	-
Other non-operating income		
Liabilities no longer required, written back	4.48	2.11
Provision for doubtful debt written back	11.10	-
Gain on termination of lease liability	-	0.31
Insurance claim received	25.34	351.05
Income from mutual funds carried at fair value through profit or loss		
- gain on sale of mutual fund	48.34	61.13
- gain on fair value of mutual fund	-	2.28
Miscellaneous income	54.99	35.65
	1,169.73	1,165.40

31 Cost of materials consumed

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Raw material at the beginning of the year	7,967.46	7,764.35
Add: purchases during the year	31,910.86	51,699.03
Less: Raw material at the end of the year	7,019.80	7,967.46
Total cost of materials consumed	32,858.52	51,495.92

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Inventories at the beginning of the year		
- Finished goods	6,606.39	6,265.68
- Work-in-progress	1,484.02	1,519.40
	8,090.41	7,785.08
Inventories at the end of the year		
- Finished goods	5,584.47	6,606.39
- Work-in-progress	1,779.98	1,484.02
	7,364.45	8,090.41
Increase in inventories	725.96	(305.33)

33 Employee benefits expense

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Salary, wages and bonus	8,201.53	7,191.45
Contribution to provident and other funds	378.33	329.75
Employee stock option expense (refer note 47)	581.93	1,118.88
Staff welfare expenses	371.63	309.16
Commission to director (refer note 43)	266.00	230.00
	9,799.42	9,179.24

Disclosures as per Ind AS 19 in respect of provision made towards various employee benefits are made in note 39.

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

34 Finance costs

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest expense on financial liabilities measured at amortised cost	837.30	873.32
Interest on lease liabilities	144.41	103.67
	981.71	976.99

35 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Depreciation on property, plant and equipment	3,596.13	3,245.20
Amortisation on right-of-use assets	304.76	176.28
Amortisation on other intangible assets	87.98	60.31
	3,988.87	3,481.79

36 Other expenses

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Consumption of stores and spares	6,722.05	6,217.40
Job work charges	3,584.93	4,935.03
Consumption of packing materials	1,054.84	995.73
Power and fuel	5,719.64	4,874.57
Rent (refer note 42)	56.62	101.75
Repairs and maintenance		
- Building	407.19	341.88
- Plant and machinery	2,056.15	1,798.36
Security charges	148.29	150.42
Insurance	312.67	282.03
Legal and professional charges	1,173.20	1,192.20
Rates and taxes	50.93	49.08
Sales promotion	126.96	282.50
Freight outward	2,265.24	2,124.38
Travelling and conveyance	647.83	554.64
Contract labour charges	3,064.16	2,920.36
Corporate social responsibility expenses	145.89	116.38
Allowance for expected credit loss	1,505.81	114.91
Inventory written off	-	35.79
Provision for doubtful advances	20.91	-
Provision for warranty	557.81	2,275.08
Bad debts written off	-	2.35
Loss on foreign exchange fluctuation (net)	202.58	32.43
Royalty	165.53	528.64
Loss on disposal of property, plant and equipment (net)	59.39	41.22
Miscellaneous expenses	1,639.63	1,336.09
	31,688.25	31,303.22



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

37 Exceptional items

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Enhanced compensation received	327.19	-
Interest received on delayed compensation received from DMRC	622.45	-
	949.64	-

Note:

Exceptional items for the year ended 31 March 2026 represent enhanced compensation amounting to ₹ 949.64 lakhs (including interest of ₹ 622.45 lakhs) received from Delhi Metro Rail Corporation ("DMRC") against land acquired by DMRC in an earlier year.

38 Earnings per equity share

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Profit for the year attributable to owners (A)	2,932.84	5,829.31
Weighted average number of equity shares for basic earnings per share (B) (Numbers)	3,62,10,198	3,60,48,337
Nominal value per share (₹)	2.00	2.00
Effect of share options during the year (C) (Numbers)	3,37,062	2,62,467
Weighted average number of equity shares for diluted earnings per share (D)= (B) + (C) (Numbers)	3,65,47,260	3,63,10,804
Basic earnings per equity share (face value of share- Rs 2 each) (A/B) (₹)	8.10	16.17
Diluted earnings per equity share (face value of share- Rs 2 each) (A/D) (₹)	8.02	16.05

39 Employee benefits

i) Defined contribution plans

The Indian entities of the Group makes fixed contribution towards provident fund and Employees' State Insurance (ESI) for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the Group is required to contribute a specified percentage of payroll cost to fund the benefits. Similarly, the contribution is made in ESI at a specified percentage of payroll cost.

The Indian entities of the Group recognised Rs 370.82 lakh (31 March 2025: Rs 321.91 lakh) for provident fund contribution and Rs 7.51 lakh (31 March 2025: Rs 7.84 lakh) for ESI contribution in the Consolidated Statement of Profit and Loss and included in note 33 - "Employee benefits expense". The contribution payable to these plans by the Group is at rates specified in the rules of the schemes.

ii) Defined benefit plans

Gratuity

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

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Holding Company makes contribution to recognised funds in India.

The unfunded gratuity obligation of directors of the Holding Company and employees of a subsidiary company is determined based on actuarial valuation using the Projected Unit Credit Method.

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

39 Employee benefits (Contd..)

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

Particulars	Gratuity (unfunded)		Gratuity (funded)	
	For the year ended 31 March 2026	For the year ended 31 March 2025	For the year ended 31 March 2026	For the year ended 31 March 2025
Present value of obligation at the beginning of the year	100.99	69.26	1,064.54	902.33
Included in consolidated profit and loss:				
Current service cost	34.97	29.97	95.78	110.91
Past service cost	13.92	-	146.78	-
Interest cost	6.97	4.92	70.54	61.84
Total amount recognised in profit or loss	55.86	34.89	313.10	172.75
Included in other comprehensive income:				
Remeasurement loss/(gain) arising from:				
- financial assumptions	(0.22)	1.77	(21.96)	36.40
- experience adjustment	(31.49)	(4.93)	(27.91)	5.82
Total amount recognised in other comprehensive income	(31.71)	(3.16)	(49.87)	42.22
Less: Other	(2.81)	-	-	(5.08)
Less: Settlement payments from employer	-	-	36.74	-
Less: Benefits paid	3.31	-	113.28	47.67
Present value of obligations at the end of year	124.64	100.99	1,177.75	1,064.55

Change in the fair value of plan assets

Particulars	Gratuity (funded portion)	
	For the year ended 31 March 2026	For the year ended 31 March 2025
Fair value of plan asset at the beginning of the year	991.42	822.92
Included in profit or loss:		
Return on plan assets - interest income	66.17	58.60
Contributions paid	141.57	153.58
Benefits paid	(113.28)	(47.67)
Others	-	(5.08)
Included in other comprehensive income:		
Actuarial gain	10.27	9.07
Fair value of plan asset at the end of the year	1,096.15	991.42

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

Category of assets (% allocation)	As at 31 March 2026		As at 31 March 2025	
	(%)	Amount	(%)	Amount
Insurance policies	100	1,096.15	98	971.59
Banks	-	-	2	19.83
	100	1,096.15	100	991.42

Net defined benefit liability recognised in the consolidated balance sheet

Particulars	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Present value of unfunded/funded obligation at the end of the year	124.64	100.99	1,177.75	1,064.55
Fair value of plan asset as at the end of the period	-	-	1,096.15	991.42
Net defined benefit liability	124.64	100.99	81.60	73.13



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

39 Employee benefits (Contd..)

B) Actuarial assumptions

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

Particulars	Gratuity (unfunded)		Gratuity (funded)	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Discount rate (per annum)	6.95%	6.69-6.88%	6.95%	6.69%
Salary growth rate (per annum)	7.00-10.50%	6.00-7.00%	7.00%	7.00%
Mortality rates inclusive of provision for disability	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)
Retirement age (years)	58	58	58	58
Withdrawal rate (%)	1.00-10.00%	1.00-5.00%	2% to 15%	2% to 15%

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.

Particulars	Gratuity (funded)			
	31 March 2026		31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (movement of 100 bps)	(92.48)	106.53	(116.71)	48.92
Salary escalation rate (movement of 100 bps)	102.79	(91.62)	51.56	(120.73)

Particulars	Gratuity (unfunded)			
	31 March 2026		31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (movement of 100 bps)	(10.62)	(0.79)	(7.37)	9.02
Salary escalation rate (movement of 100 bps)	(2.24)	(9.77)	9.40	(7.80)

Sensitivities due to mortality and withdrawals are not material. Hence, impact of change is not calculated above.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. This analysis may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

D) Risk exposure

i) Changes in discount rate

A decrease in discount yield will increase plan liabilities.

iii) Salary increase

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

iii) Salary increase

Actual salary increase will increase the plan's liabilities. Increase in salary rate assumption in future valuation will also increase the valuation.

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

39 Employee benefits (Contd..)

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

Particulars	31 March 2026	31 March 2025
Less than 1 year	122.07	97.01
Between 1-5 years	441.91	380.65
Over 5 years	1,848.92	434.28

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 9 years (31 March 2025: 18 years).

Expected contribution to post-employment benefit plans in the next year is Rs 204.02 lakhs (31 March 2025: Rs 36.28 lakhs).

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

Particulars	31 March 2026	31 March 2025
Less than 1 year	43.62	51.55
Between 1-5 years	55.06	4.90
Over 5 years	67.48	8.50

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 2 years (31 March 2025: 6 years).

iii) Other long-term employee benefit plans

The Indian entities of the Group provides for compensated absences to its employees. The employees can carry-forward a portion of the unutilized accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due in entirety within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, such benefit is classified as a other long-term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation. A provision of ₹ 167.39 lakh (31 March 2025: ₹ 96.08 lakh) for the year have been made on the basis of actuarial valuation as at the year end and debited to the Consolidated Statement of Profit and Loss. As at 31 March 2026, provision for compensated absences amounts to ₹ 326.92 lakh (31 March 2025 - ₹ 232.95 lakh) presented as provisions for employee benefit obligations in note 21 - Provisions.

40 In accordance with Ind AS 108 'Operating Segments', the Board of Directors of the Company, being the chief operating decision maker of the Company has determined "Automotive Components" as the only operating segment and accordingly there is no segment reporting applicable.

Further, in terms of paragraph 31 of Ind AS 108, entity wide disclosures have been presented below:

Entity wide disclosures

A. Information about products and services

The Group is engaged in the manufacturing and marketing of automotive components primarily used in the automobile industry. Therefore, product wise revenue disclosure is not applicable.

B. Information about geographical area

The major sales of the Group are made to customers which are domiciled in India. Information concerning principal geographic areas is as follows



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

40 (Contd..)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Net sales to external customers by geographic area by location of customers		
a) India	79,183.09	1,00,494.52
a) Outside India	1,132.55	1,276.30
Total	80,315.64	1,01,770.82
Non-current assets (other than non-current financial assets) by geographic areas		
a) India	36,183.50	34,875.54
a) Outside India	-	-
Total	36,183.50	34,875.54

C. Information about major customers

Revenues of Rs 36,713.86 lakh (31 March 2025: Rs 58,039.18 lakh) are derived from three customers, who individually accounted for more than ten percent of the total revenue.

41 Contingent liabilities, contingent assets and commitments

A. Capital commitment:

- (i) Estimated amount of contracts remaining to be executed on the capital account and not provided for in the books of account (net of capital advances) ₹ 821.13 lakh (₹ 1,634.40 lakh as at 31 March 2025).

B. Contingent liabilities and other commitments

Particulars	As at 31 March 2025	As at 31 March 2024
Contingent liabilities		
I) Claims against the Group not acknowledged as debt:		
i) Disputed liability - Central Excise Act (refer note 'a' below)	106.04	106.04
ii) Interest on disputed liability- Central Excise Act (refer note 'b' below)	91.58	82.65
iii) Disputed liability - GST Act. (refer note 'c' below)	2.10	-
iv) Demand under Income-tax Act, 1961 (refer note 'd' below)		
- Assessment year: 2013-14	0.62	0.62
- Assessment year: 2016-17	2.94	2.94
- Assessment year: 2018-19	51.78	51.78
- Assessment year: 2020-21	142.58	142.58
Total	397.64	386.61
Other commitments		
i) Custom Duty deferred under MOOWR License Scheme (refer note 'e' below)	785.91	75.09

- a) Service tax demand amounting to Rs 106.04 lakh for the period April 2014 to June 2017 was due to disallowance of the Cenvat Credit on outward transportation of final product to the buyer's premises. Representation against the aforementioned demand were filed before the Joint Commissioner of Central Tax, Faridabad, Haryana. On 4 June 2021, the Holding Company had received an unfavorable order from the Joint Commissioner. On 2 August 2021, the Holding Company had filed an appeal against the aforesaid order with the Commissioner Appeals, however, the Holding Company had received an unfavorable order from the Commissioner Appeals vide order dated 25 February 2022. The Holding Company had filed an appeal, on 26 May 2022, against the said demand/order with Customs Excise and Service Tax Appellate Tribunal ('CESTAT') Chandigarh and remains confident of getting a relief against the said order.
- b) Interest amounting to ₹ 91.58 lakh (31 March 2025 - ₹ 82.65 lakh) on the demands raised by excise authorities has been calculated by the Group based on the demand cum show-cause notices pending adjudication.

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

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

- c) An Order-in-Original (OIO No. 129JC/DDN/2025 dated 29 December 2025) has been received from the Office of the Central GST Commissionerate, Dehradun, wherein demand of interest amounting to ₹1.60 lakh and penalty of ₹0.50 lakh relating to supplementary invoices has been confirmed. The Holding Company has filed an appeal on 13 March 2026 before the appropriate appellate authority.

The Company has been advised by its legal counsel that its position is likely to be upheld in the litigation process and accordingly no provision for any liability has been created in the financial statement.

- d) Appeals filed before Commissioner of Income tax (CIT) for demands under Income Tax Act 1961 in AY 2013-14, 2016-17, 2018-19 and 2020-21. The appeals has yet not been disposed off by CIT and the Group expects a favorable chance of getting the relief against these orders.
- e) As on 31.03.2026, The Group has contingent liability of ₹ 300.76 Lakhs (Previous Year: ₹ 22.33 lakhs) towards basic custom duty (incl. SWS) & ₹ 485.15 Lakhs towards IGST (Previous Year: ₹ 52.76 lakhs) towards custom duty for capital goods imported under Manufacturing & Other operation in Warehouse Regulation (MOOWR) scheme. The liability towards such custom duty shall be contingent upon conditions (Rate of custom duty/decision of Group to export, etc) at the time of filing of ex-bond bill of entry at the time of disposal. In case the Group decides to export such capital goods, the associated costs shall not be significant.

The Group has no other material contingent liabilities other than those disclosed above, which could devolve upon the Group.

It is not practicable for the Group to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings. The Group has assessed that it is only possible, but not probable, that outflow of economic resources will be required in respect of the above proceedings.

C. Contingent assets- Nil

42 Lease related disclosures as lessee

Lease liabilities are presented in the standalone balance sheet as follows:

Particulars	As at 31 March 2026	As at 31 March 2025
Current	252.27	197.61
Non-current	1,294.21	1,565.14
Total	1,546.48	1,762.75

The maturity analysis of lease liabilities are disclosed hereunder. Also refer note 45(II)(ii).

Particulars	As at 31 March 2026			As at 31 March 2025		
	Principal	Interest	Total payments	Principal	Interest	Total payments
Less than 1 year	252.27	119.20	371.47	197.61	146.04	343.65
1-5 years	1,294.21	374.53	1,668.74	1,565.14	508.37	2,073.51
More than 5 years	-	-	-	-	-	-
Total	1,546.48	493.73	2,040.21	1,762.75	654.41	2,417.16

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Amortisation on right-of-use assets	304.76	176.28
Interest expense on lease liabilities	144.41	103.67
Rent expense*	56.62	101.75
Total	505.79	381.70

*Rent expense for short-term leases and not included in the measurement of lease liabilities.



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

42 Lease related disclosures as lessee (Contd..)

The Group has leases for its plant, offices, vehicle and equipments. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the consolidated balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner in the balance sheet separately from other assets.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on consolidated balance sheet as at 31 March 2026 and 31 March 2025 respectively:

As at 31 March 2026

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options/ No of leases with termination options
Plant, offices, vehicle and equipment	14	1 - 11 years	14

As at 31 March 2025

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options/ No of leases with termination options
Plant, offices, vehicle and equipment	20	1 - 11 years	20

The lease liabilities are secured by the related underlying assets.

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Group does not have any liability to make variable lease payments for the right to use the underlying asset recognised in the financial statements.

The expense relating to payments not included in the measurement of the lease liability for short-term leases is ₹ 56.62 lakh (31 March 2025 - ₹ 101.75 lakh). At 31 March 2026 and 31 March 2025, the Group is not committed to any liability towards short-term leases.

Total cash outflow for leases for the year ended 31 March 2026 was ₹ 180.51 lakh (31 March 2025 - ₹ 275.42 lakh) [including ₹ 56.62 lakh (31 March 2025 - ₹ 101.75 lakh) paid towards the aforementioned short-term leases].

43 Related party disclosures

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during the reported period are as follows:

I Name of the related parties and description of relationship:

Relationship	Name of related party
Key management personnel (KMP)	Mr. Anil Aggarwal – Chairman cum Whole Time Director
	Mr. Atul Aggarwal – Managing Director
	Mr. Akhill Aggarwal – Whole Time Director
	Mr. Anish Agarwal - Director & Chief Financial Officer (with effect from 15 May 2026)
	Mr. Jaideep Wadhwa - Director
	Mr. Shailendra Swarup- Independent Director
	Mr. Rakesh Batra - Independent Director
	Ms. Rashmi Urdhwareshe - Independent Director
	Mr. Sanjiv Garg - Independent Director (with effect from 10 May 2024)

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

43 Related party disclosures (Contd..)

Relationship	Name of related party
	Mr. Vijay Madhav Paradkar- Independent Director
	Mr. Pankaj Gupta - Chief Financial Officer (till 31 December 2025)
	Mrs. Komal Malik - Company Secretary (with effect from 7 August 2025 till 28 February 2026)
	Mrs. Pragya Saxena - Company Secretary (with effect from 23 March 2026)
Enterprise over which KMP exercise control and/or significant influence	Sterling Technologies Private Limited
	Sterling Automobiles Private Limited
	Manohar Lal Aggarwal Foundation
	Swarup & Company
Relatives of KMP with whom transactions have occurred	Mrs. Promila Aggarwal (Wife of Mr. Anil Aggarwal)
	Mrs. Sarvat Amin (Wife of Mr. Atul Aggarwal)
	Ms. Ayesha Aggarwal (Daughter of Mr. Atul Aggarwal)

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

The Group's related parties primarily consist of entities over which KMP have significant control/influence. The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The following details summarise the related party transactions and balances included in the consolidated financial statements of the Group for the year ended and as at 31 March 2026 and 31 March 2025:

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
i) Transaction with enterprises over which KMP has control and/or significant influence		
a) Expenses paid- repairs and maintenance		
Sterling Automobiles Private Limited	2.18	1.91
	2.18	1.91
b) Expenses paid- Insurance/warranty		
Sterling Automobiles Private Limited	1.65	2.32
	1.65	2.32
c) Rent paid		
Sterling Technologies Private Limited	130.17	119.00
	130.17	119.00
d) Corporate social responsibility expenses paid		
Manohar Lal Aggarwal Foundation (formerly known as Sterling Tools Foundation)	111.89	99.64
	111.89	99.64
e) Legal charges paid		
Swarup & Company	0.41	0.88
	0.41	0.88
ii) Transaction with KMP and their close members		
Remuneration paid to directors (A)		
Mr. Anil Aggarwal	295.79	275.97
Mr. Atul Aggarwal	288.56	271.20
Mr. Akhill Aggarwal	103.68	77.76
Mr. Jaideep Wadhwa	761.93	1,246.88
	1,449.96	1,871.81
Remuneration paid to KMP other than directors (B)	116.68	119.59
	116.68	119.59



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

43 Related party disclosures (Contd..)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Compensation to KMP [(A)+(B) + (C)]		
Mr. Anil Aggarwal	83.00	65.00
Mr. Atul Aggarwal	83.00	65.00
Mr. Anish Agarwal	100.00	100.00
	266.00	230.00
Compensation to KMP [(A)+(B)]		
- Short term employee benefits	1,177.77	1,026.39
- Defined contribution plans	72.94	76.13
- Share based payments	581.93	1,118.88
	1,832.64	2,221.40
Dividend paid		
Mr. Anil Aggarwal	152.76	122.21
Mr. Atul Aggarwal	237.49	193.31
Mrs. Promila Aggarwal	18.88	15.10
Mr. Akhill Aggarwal	66.52	53.22
Mr. Anish Agarwal	67.55	54.04
Ms. Ayesha Aggarwal	43.63	35.98
Mrs. Sarvat Amin	1.35	-
Mr. Jaideep Wadhwa	3.79	0.28
	591.97	474.14
Director sitting fees		
Mr. Shailendra Swarup	8.50	7.00
Mr. Rakesh Batra	11.75	10.50
Ms. Rashmi Urdhwaresh	8.25	7.00
Mr. Sanjiv Garg	1.50	2.50
Mr. Vijay Madhav Paradkar	7.00	5.00
	37.00	32.00
Loan taken		
Mr. Anish Agarwal	-	0.50
	-	0.50
Loan repaid		
Mr. Anish Agarwal	-	2.90
	-	2.90
Reimbursement of expenses		
Mr. Jaideep Wadhwa	24.32	38.83
Mr. Anish Agarwal	-	16.21
Mr. Pankaj Gupta	-	6.76
	24.32	61.80

iii) Closing balances

Particulars	As at 31 March 2026	As at 31 March 2025
Commission payable		
Mr. Anil Aggarwal	50.63	55.25
Mr. Atul Aggarwal	50.63	55.25
Mr. Anish Agarwal	45.00	45.00
Total	146.26	155.50

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

43 Related party disclosures (Contd..)

Particulars	As at 31 March 2026	As at 31 March 2025
Outstanding payable		
Sterling Automobiles Private Limited	-	0.27
Swarup & Company	-	0.45
Mr. Jaideep Wadhwa	0.22	1.31
Total	0.22	2.03

Note

- 1) The sale to and purchase from and other transactions with related parties are made on terms equivalent to those that prevail in an arm's length transaction.
- 2) Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash
- 3) The remuneration to the Key managerial personnel does not include the provisions made for gratuity as they are determined for the Group as a whole.
- 4) The holding company has provided corporate guarantee to bank amounting to Rs 11,133.00 lakhs on behalf of a subsidiary company for term loan and cash credit limit sanctioned to the subsidiary.

44 Fair value measurements

I Financial instruments

(a) Financial instruments by category

Derivative financial instruments and investment in mutual funds are measured at fair value through profit or loss. Investment in equity instruments are measured at fair value through other comprehensive income. Other than the aforementioned, all other financial assets and liabilities viz. security deposits, cash and cash equivalents, other bank balances, interest receivable, other receivables, trade payables, employee related liabilities and borrowings, are measured at amortised cost.

(b) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its consolidated financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels of in the fair value hierarchy:

Particulars	FVOCI	Carrying amount				Fair value			
		FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Current investments	-	-	-	-	-				
Financial assets which are measured at amortised cost for which fair values are disclosed									



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

44 Fair value measurements (Contd..)

Particulars	FVOCI	Carrying amount				Fair value			
		FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Loans	-	-	6.15	-	6.15				
Other financial assets	-	-	723.39	-	723.39				
Trade receivables	-	-	9,946.31	-	9,946.31				
Cash and cash equivalents	-	-	4,841.36	-	4,841.36				
Other bank balance	-	-	11,025.97	-	11,025.97				
	-	-	26,543.18	-	26,543.18				
Financial liabilities measured at fair value									
Other forward exchange contracts	-	-	-	-	-				
Financial liabilities which are measured at amortised cost for which fair values are disclosed									
Borrowings	-	-	-	13,123.62	13,123.62				
Lease liabilities	-	-	-	1,546.48	1,546.48				
Trade payables	-	-	-	7,411.49	7,411.49				
Other financial liabilities	-	-	-	2,244.12	2,244.12				
	-	-	-	24,325.71	24,325.71				

As at 31 March 2025

Particulars	FVOCI	Carrying amount				Fair value			
		FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Current investments	-	1,502.28	-	-	1,502.28	1,502.28		-	1,502.28
Financial assets which are measured at amortised cost for which fair values are disclosed									
Loans	-	-	11.78	-	11.78				
Other financial assets	-	-	706.39	-	706.39				
Trade receivables	-	-	6,544.76	-	6,544.76				
Cash and cash equivalents	-	-	2,366.35	-	2,366.35				
Other bank balance	-	-	12,427.23	-	12,427.23				
	-	1,502.28	22,056.51	-	23,558.79				

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

44 Fair value measurements (Contd..)

Particulars	FVOCI	Carrying amount				Fair value			
		FVTPL	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value									
Other forward exchange contracts	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	13,744.66	13,744.66				
Lease liabilities	-	-	-	1,762.75	1,762.75				
Trade payables	-	-	-	6,230.81	6,230.81				
Other financial liabilities	-	-	-	724.68	724.68				
	-	-	-	22,462.90	22,462.90				

*The equity securities which are not held for trading, and for which the Holding Company has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as this is strategic investment and the Holding Company considered this to be more relevant.

The Group has an established control framework with respect to the measurement of fair values. The finance and accounts team of Group that has overall responsibility for overseeing all significant fair value measurements and reports directly to the respective board of directors. The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Holding Company's board of directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers within the levels for the year ended 31 March 2026 and 31 March 2025.

Measurement of fair values

Valuation techniques and significant unobservable inputs

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value
Forward exchange contracts	The fair value of forward exchange contracts is determined using forward exchange rates as at the balance sheet date.	Not applicable	Not applicable
Investment in quoted mutual funds measured at fair value through profit or loss	The fair value of investment in mutual funds is determined using quoted NAV as at the balance sheet date.	Not applicable	Not applicable



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

44 Fair value measurements (Contd..)

Type	Valuation technique	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value
Investment in unquoted equity instruments measured at fair value through other comprehensive income	The fair value of investment in equity instruments is determined on the basis of independent valuation using the Discounted Cash Flow (DCF) method.	Long-term growth rate and discount rates	The estimated fair value would increase (decrease) if: - the long-term growth rate would be higher (lower); - the discount rate were lower (higher). "

Fair value of financial assets and liabilities measured at 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 amortised cost, the carrying amounts are considered equal to their respective 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 and other receivables, and cash and short-term deposits that derives directly from its operations.

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

A. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Group. Credit risk arises principally from trade receivables, derivative financial instruments, loans and advances, cash and cash equivalents and deposits with banks.

Trade receivables

The Group primarily sells automotive components to bulk customers comprising mainly automotive manufacturers operating in India and outside India. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in note 40(C).

Cash and cash equivalents and deposits with banks

Cash and cash equivalents and other bank balances of the Group are held with banks which have high external rating. The Group considers that its cash and cash equivalents and other bank balances have low credit risk based on the external credit ratings of the counterparties.

Loans to employees, security deposits and other financial assets

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. Other financial assets majorly includes receivables from scrap sales wherein the Group monitors the credit risk of the respective customer/dealers on the basis of the individual characteristics of the customer/dealer and any default risk or increased credit risk in the past.

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

44 Fair value measurements (Contd..)

Plan assets

The Holding Company has taken gratuity insurance policy from LIC of India for funding of its employee benefit obligations, LIC of India generally invest in securities of high credit rating.

(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 2026			31 March 2025		
	Gross amount	Expected credit loss	Net amount	Gross amount	Expected credit loss	Net amount
Financial assets for which loss allowance is measured using 12 months expected credit loss model:						
Other non-current financial assets	653.06	-	653.06	654.99	-	654.99
Current investments	-	-	-	1,502.28	-	1,502.28
Cash and cash equivalents	4,841.36	-	4,841.36	2,366.35	-	2,366.35
Other bank balances	11,025.97	-	11,025.97	12,427.23	-	12,427.23
Current loans	6.15	-	6.15	11.78	-	11.78
Other current financial assets	70.33	-	70.33	51.40	-	51.40
	16,596.87	-	16,596.87	17,014.03	-	17,014.03
Financial assets for which loss allowance is measured using life time expected credit loss:						
Trade receivables	11,670.67	(1,724.36)	9,946.31	6,824.53	(279.77)	6,544.76
	11,670.67	(1,724.36)	9,946.31	6,824.53	(279.77)	6,544.76

Provision for expected credit loss

(a) Financial assets for which loss allowance is measured using 12 month expected credit loss

The Group has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Hence, no impairment loss has been recognised during the reporting periods in respect of these assets.

(b) Financial assets for which loss allowance is measured using life time expected credit loss

The Group has customers with strong capacity to meet the obligations and therefore the risk of default is negligible in respect of outstanding from customers. Further, management believes that the unimpaired amounts that are past due by more than 60 days are still collectible in full. The expected credit loss on trade receivables has been determined as follows under the simplified approach:

Ageing as at 31 March 2026	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Gross carrying amount as 31 March 2026	6,278.08	2,448.79	1,343.25	1,419.88	14.80	165.87	11,670.67
Expected loss rate	-	8%	48%	49%	93%	99%	
Expected credit losses	-	201.25	642.70	701.87	13.69	164.86	1,724.36
Carrying amount of trade receivables (net of impairment)	6,278.08	2,247.54	700.56	718.01	1.11	1.01	9,946.31



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

44 Fair value measurements (Contd..)

Ageing as at 31 March 2025	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Gross carrying amount as 31 March 2025	5,365.17	1,127.19	87.41	27.91	69.08	147.77	6,824.53
Expected loss rate	-	-	46%	89%	98%	100%	
Expected credit losses	-	-	40.00	24.80	67.68	147.29	279.77
Carrying amount of trade receivables (net of impairment)	5,365.17	1,127.19	47.41	3.11	1.40	0.48	6,544.76

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 2026, the Group has a working capital of Rs 22,314.42 lakh (31 March 2025 - ₹ 23,184.11 lakh) including cash and cash equivalents of Rs 4,841.36 lakh (31 March 2025 - ₹ 2,366.35 lakh)

(i) Financing arrangements

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2026	As at 31 March 2025
Non- derivative financial liabilities		
Floating-rate borrowings		
- Expiring within one year	12,928.13	12,442.45
- Expiring beyond one year	-	-

(ii) Maturities of financial liabilities

The following are the contractual maturities of non-derivative financial liabilities, based on contractual cash flows excluding interest for future years :

31 March 2026

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
Non-derivative financial liabilities						
Non current borrowings	444.25	444.25	284.73	284.73	2,010.69	3,468.66
Lease liabilities	67.95	63.58	63.33	59.65	1,291.98	1,546.48
Other non-current financial liabilities						
- Security deposits	-	-	-	-	43.55	43.55
Current borrowings						
- Working capital loans	9,615.98	-	-	-	-	9,615.98
Trade payables	7,411.49	-	-	-	-	7,411.49
Creditors for capital goods	313.05	-	-	-	-	313.05
Interest accrued but not due	38.98	-	-	-	-	38.98
Employee related payables	383.59	-	-	-	-	383.59
Customer obligation	1,495.55	-	-	-	-	1,495.55
Unclaimed dividend	8.38	-	-	-	-	8.38
Total	19,779.22	507.83	348.06	344.38	3,346.22	24,325.71

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

44 Fair value measurements (Contd..)

31 March 2025

Contractual maturities of financial liabilities	Contractual cash flows					Total
	Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	
Non-derivative financial liabilities						
Non current borrowings	475.50	475.50	454.67	444.25	3,468.06	5,317.98
Lease liabilities	33.35	54.75	54.75	54.76	1,565.14	1,762.75
Other non current financial liabilities						
- Security deposits	-	-	-	-	46.25	46.25
Current borrowings						
- Working capital loans	8,388.86	-	-	-	-	8,388.86
Trade payables	6,230.81	-	-	-	-	6,230.81
Creditors for capital goods	265.87	-	-	-	-	265.87
Interest accrued but not due	37.82	-	-	-	-	37.82
Employee related payables	404.16	-	-	-	-	404.16
Unclaimed dividend	8.40	-	-	-	-	8.40
Total	15,844.77	530.25	509.42	499.01	5,079.45	22,462.90

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 of the Holding Company is responsible for setting up of policies and procedures to manage market risks of the Group. The Group is carrying out imports of certain raw materials and capital goods and exports finished goods which are denominated in the currency other than the functional currency of the Group which exposes it to foreign currency risk. In order to minimise the risk, the Group executes forwards contract with respect to purchases and sale made in currency other than its functional currency, the foreign exchange exposure of the Group is ascertained on the basis of the progress billings and purchase orders issued

(i) Currency risk

The Group is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates.

The currency profile of financial assets and financial liabilities are as below:

Particulars	'As at 31 March 2026					
	EURO	VND	USD	CNY	GBP	HKD
Financial assets						
Trade receivables	233.78	0.04	19.03	1.77	58.03	0.02
Financial liabilities						
Trade payables	-	-	212.41	2,244.81	-	-
Net exposure to foreign currency risk - assets / (liabilities)	233.78	0.04	(193.38)	(2,243.04)	58.03	0.02

Particulars	As at 31 March 2025					
	EURO	VND	USD	CNY	GBP	HKD
Financial assets						
Trade receivables	82.61	-	0.57	0.11	24.64	0.05
Financial liabilities						
Trade payables	-	-	21.24	2,042.18	-	-
Net exposure to foreign currency risk - assets / (liabilities)	82.61	-	(20.67)	(2,042.07)	24.64	0.05



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

44 Fair value measurements (Contd..)

Sensitivity analysis

A strengthening/weakening of the Indian Rupee, as indicated below, against foreign currency as at the year end would have increased (decreased) profit or loss (after 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.

Particulars	Profit and loss (after tax) and equity	
	Strengthening	Weakening
31 March 2026		
INR/EUR	11.69	(11.69)
INR/USD	(9.67)	9.67
INR/CNY	(112.15)	112.15
INR/GBP	2.90	(2.90)

Particulars	Profit and loss (after tax) and equity	
	Strengthening	Weakening
31 March 2025		
INR/EUR	4.13	(4.13)
INR/USD	(1.03)	1.03
INR/CNY	(102.10)	102.10
INR/GBP	1.23	(1.23)

(ii) Interest rate risk

The Group is exposed to interest rate risk arising mainly from non-current and current borrowings with floating interest rates. The Group is exposed to interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments is as follows:

Particulars	31 March 2026	31 March 2025
Financial assets:		
Fixed rate instruments		
- Fixed deposits	14,480.44	13,802.77
Total	14,480.44	13,802.77
Variable-rate instruments		
- Rupee term loans	3,468.66	5,317.98
- Working capital facilities	8,321.87	7,557.55
Total	11,790.53	12,875.53

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 (after 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

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

Particulars	Profit or loss (after tax) and equity	
	100 bps increase	100 bps decrease
31 March 2026		
Rupee term loans	(25.96)	25.96
Working capital facility	(62.27)	62.27
Cash flow sensitivity (net)	(88.23)	88.23

Particulars	Profit or loss (after tax) and equity	
	100 bp increase	100 bp decrease
31 March 2025		
Rupee term loans	(28.80)	28.80
Working capital facility	(27.02)	27.02
Cash flow sensitivity (net)	(55.82)	55.82

(iii) Price risk

The Group is mainly exposed to the price risk mainly due to its investment in mutual funds and equity instruments, which are measured at fair value through profit or loss. The price risk arises due to uncertainties about the future market values (quoted prices or NAV) of these instruments. To manage the price risk arising from investments in mutual funds and equity instruments, the group diversifies its portfolio. Further, the management reviews the investment portfolio and the movement in the market to manage the risk.

The Group's investment in the mutual funds and equity instruments are publicly traded.

Sensitivity analysis

To provide a meaningful assessment of the price risk associated with the Group's investment portfolio, the Group performed the sensitivity analysis to determine the impact of change in prices of the mutual funds and equity instruments that would have on the value of investment portfolio, assuming a 1% changes in the prices of mutual funds and equity instruments.

Particulars	Profit or loss (after tax) and equity				Value of investment			
	For the year ended 31 March 2026		For the year ended 31 March 2025		As at 31 March 2026		As at 31 March 2025	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Investment in mutual funds and equity instruments	-	-	11.24	(11.24)	-	-	15.02	(15.02)

45 Capital management

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an appropriate capital structure of debt and equity

The management assesses the capital requirements in order to maintain an efficient overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group is not subject to externally imposed capital requirements.

The Group monitors capital on the basis of its gearing ratio which is net debt divided by total equity. Net debt comprises of non-current and current borrowings less cash and cash equivalents. Equity includes equity share capital and other equity that are managed as capital. The gearing ratio at the end of the reporting year and previous year are as follows:



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

45 Capital management (Contd..)

Particulars	31 March 2026	31 March 2025
Total borrowings	13,123.62	13,744.66
Less: Cash and cash equivalents	4,841.36	2,366.35
Net debt	8,282.26	11,378.30
Total equity	52,625.06	49,967.44
Net debt to equity ratio	0.16	0.23

46 Interests in other entities

Subsidiaries

Name of entity	Principal place of business	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025	
Sterling E-Mobility Solutions Limited (Formerly known as Sterling Gtake E-Mobility Limited)	India	100.00%	100.00%	-	-	Manufacturing and trading of motor control unit (MCU) used in automobile industry
Sterling Advanced Electric Machines Private Limited	India	100.00%	100.00%	-	-	Manufacturing of magnet free motor and associated powertrain components
Sterling Tech Mobility Limited	India	100.00%	100.00%	-	-	Manufacturing of motor vehicle electrical equipments
Sterling E-Mobility Private Limited	India	100.00%	100.00%	-	-	Design, develop, manufacture and promote mechanical and electrical components
Sterling Overseas Pte. Ltd.	Singapore	100.00%	100.00%	-	-	The company is engaged in investment activities

47 Employee Stock Option Plan ('ESOP')

During the earlier year ended 31 March 2024, the Holding Company vide resolution dated 30 October 2023, approved the 'STL-Employee Stock Option Plan-2023'. The Employee Stock Option Plan ('ESOP') is introduced to provide employees of the Group, with an additional incentive based on productivity and performance and thereby to motivate them to contribute to the overall corporate growth and profitability. The Holding Company aims to make the overall compensation structure attractive to attract, retain and suitably reward the employees and unify the interests of the Group's personnel and shareholders.

Under the plan, options granted to the employees shall vest on satisfying time-based eligibility criteria, which shall not be earlier than one year and not later than the maximum period of five years from the date of the grant of the options. The options which have vested can be exercised by the eligible employees within a period of ten years from the date of vesting. When exercisable, each option is convertible into one equity share

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

47 Employee Stock Option Plan (Contd..)

Description	Year ended 31 March 2026		Year ended 31 March 2025	
	No. of options	Weighted average exercise price (in ₹)	No. of options	Weighted average exercise price (in ₹)
Total no. of options granted till date	6,40,431		6,40,431	
Opening balance as at the beginning of the year	4,80,324	2	6,40,431	2
Granted during the year	-	-	-	-
Exercised during the year	(1,60,108)	-	(1,60,107)	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Closing balance as at the end of the year	3,20,216	2	4,80,324	2
Exercisable as at the end of the year	-	-	-	-
Weighted average share price at the date of exercise (₹)	-	-	-	-
Weighted average remaining period (in years)	6.34 years		6.84 years	
Exercise price (₹)	2		2	-

Expected volatility during the expected life of the options is estimated using the historical volatility of the Holding Company during the period equivalent to the expected life of the options from the grant date. As the options are vesting on graded basis, the expected volatility has been estimated for each tranche of the options vested using the historical volatility of the Company during the period equivalent to the expected life of each tranche of the options.

The related compensation cost has been calculated using fair value method as described above and the Group has recorded an expense of ₹ 581.93 lakhs during the year (31 March 2025: ₹ 1118.88) under 'employee benefits expense' in accordance with Ind AS 102, Share based payments.

Pursuant to the ESOP Plan 2023, 1,60,107 & 1,60,108 options have been granted to an employee of a subsidiary company which were vested on 31st January 2025 & 31st January 2026 respectively and were subsequently exercised by employee. Based on the Exercise Letter, Nomination and Remuneration Committee recommendation, and Board approval of Sterling Tools Limited, the equity shares have been allotted to the employee.

48 On November 21, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating twenty-nine existing labour laws. The Group has assessed and disclosed the incremental impact of these changes on the basis of best information available, consistent with the guidance provided by the Institute of Chartered Accountants of India. The incremental impact on provision for gratuity of ₹ 160.55 lakhs and on provision for long-term compensated absences of ₹ 27.44 lakhs has primarily arisen due to changes in definition of wages. The Group will continue to monitor the finalisation of Central and State Rules and further Government clarifications, and will record any additional accounting impact, as required.

49 The Ministry of Corporate Affairs (MCA) has prescribed a requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules, 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

For the year ended 31 March 2026, the Holding company and its Indian subsidiaries uses accounting softwares for maintenance of books of account, which records the logs for all the transactions and edit logs for the changes therein. Further, the edit logs of events for the changes directly at the database level for the accounting software used for the maintenance of all accounting records was not enabled by two subsidiaries. Furthermore, the audit trail has been preserved by the Holding Company and its Indian subsidiaries as per the statutory requirements for record retention.

Further, accounting software used for payroll processing of the Holding Company is operated by a third party software service provider and the availability of audit trail (edit logs) are covered in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization). There is an exception in the design of control, whereby for changes made directly at the database level, the audit trail logs do not capture old values. Also, the audit trail has been preserved by the Company as per the statutory requirements for record retention.



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

50 Disclosures pursuant to Ind AS 115, Revenue from Contracts with Customers, are as follows:

(a) Disaggregation of revenue

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography, type and timing of recognition.

Description	Year ended 31 March 2026	Year ended 31 March 2025
Revenue by geography		
Domestic	79,183.09	1,00,494.52
Export	1,132.55	1,276.30
	80,315.64	1,01,770.82
Customer wise		
Related party	-	-
Non-related party	80,315.64	1,01,770.82
	80,315.64	1,01,770.82
Revenue by time		
Revenue recognised at point in time	80,315.64	1,01,770.82
	80,315.64	1,01,770.82

(b) Revenue recognised in relation to contract liabilities

Ind AS 115 requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Disclosure for the same is as below:

Description	Year ended 31 March 2026	Year ended 31 March 2025
Amounts included in contract liabilities at the beginning of the year	722.45	310.84
Performance obligations satisfied in previous years	-	-
	722.45	310.84

(c) Assets and liabilities related to contracts with customers

Description	As at 31 March 2026		As at 31 March 2025	
	Non-current	Current	Non-current	Current
Contract assets related to sale of goods	-	-	-	-
Contract liabilities related to sale of goods				
Contract liabilities - Advance from customers (Refer note 27)	-	355.42	-	722.45
Contract liabilities - Security deposit (Refer note 23)	57.50	-	52.50	-
Contract liabilities - Customer Obligation (Refer note 26)	-	1,495.55	-	-

(d) Significant changes in contract assets and liabilities

Changes in balance of contract liabilities during the year:

Description	31 March 2026	31 March 2025
Opening balance of contract liabilities	774.95	365.24
Amount of revenue recognised against opening contract liabilities	(722.45)	(310.84)
Addition in balance of contract liabilities for current year	1,855.97	720.55
Closing balance of contract liabilities	1,908.47	774.95

There has been no significant changes in contract assets/liabilities during the year.

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

50 Disclosures pursuant to Ind AS 115, Revenue from Contracts with Customers, are as follows: (Contd..)

(e) Reconciliation of revenue recognised in Consolidated Statement of Profit and Loss with contract price

Description	Year ended 31 March 2026	Year ended 31 March 2025
Contract price	82,445.81	1,04,444.22
Less: Discounts	1,803.43	2,378.57
Less: Freight	326.74	294.83
Revenue from operations as per Consolidated Statement of Profit and Loss	80,315.64	1,01,770.82

(f) Satisfaction of performance obligations

The Group's revenue is derived from single performance obligation to transfer primarily its products under arrangements in which the transfer of control of the products and the fulfilment of the Group's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Group has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Group will collect the consideration to which it is entitled to in exchange for the goods. Whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms. For the Group's operations, generally the criteria to recognize revenue has been met when its products are delivered to its customers or to a carrier who will transport the goods to its customers, this is the point in time when the Group has completed its performance obligations. Revenue is measured at the transaction price of the consideration received or receivable, the amount the Group expects to be entitled to.

Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-60 days.

Variable considerations associated with such sales

Periodically, the Group enters into volume or other rebate programs where once a certain volume or other conditions are met, it refunds the customer some portion of the amounts previously billed or paid. For such arrangements, the Group only recognises revenue for the amounts it ultimately expects to realise from the customer. The Group estimates the variable consideration for these programs using the most likely amount method or the expected value method, whichever approach best predicts the amount of the consideration based on the terms of the contract and available information and updates its estimates each reporting period.

51 Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Act:

(I) For the financial year ended 31 March 2026

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income (net of tax)		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss
Holding Company								
Sterling Tools Limited	52,850.45	100.43%	6,420.21	218.91%	48.16	67.59%	6,468.37	215.32%
Subsidiaries								
Sterling E-Mobility Solutions Limited	5,814.23	11.05%	(2,368.30)	-80.75%	22.70	31.86%	(2,345.60)	-78.08%



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

51 (Contd..)

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income (net of tax)		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss
Sterling Advanced Electric Machines (P) Limited	0.06	0.00%	(1.49)	-0.05%	-	-	(1.49)	-0.05%
Sterling Tech Mobility Limited	3,607.31	6.85%	(748.46)	-25.52%	-	-	(748.46)	-24.91%
Sterling E-Mobility Private Limited	0.93	0.00%	(1.73)	-0.06%	-	-	(1.73)	-0.06%
Sterling Overseas Pte. Ltd.	17.71	0.03%	(27.45)	-0.94%	0.40	0.56%	(27.05)	-0.90%
Consolidation Adjustment/ Elimination	(9,665.63)	-18.37%	(339.94)	-11.59%	-	-	(339.94)	-11.32%
Total	52,625.06	100%	2,932.84	100%	71.26	100%	3,004.10	100%

(II) For the financial year ended 31 March 2025

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income (net of tax)		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss
Holding Company								
Sterling Tools Limited	46,701.56	93.46%	4,286.97	73.54%	(951.75)	99.90%	3,335.22	68.39%
Subsidiaries								
Sterling E-Mobility Solutions Limited	7,577.90	15.17%	1,658.92	28.46%	(0.79)	0.08%	1,658.13	34.00%
Sterling Advanced Electric Machines (P) Limited	1.54	0.00%	(0.68)	-0.01%	-	-	(0.68)	-0.01%
Sterling Tech Mobility Limited	1,282.77	2.57%	(98.46)	-1.69%	-	-	(98.46)	-2.02%
Sterling E-Mobility Private Limited	2.67	0.01%	-	-	-	-	-	-

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income (net of tax)		Share in total comprehensive income	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated profit and loss
Sterling Overseas Pte. Ltd.	(16.79)	-0.03%	(17.44)	-0.30%	(0.19)	0.02%	(17.63)	-0.36%
Consolidation Adjustment/ Elimination	(5,582.21)	-11.17%	-	-	-	-	-	-
Total	49,967.44	100%	5,829.31	100%	(952.73)	100%	4,876.58	100%

52 The Board of Directors of the Holding Company at its meeting held on 15 May 2026, have recommended a final dividend of ₹ 2.75 per share (face value of ₹ 2 per share) for the financial year 2025-26, which is subject to the approval of the members at the ensuing Annual General Meeting.

53 Other statutory information

- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder
- The Group has not been declared willful defaulter by any bank or financial institutions or other lenders.
- The Group does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- The Group has complied with number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the current and preceding year in the tax assessments under the Income-tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961).
- The Group has not traded or invested in crypto currency or virtual currency during the current and the preceding financial year.
- The Group does not have any charges or satisfaction which is yet to be registered with Registrars of Companies ('ROC') beyond the statutory period.



Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)

54 Previous year figures have been regrouped/reclassified, where necessary, to conform to the current period's classification. The impact of such reclassification/regrouping is not material to the consolidated financial statements.

As per our report of even date attached.

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

Ashish Gera
Partner
Membership no. 508685

Place: Faridabad
Date: 15 May 2026

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

Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214

Pragya Saxena
Company Secretary
M. No. F 9640

Atul Aggarwal
Managing Director
DIN : 00125825

Anish Agarwal
Director & Chief Financial Officer
DIN : 07056465

STERLING TOOLS LIMITED

CIN: L29222DL1979PLC009668

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Corporate Office: Plot No. 4, D L F Industrial Estate, Faridabad-121003

E-mail: csec@stlfasteners.com, Website: www.stlfasteners.com

Tel: +91 129 2270621-25

Notice for the Annual General Meeting

Notice is hereby given that the Forty-Seventh (47th) Annual General Meeting of the Members of **Sterling Tools Limited** will be held on Friday, 4th September 2026 at 11:00 A.M. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), to transact the following businesses:

Ordinary Business

1. Adoption of Financial Statements:

To receive, consider and adopt the audited Standalone & Consolidated Financial Statements together with the report of Board of Directors and Auditors thereon and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 134 of the Companies Act, 2013, the audited Standalone & Consolidated Financial Statements of the Company for the financial year ended 31st March, 2026 together with the report of Board of Directors and Auditors thereon, as circulated to the members, be and are hereby adopted".

2. Declaration of dividend for financial year 2025-26:

To declare dividend on equity shares for the financial year ended 31st March 2026, and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT dividend at the rate of ₹ 2.75/- (Rupees Two and Seventy Five Paise only) per equity share of face value of ₹ 2/- (Rupees Two only) each fully paid-up on equity shares of the Company, as recommended by the Board of Directors, be and is hereby declared as dividend for the financial year ended 31st March 2026."

3. Re-appointment of Retiring Director:

To appoint Mr. Akhill Aggarwal (DIN: 01681666), as Director of the Company who retires by rotation and being eligible, offer himself for re-appointment and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Akhill Aggarwal (DIN: 01681666), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation".

Special Business

4. Approval for payment of remuneration to Mr. Akhill Aggarwal (DIN 01681666), Whole Time Director of the Company:

To approve the remuneration of Mr. Akhill Aggarwal (DIN 01681666), Whole Time Director of the Company, and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with applicable Rules made thereunder and Regulation 17(6) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), including any statutory modification(s) or re-enactment thereof, and pursuant to the recommendation of the Nomination and Remuneration Committee, and approval of the Board of Directors, consent of the members of the Company be and is hereby accorded for payment of remuneration payable to Mr. Akhill Aggarwal (DIN: 01681666), Whole-Time Director of the Company, for the balance period of his tenure upto 9th May 2029, as set out in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT notwithstanding anything to the contrary contained herein, where in any financial year during the tenure of Mr. Akhill Aggarwal (DIN: 01681666) as Whole Time Director, the Company has no profits or its profits are inadequate, the Company shall pay Mr. Akhill Aggarwal (DIN: 01681666), the above remuneration as minimum remuneration i.e., within the overall approved limits.

RESOLVED FURTHER THAT the tenure of appointment of Mr. Akhill Aggarwal (DIN: 01681666) as Whole-Time Director, as previously approved by the members, shall remain unchanged and shall continue upto 9th May 2029.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper or expedient to give effect to this resolution."



5. Ratification of remuneration to Cost Auditors for the financial year 2026-27:

To ratify the remuneration of the Cost Auditors for the FY 2026-27 and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of the Cost Auditors viz. M/s Jitender, Navneet & Co., Cost Accountants (Firm Registration

No. 000119), appointed by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2027, amounting to ₹1,60,000/- (Rupees One Lakh Sixty Thousand only), plus applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board
For **Sterling Tools Limited**

Pragya Saxena
Company Secretary
Membership No. F9640

Date: 5th August, 2026
Place: Faridabad

Registered Office:

DJ-1210, 12th Floor, DLF Tower B,
Jasola District Centre,
New Delhi-110025

NOTES:

1. Pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021, 02/2022, 10/2022, 09/2023, 09/2024 and 03/2025 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 08, 2021, December 14, 2021, May 05, 2022, December 28th, 2022, September 25th, 2023, September 19, 2024 and September 22, 2025 respectively issued by the Ministry of Corporate Affairs ('MCA') (collectively referred to as 'MCA Circulars') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), has permitted to hold Annual General Meeting ('AGM') through VC/OAVM. In compliance with the provisions of the Companies Act, 2013 (the Act'), SEBI Listing Regulations and MCA Circulars, the 47th AGM of the Company is being conducted through VC/ OAVM which does not require the physical presence of members at a common venue.
2. The deemed venue of the meeting shall be the Registered Office of the Company at DJ-1210, 12th Floor, DLF Tower B, Jasola District Centre, New Delhi-110025.
3. An Explanatory Statement pursuant to Section 102 of the Act, setting out all material facts in respect of Special Business to be transacted at the AGM is annexed hereto and forms part of this Notice.
4. A statement giving relevant details of the directors seeking re-appointment under Item No. 3 of the accompanying notice, as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the Secretarial Standard-2 issued by the Institute of Company Secretaries of India, is annexed herewith as **Annexure-I**.
5. In terms of MCA Circulars and SEBI Listing regulations, since physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility for appointment of proxies by the Members under Section 105 of the Act, will not be available for this AGM and, hence, the Proxy Form, Attendance Slip, and route map are not annexed to this Notice. The Board of Directors has appointed Mr. Santosh Kumar Pradhan, Practicing Company Secretary (FCS No. 6973, CP No. 7647) as the Scrutinizer for the voting and remote e-voting process in a fair and transparent manner.
6. Corporate/Institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy of its Board or governing body resolution/ authorization etc., authorizing its representative to attend AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization be sent to the Scrutinizer by email to santosh@kritiadvisory.com with a copy marked to evoting@nsdl.com and csec@stlfasteners.com. Corporate/ Institutional members (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
7. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. Members can login and join the AGM 30 minutes prior to the scheduled time to start the AGM and the window for joining shall be kept open till the expiry of 15 minutes after the scheduled time to start the AGM. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members, on a first-come-first- serve basis. However, the participation of large members (members holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Auditors can attend the AGM without restriction of first-come-first serve basis. Instructions and other information for members for attending the AGM through VC/OAVM are given in this Notice.
9. In case of joint holders attending the Meeting, only such joint holder who is first in the order of names will be entitled to vote.
10. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the aforesaid MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using a remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
11. For ease of conduct, members who would like to ask questions/express their views on the items of the business to be transacted at the meeting can send in their questions/ comments in advance mentioning their name, demat account number/ folio number, email id, mobile number at csec@stlfasteners.com the same will be replied by the Company suitably.

Those Members who have registered themselves before 5:00 P.M. (IST) on Saturday, 29th August, 2026, as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
12. The Registers of Members and Share Transfer Books of the Company will remain closed from Saturday, 29th August, 2026 to Friday, 4th September 2026 (both days inclusive) for the purpose of annual closure of books.



13. Payment of Dividend on Company's Equity Shares for the year ended 31st March 2026 as recommended by the Board of Directors, if approved at the AGM, shall be subject to deduction of tax at source and will be made as under:

- (i) To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as of the close of business hours on Friday, 28th August, 2026.
- (ii) To all Members in respect of shares held in physical form after giving effect to valid transfer, transmission or transposition requests lodged with the Company as of the close of business hours on Friday, 28th August, 2026.
- (iii) The Dividend, if approved, will be payable as per Section 123 of the Companies Act, 2013.

14. The Securities and Exchange Board of India ("SEBI"), vide its various circulars has mandated for the Members holding securities in physical form to furnish PAN, KYC (complete address with pin-code, bank detail with MICR-CODE & IFS CODE, Email-ID, Mobile Number) and Nomination details to the Registrar and Transfer Agent ("RTA") of the Company.

In view of the above, Members of the Company holding securities in physical form are requested to provide following documents/ details to RTA:

- i. PAN; (using ISR-1)
- ii. Confirmation of signature of Securities holder by the Banker. (using ISR-2)
- iii. Nomination in Form No.SH-13 or submit declaration to 'Opt-out of Nomination' in Form ISR-3;
- iv. Contact details including Postal address with PIN code, Mobile Number, E-mail address;
- v. Bank Account details including Bank name and branch, Bank account number, IFS code;
- vi. Cancelled cheque ;
- vii. Any cancellation or variation in nomination shall be provided in Form No.SH-14

All of the above required documents/details to be sent at the address of registered office of the RTA at T-34 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020. The Members can download the forms mentioned in SEBI circular from the website of the RTA i.e. www.masserv.com.

A separate communication will be sent to the respective members with in the prescribed time.

15. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1st April 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate

all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members may also visit website of depositories viz. National Securities Depository Limited ("NSDL") at <https://nsdl.co.in/faqs/faq.php> or Central Depository Services (India) Limited ("CDSL") at <https://www.cdslindia.com/Investors/open-demat.html> for further understanding the demat procedure. Members can contact the Company Secretary or Mas Services Limited, Company's Registrar and Share Transfer Agents ("RTA") (Tel. No. 011 26387281/82/83) for assistance in this regard.

Further, in compliance with SEBI master circular HO/38/13/(4)2026-MIRSD-POD/I/4298/2026 dated 6th February 2026, the following requests received by the Company in physical form will be processed and the shares will be issued in dematerialization form only: -

- i. Issue of duplicate securities certificate
- ii. Claim from unclaimed suspense account
- iii. Renewal/Exchange of securities certificate
- iv. Endorsement
- v. Sub-division / splitting of securities certificate
- vi. Consolidation of securities certificates/folios
- vii. Transmission
- viii. Transposition

For this purpose, the securities holder/claimant shall submit a duly filled up Form ISR-4 which is hosted on the website of the MAS Services Ltd, Registrar and Share Transfer Agent (RTA) The aforementioned form shall be furnished in hard copy form.

The Members may note that the SEBI, through its circular dated September 7, 2020, had initially set March 31, 2021, as the deadline for the re-lodgment of such transfer deeds. However, based on the representations received from investors, Registrar and Transfer Agents (RTAs), and listed companies highlighting that several investors were unable to meet the earlier deadline, SEBI has now granted a final opportunity for re-lodgment.

Accordingly, SEBI, vide its circular HO/38/13/11(2)2026-MIRSD-POD/I/3750/2026 dated January 30, 2026 has announced to open another special window for transfer and dematerialisation ("demat") of physical securities which were sold/purchased prior to April 01, 2019 from February 5, 2026, to February 4, 2027, during which eligible shareholders may re-lodge their previously rejected, returned or not attended due to deficiency in the documents/process/or otherwise.

It is important to note that all such transfers will be processed exclusively in dematerialized form, in compliance with the prescribed procedure for transfer-cum-demat requests.

Members holding shares in physical form are requested to dematerialize their holdings at the earliest.

16. Members who have not yet registered their e-mail addresses are requested to register the same with their Depository Participants ("DP") in case the shares are held by them in electronic form and with the Company/RTA in case the shares are held by them in physical form.

17. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, etc., to their DPs if the shares are held by them in electronic form and to the Company/RTA if the shares are held by them in physical form.

18. For receiving all future correspondence (including Annual Report) from the Company electronically–

In case you have not registered your email ID with the Company/Depository, please follow below instructions to register your email ID for obtaining Annual Report for FY 2025-26 and login details for e-voting.

I. Physical Holding

Send a request to RTA of the Company i.e. MAS Services Limited at T-34, 2nd Floor, Okhla Industrial Area Phase - II, New Delhi - 110 020 in duly filled Form No. ISR-1, which can be downloaded from the website of the RTA i.e. www.masserv.com under download tab. You can also send the Form No. ISR-1 with your digital signature to RTA's email id at investor@masserv.com under copy marked to company at csec@stlfasteners.com.

II. Demat Holding

Please contact your Depository Participant (DP) and register your email address as per the process advised by DP.

19. In compliance with the aforesaid MCA Circulars and SEBI Listing Regulations, Notice of the AGM along with the Annual Report 2025-26 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. Further, those members who have not registered their e-mail addresses and mobile nos. and in consequence could not be served the Notice of the AGM and Annual Report may temporarily get themselves registered with RTA by sending an e-mail to obtain the same. Members are requested to support our commitment to environmental protection by choosing to receive the Company's communications through e-mail going forward.

Additionally, in compliance with Regulation 36(1)(b) of the SEBI Listing Regulations, the Company shall send a letter to Members whose e-mail id(s) are not registered with Company/ Depository Participants (DPs)/ RTA, providing the web-link, including the exact path, where the Notice and Annual Report for FY 2025-26 can be accessed.

Members may note that the Notice of 47th AGM and Annual Report 2025-26 will also be available on the Company's website www.stlfasteners.com, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com, National Stock Exchange of India Limited at www.nseindia.com and on the website of NSDL <https://www.evoting.nsdl.com> (the

Authorised agency for providing voting through electronic means and AGM through VC/ OAVM).

Physical copies of the Notice of 47th AGM along with Annual report 2025-26 shall only be sent to those Members who request for the same.

20. In case a person has become a member of the Company after dispatch of the AGM Notice, and holds shares as on the cut-off date for e-voting i.e 28th August 2026, such person may obtain the User ID and Password by sending a request at investor@masserv.com or e-voting@nsdl.com. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.

21. With a view to help us serve the members better, members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.

22. In terms of Section 72 of the Companies Act, 2013 and the applicable provisions, the Members of the Company may nominate a person in whose name the shares held by him/ them shall vest in the event of his/their death. Members desirous of availing this facility may submit the requisite nomination form.

23. Members of the Company are informed that pursuant to section 124 and other applicable provisions of the Companies Act, 2013 and the relevant rules, amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the 'Investor Education & Protection Fund (IEPF)' constituted by the Central Govt. Accordingly the amount of dividend which remained unpaid/ unclaimed for a period of 7 years for the year 2018-19 has already been transferred to IEPF. Members who have not encashed their dividend warrant(s), for the years 2019-20 to 2025-26 are requested to make claim with the Registrar & Share Transfer Agent of the Company immediately.

Further, pursuant to the provisions of Section 124(6) of the Companies Act, 2013 read with the relevant Rules made thereunder, shares on which dividend has not been paid or claimed for seven (7) consecutive years or more shall be transferred to the IEPF as notified by the Ministry of Corporate Affairs.

In accordance with the IEPF Rules, the Company has sent notices to all the Members whose shares are due for transfer to the IEPF and has also published the details thereof in notices published in newspapers.

The Members whose dividend/shares are transferred to the IEPF may claim the dividend/shares by making an application to the IEPF by following the procedure as detailed in the IEPF Rules and as enumerated on the website of IEPF at <https://www.iepf.gov.in/content/iepf/global/master/Home/Notifications/rules.html>

Accordingly, the unpaid / unclaimed dividends that are due for transfer to the Investor Education and Protection Fund (IEPF) are as follows:

Dividend Year	Date of Declaration of Dividend	Last Date for Claim
2019-2020 Interim	02/08/2019	09/09/2026
2020-2021 Final	21/09/2021	28/10/2028
2021-2022 Final	22/09/2022	27/10/2029
2022-2023 Final	18/09/2023	20/10/2030
2023-2024 Final	13/09/2024	12/10/2031
2024-2025 Final	25/09/2025	30/10/2032

Those members who have not so far claimed their dividend are requested to make their claims to the Company for obtaining payments thereof at least 30 days before they are due for transfer to the said fund.

24. In terms of SEBI Circular dated 09/12/2020, the depository shall send SMS/email alerts regarding the details of the upcoming AGM to the demat holders at least 2 days prior to the date of commencement of e-voting. Hence members are requested to update the mobile no./email ID with their respective depository participants.
25. SEBI has made it mandatory for all Companies to use the bank account details furnished by the Depositories and the bank account details maintained by the RTA for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through Electronic Clearing Service (ECS)/ National Electronic Clearing Service (NECS)/ Real Time Gross Settlement (RTGS)/ Direct Credit/NEFT etc.

Further, Pursuant to SEBI Master Circular no. HO/38/13/(4)2026-MIRSD-POD/I/4298/2026 dated February 6, 2026 issued to the Registrar and Transfer Agents SEBI has mandated that, payment of dividend to the security holders holding shares in physical mode shall be paid only through electronic mode. In order to receive the dividend on time, the Members holding shares in physical form are requested to submit particulars of their bank accounts along with the original cancelled cheque bearing the name of the Member to the RTA, MAS Services Limited/Company to update their bank account details and all the eligible Members holding shares in demat mode are requested to update with their respective DPs, their correct Bank Account Number, including 9 Digit MICR Code and 11 digit IFSC Code, e-mail ID and Mobile No(s).

Members holding shares in physical form may communicate these details to the RTA i.e. MAS Services Limited, having address at T-34 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020, by quoting the reference folio number and attaching photocopy of the cheque leaf of their active bank account and a self-attested copy of their Permanent Account Number ('PAN') card.

This will facilitate the remittance of the dividend amount as directed by SEBI in the bank account electronically. Updating of e-mail IDs and Mobile No(s) will enable the Company in sending communication relating to credit of dividend, unencashed dividend, etc.

The Company or RTA cannot act on any request received directly from the Members holding shares in demat form

for any change of bank particulars. Such changes are to be intimated only to the DPs of the Members.

Shareholders are requested to ensure that their bank account details in their respective demat accounts are updated to enable the Company to provide timely credit of dividend in their bank accounts.

26. Members may note that pursuant to the provisions of the Income-tax Act, 2025 ("IT Act"), as amended from time to time, dividend income is taxable in the hands of the shareholders and the Company is required to deduct tax at source ("TDS") from the dividend paid to the members at the rates prescribed under the IT Act.

Members are requested to ensure that their Permanent Account Number ("PAN") is updated with the Registrar and Transfer Agent ("RTA"), in case the shares are held in physical form, or with the Depository Participant ("DP"), in case shares are held in dematerialised form.

A member who is an individual, and resident as per the Act and is eligible for non-deduction of tax at source under the provisions of the Act, may submit a declaration in Form No. 121, as prescribed under the Income-tax Rules, 2026. In the case of members, who are non-residents under the Act, tax shall be deducted at source in accordance with the provisions of the Act relating to payments of dividend to non-residents, read with the applicable Rules.

Members are requested to note that where PAN is not available or is invalid/inoperative, tax shall be deducted at the rates prescribed under the applicable provisions of the Act. The Company shall apply the beneficial tax rates under the applicable Double Taxation Avoidance Agreement ("DTAA"), subject to the eligible non-resident member furnishing the prescribed documents and declarations, and the Company's satisfaction regarding their completeness and validity, in accordance with the provisions of the Act.

Kindly note that the duly executed Documents, Forms, Declarations, should be uploaded on the RTA website at <https://masserv.com/investortax/investor25-26.asp> on or before Friday, 28th August 2026. Resident Individual Shareholders holding shares in dematerialized form may alternatively submit Form No. 121 through the NSDL/CDSL Tax Service Platform.

27. The documents referred to in the proposed resolutions are available for inspection at its Registered Office of the Company during normal business hours (9:00 A.M. to 5:00 P.M. IST) on any working day except Saturdays & Sundays upto the date of meeting.
28. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon login at NSDL e-voting system at <https://www.evoting.nsdl.com>.
29. Instructions for e-voting and joining the AGM are as follows:

In terms of the provisions of section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and regulation 44 of the SEBI Listing Regulations,

the Company is providing facility of remote e-voting to exercise votes on the items of business given in the Notice 47th Annual General Meeting (AGM) through electronic voting system, to members holding shares as on Friday, 4th September, 2026 (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by NSDL or to vote at the AGM.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:

The remote e-voting period will commence on Monday, 31st August, 2026 at 9:00 A.M. (IST) and ends on Thursday, 3rd September 2026 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) Friday, 28th August, 2026, may cast their vote electronically. The voting right of shareholders/Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Friday, 28th August, 2026.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	- For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN, Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp - Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. - Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on

App Store

Google Play





Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login, the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and will also be able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option & you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at toll free no.: 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800-21-09911

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a. For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
b. For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c. For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7 After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
- Select "EVEN" of Sterling Tools Limited to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/ OAVM" link placed under "Join General Meeting".
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders

- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to santosh@kritiadvisory.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board



Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 022 - 4886 7000 or send a request to evoting@nsdl.com

PROCESS FOR THOSE MEMBERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND REGISTRATION OF E MAIL IDS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE:

- In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) along with duly filed Form ISR-1 by email to investor@masserv.com or csec@stlfasteners.com.
- In case shares are held in demat mode, please update your email id with your DP (depository participant) and generate password as per instruction given in e-voting instructions.
- Alternatively Member/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
- In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.
- Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/ folio number, email id, mobile number at csec@stlfasteners.com. The same will be replied by the company suitably.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted

their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

- Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- Members are encouraged to join the Meeting through Laptops for better experience.
- Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

General Instructions

- A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as E-voting at the AGM.
- Mr. Santosh Kumar Pradhan, Practicing Company Secretary (FCS No. 6973, CP No. 7647), has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, for all those members who are present VC / OAVM at the AGM but have not casted their votes by availing the remote e-voting facility.

- iv. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- v. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.stlfasteners.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person

authorized by him in writing and communicated to the BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com.

- vi. Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the meeting, i.e. Friday, 4th September 2026.
- vii. Based on the terms of appointment, all Executive Directors, including the Managing Director & Whole-time Director, and the Non-Executive and Non-Independent Directors of the Company are subject to retirement by rotation at every AGM. Accordingly, Mr. Akhill Aggarwal, Executive and Whole Time Director of the Company, is liable to retire by rotation at the ensuing AGM.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Explanatory statement sets out all material facts relating to the Special Business as mentioned in the accompanying Notice:

Item No. 4

Mr. Akhill Aggarwal, DIN: 01681666, was appointed as a Whole Time Director of the Company for a period of 5 years at the Board meeting held on 10th May 2024 and which was subsequently approved by the shareholders with effect from 28th June 2024 to hold office for the period from 10th May, 2024 to 9th May, 2029 and his remuneration was approved for a period of 3 years viz. from 1st July, 2024 to 30th June, 2027. Since his tenure as Whole-Time Director continues up to 9th May 2029, approval of the Members is now being sought for the remuneration payable to him for the balance period of his tenure, i.e., from 1st July 2027 to 9th May 2029, on the terms and conditions set out in this Explanatory Statement.

Mr. Akhill Aggarwal, aged 41, holds a bachelor's degree in economics from the University of Richmond. His responsibilities encompass OEM Sales and After Market Sales of the company, drawing upon his significant expertise in the automobile sector. Additionally, he serves as a member of the Risk Management Committee Meeting of the Company. He has been instrumental in driving the Company's operations, growth strategy, and overall performance. Considering his leadership capabilities, industry experience, and continued contribution to the Company's growth the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee (NRC), has approved the continuation of remuneration for the remaining tenure.

The remuneration proposed for his balance period, starting from 1st July, 2027 to 9th May, 2029, together with the remuneration payable to the other executive directors of the Company, is likely to result in the overall managerial remuneration exceeding the limit of eleven per cent (11%) of the net profits of the Company, as computed in accordance with the provisions of Sections 197 and 198 read with Schedule V of the Act and such net profits may be deemed inadequate for the purpose of calculation of the limits.

Remuneration Proposed: The details of remuneration proposed to be paid to Mr. Akhill Aggarwal, as a Whole Time Director for the balance period of his term are set out as below:

- a. **Basic Salary (Including HRA):** ₹ 1,21,00,000/- (Rupees One Crore Twenty-One Lacs) per annum with a fixed increment of 10% per annum on cumulative basis.
- b. **Perquisites and allowances:** ₹ 4,00,000/- (Rupees Four Lacs) per annum.

The aforesaid perquisites and allowances, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilization of gas, electricity, water, furnishing and repairs and leave travel concession for self and family including dependents. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

- c. **Reimbursement of Expenses:** Expenses incurred for travelling, boarding and lodging including for their respective spouses and attendant(s) during business trips, any medical assistance/medical expenses incurred, surgery in India or abroad as well as travelling cost including for their respective family members shall be reimbursed at actuals and not considered as perquisites.
- d. **Club Fees:** Fees of clubs, including admission and life membership fees, shall not be considered as perquisite.
- e. **Personal Accident Insurance:** For self with a sum insured upto ₹ 50 Lacs P.A.
- f. **Gratuity:** Fifteen days salary for each completed year of service.
- g. **Provident Fund and Superannuation Fund:** In accordance with the Company's Policy.
- h. **General:**
 - (i) The Whole Time Director shall be liable to retire by rotation and shall perform his respective duties



as such with regard to the Company, manage and attend to such business and to carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.

- (ii) The Whole Time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to the duties of directors.
- (iii) The Whole Time Director shall adhere to the Company's Code of Conduct for Directors and Senior Management Personnel of the Company.

Further, pursuant to Regulation 17(6)(e) of the Listing Regulations, the remuneration payable to executive directors, who are promoters or members of the promoter group shall be subject to the approval of the Members by way of Special Resolution, in the event that:

- (i) the annual remuneration payable to such executive director exceeds ₹5 crore or 2.5% of the net profits of the listed entity, whichever is higher; or
- (ii) where there is more than one such director, the aggregate annual remuneration payable to all such directors exceeds 5% of the net profits of the listed entity. In terms of Section 197 read with Schedule V of the Act and Regulation 17(6)(e) of the Listing Regulations, remuneration in excess of the aforesaid limits may be paid to managerial personnel upon approval of the Members by way of a Special Resolution, for a period not exceeding three years.

Your Board considers that his association would be of immense benefit to the Company. Accordingly, the consent of the Members is sought to pass the Special Resolution, as set out in the Notice dated 5th August, 2026, for payment of remuneration of Mr. Akhill Aggarwal, Whole Time Director of the Company.

Mr. Akhill Aggarwal has confirmed that he is not disqualified from being appointed as a director in terms of Section 164 of the Companies Act, 2013. He has further confirmed that he is not debarred from holding the office of director by virtue of any order passed by the Securities and Exchange Board of India or any other statutory authority, and the Company has also received his consent for appointment as Whole Time Director, liable to retire by rotation. The requisite details pursuant to the provisions of the SEBI Listing Regulations and the Secretarial Standard on General

Meetings (SS-2) issued by the Institute of Company Secretaries of India are set out in **Annexure I** to the Explanatory Statement, and the necessary disclosures as required under Schedule V of the Companies Act, 2013 are provided in **Annexure II** for the approval of the shareholders.

Except Mr. Anil Aggarwal, Mr. Akhill Aggarwal and Mr. Anish Agarwal, none of the Directors, Key Managerial Personnel of the Company or their relatives is/ are in any way, concerned or interested financially or otherwise in the resolution set out in the Item No. 4 of the Notice.

The other relatives of Mr. Akhill Aggarwal may be deemed to be interested in the resolution set out in the Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

This Explanatory Statement may also be regarded as an appropriate disclosure under the Listing Regulations. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution. The Board recommends the Special Resolution set out in the Notice for approval by the Members.

Item No. 5

The Board of Directors of the Company, at its meeting held on 5th August, 2026, on the recommendation of the Audit Committee, approved the appointment of M/s Jitender, Navneet & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year ending March 31, 2027, to audit the cost records maintained by the Company in accordance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder.

The Board has approved a remuneration of ₹1.60 lacs (Rupees One Lac Sixty Thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses for conducting the said audit.

Pursuant to Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

Accordingly, the Board recommends the Ordinary Resolution set out in Item No. 5 of the accompanying Notice for approval of the Members.

None of the Directors, Key Managerial Personnel, and their relatives is concerned or interested, financially or otherwise, in the Resolution.

By Order of the Board
For Sterling Tools Limited

Pragya Saxena
Company Secretary
Membership No. F9460

Date: 5th August 2026
Place: Faridabad

Registered Office

DJ-1210, 12th Floor, DLF Tower B,
Jasola District Center, New Delhi-110025

Details of Directors seeking appointment / re-appointment in the Annual General Meeting scheduled on Friday, 04th day of September 2026 (Pursuant to Regulation 36(3) of the SEBI (LODR) regulations, 2015 and Secretarial Standards are as follows:

Name	Mr. Akhill Aggarwal
DIN	01681666
Age	41 Years
Qualification and Experience (including expertise in specific functional area) / Brief Resume	Mr. Akhill Aggarwal holds a bachelor's degree in economics from the University of Richmond & has 16 years of experience in the automobile business and related services within the automobile sector. His responsibilities encompass OEM Sales and After Market Sales of the Company, drawing upon his significant expertise in the automobile sector.
Skills and Capabilities	Mr. Aggarwal is responsible for overseeing OEM Sales and After-Market Sales of the Company and contributes significantly through his expertise in the sector, while also serving as a member of the Risk Management Committee, where he plays an important role in identifying and mitigating potential risks. With his strong industry background, he has developed significant expertise in managing operations and driving growth in the automobile segment.
Date of first appointment on the Board	2 nd August 2019
Directorships held in other companies	1. Sterling Tech-Mobility Limited 2. Sterling E-Mobility Private Limited 3. Sterling Technologies Private Limited 4. Sterling Automobiles Private Limited 5. Jaycee Automobiles Private Limited
Resignations from the Listed Companies in the past three years	Nil
Memberships/ Chairmanships of committees of other companies	Nil
Number of Equity Shares held in the Company	31,71,838 equity shares
Relationship between Directors and other KMPs inter-se	Son of Chairman & Whole Time Director - Mr. Anil Aggarwal Brother of Whole Time Director and Chief Financial Officer- Mr. Anish Agarwal
Number of meetings of the Board, attended during the last financial year (FY 2025-26)	5
Remuneration (including sitting fees, if any) last drawn in financial year (FY 2025-26)	Detailed in Annexure II
Remuneration proposed to be paid and Terms and conditions of Appointment/ Re-appointment	Detailed in the Explanatory Statement

By Order of the Board
For Sterling Tools Limited

Date: 5th August 2026
Place: Faridabad

Pragya Saxena
Company Secretary
Membership No. F9460

Registered Office
DJ-1210, 12th Floor, DLF Tower B,
Jasola District Center, New Delhi-110025



Annexure II

Disclosure required under Schedule V to the Company Act, 2013 is given below:

I GENERAL INFORMATION:

- Nature of Industry:** Manufacturing of cold forged, High tensile fasteners.
- Date or expected date of commencement of Commercial production:** The Company is in commercial production since the year 1979.
- In case of new Company, expected date of commencement of activities as per project approved by Financial Institutions appearing in prospectus:** N.A.

4. Financial performance:

(Amount in ₹ Lacs)

Particulars	2023-24	2024-25	2025-26
Total Income	61,369.81	65,161.48	72,587.32
Less: Expenses	56,196.87	59,358.53	65,182.67
Profit before exceptional items & tax	5,172.94	5,802.95	7,404.65
Add: exceptional items	39.71	0.00	949.64
Profit before tax	5,212.65	5,802.95	8,354.29
Less: Current tax	1,471.26	1,489.07	2,114.35
Deferred tax	(139.22)	26.91	(180.27)
Net Profit after tax	3,880.61	4,286.97	6,420.21

- Foreign Investment or collaborations, if any: N.A.

II INFORMATION ABOUT THE DIRECTOR:

S. No.	Particulars	Mr. Akhill Aggarwal						
1.	Background Details	Detailed Profile is attached Annexure-I.						
2.	Past Remuneration for last 3 years	<table><tr><td>FY 2023-24</td><td>Nil</td></tr><tr><td>FY 2024-25</td><td>78 Lacs</td></tr><tr><td>FY 2025-26</td><td>104 Lacs</td></tr></table>	FY 2023-24	Nil	FY 2024-25	78 Lacs	FY 2025-26	104 Lacs
FY 2023-24	Nil							
FY 2024-25	78 Lacs							
FY 2025-26	104 Lacs							
3.	Recognition or Awards	Nil						
4.	Job profile and his suitability	Details in Annexure-I						
5.	Remuneration proposed	As stated in the Explanatory Statement set out in Notice.						
6.	Comparative remuneration profile with respect of industry, size of Company, profile of the position and person	Considering the size of the company, the work profile and the responsibilities to be handled by Mr. Akhill Aggarwal, and in accordance with industry standards, the proposed remuneration is in line with the compensation drawn for similar positions in companies of similar size and scale.						
7.	Pecuniary relationship directly or indirectly with the Company or the relationship with the Managerial Personnel or other director, if any	The directors' shareholding details and relationships are provided in Annexure I, as per Regulation 36(3) of the SEBI (LODR) regulations, 2015, in this Notice.						

III. OTHER INFORMATION:

1. **Reasons for loss or inadequate profits:** At present the Company is earning profits which may be deemed inadequate for the purpose of limits of managerial remuneration.
2. **Steps taken or proposed to be taken for improvement:** The Company is taking all necessary steps and implementing appropriate measures to increase its revenue and achieve higher profitability by broadening and diversifying its customer base.
3. **Expected increase in productivity and profits in measurable terms:**

The Company is very conscious about improvement in productivity and undertakes constant measures to improve it and we foresee continuous improvement in profit margin in future.

IV DISCLOSURES

The disclosures as required on all elements of remuneration package such as salary, benefits, bonuses, pensions, details of fixed components and performance linked incentives along with performance criteria, service contract details, notice period, severance fees, etc. have been made in the Directors' Report under the heading "Corporate Governance" attached to in this Annual Report.

By Order of the Board
For Sterling Tools Limited

Pragya Saxena
Company Secretary
Membership No. F9640

Date: 5th August 2026
Place: Faridabad

Registered Office

Unit No. DJ-1210, 12th Floor, DLF Tower -B,
Jasola District Center, New Delhi-110025



Sterling Tools Limited

5A, DLF Industrial Estate
Faridabad - 121003, Haryana, India

Email: sterling@stlfasteners.com

Tel: 0129-2270621/22/23/24/25

Website: www.stlfasteners.com