

Walker ChandioK & Co LLP

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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.



Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2026 (cont'd)

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	How our audit addressed the 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. 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	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; • 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

Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2026 (cont'd)

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.	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.
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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.



Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2026 (cont'd)

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.



Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2026 (cont'd)

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;



Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2026 (cont'd)

- 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 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 softwares. 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.



Walker ChandioK & Co LLP

Independent Auditor's Report to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2026 (cont'd)

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 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 (INR 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 (INR 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



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 (Cont'd)

- (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 Rs. 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 (INR lakhs)	Nature of current assets offered as security	Quarter ended	Information disclosed as per return (INR lakhs)	Information as per books of accounts (INR lakhs)	Difference (INR 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



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 (Cont'd)

- (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 (INR 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



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 (Cont'd)

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 (INR lakhs)*	Amount paid under Protest (INR 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 Act, 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



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 (Cont'd)

- (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.



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 (Cont'd)

- (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.



Walker Chandiok & Co LLP

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 (Cont'd)

- (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

Membership No.: 508685

UDIN: 26508685QDLJKB1885



Place: Faridabad

Date: 15 May 2026

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 standalone 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,



Walker Chandiok & Co LLP

Annexure II to the Independent Auditor's Report of even date to the members of Sterling Tools Limited on the standalone financial statements for the year ended 31 March 2026 (Cont'd)

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
Membership No.: 508685
UDIN: 26508685QDLJKB1885



Place: Faridabad
Date: 15 May 2026

STERLING TOOLS LIMITED
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
(iia) 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
(iia) 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	26	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 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

Pragna Saxena

Company Secretary

M. No. F 9640

Atul Aggarwal

Managing Director

DIN : 00125825

Anish Agarwal

Director & Chief Financial Officer

DIN : 07056465

STERLING TOOLS LIMITED
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 (Rs.)		17.73	11.89
Diluted (Rs.)		17.57	11.81
[nominal value of share Rs. 2 (31 March 2025: Rs. 2)]			

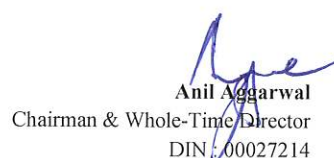
Notes 1 to 55 form an integral part of these standalone financial statements.
As per our report of even date attached.

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



Ashish Gera
Partner
Membership no. 508685

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



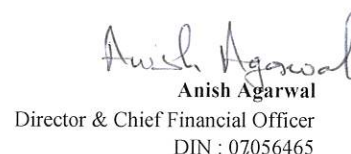
Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214



Pragya Saxena
Company Secretary
M. No. F 9640



Atul Aggarwal
Managing Director
DIN : 00125825



Anish Aggarwal
Director & Chief Financial Officer
DIN : 07056465

Place: Faridabad
Date: 15 May 2026



STERLING TOOLS LIMITED
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
Components of cash and cash equivalents :			
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
Non-cash financing and investing activities			
Acquisition of right-of-use assets		-	51.36
Deemed investment in subsidiary		581.93	1,118.88


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STERLING TOOLS LIMITED**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)*

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
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

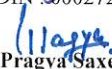


Ashish Gera
Partner
Membership no. 508685



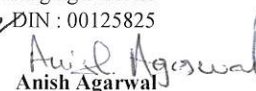
Place: Faridabad
Date: 15 May 2026




Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214

Pragya Saxena
Company Secretary
M. No. F 9640

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



Atul Aggarwal
Managing Director
DIN : 00125825

Anish Aggarwal
Director & Chief Financial Officer
DIN : 07056465

STERLING TOOLS LIMITED
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	36,024,211	720.48
Changes in equity share capital during the year	160,107	3.21
Balance as at 31 March 2025	36,184,318	723.69
Changes in equity share capital during the year	160,108	3.20
Balance as at 31 March 2026	36,344,426	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

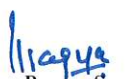


Place: Faridabad
Date: 15 May 2026

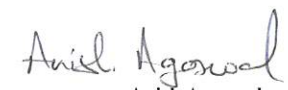


For and on behalf of the Board of Directors
Sterling Tools Limited


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

Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

(All amounts are in Indian Rupees, 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 forged 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.



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

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

(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.

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

(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.



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

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

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.

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.



Sterling Tools Limited**Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026**

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

(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
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

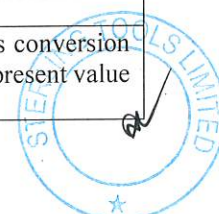
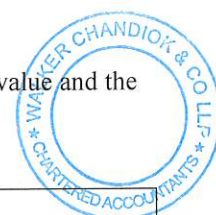
Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of purchase consists of the purchase price including duties and taxes other than those subsequently recoverable by the enterprise from 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



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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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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.

(8) Revenue

The Company recognises revenue from the following major sources:



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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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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.

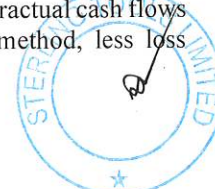
Contract assets and contract liabilities

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.



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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.

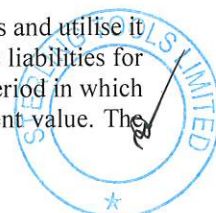
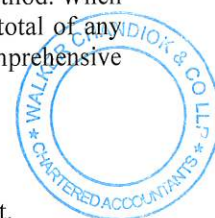
The liability recognised in the standalone balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

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



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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.

(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.

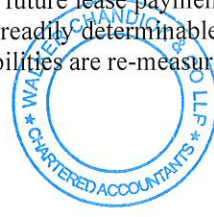
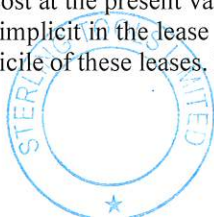
At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and 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



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a corresponding adjustment to the related right-of-use asset if the Company changes its assessment of 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 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. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. 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.



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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 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.



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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 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

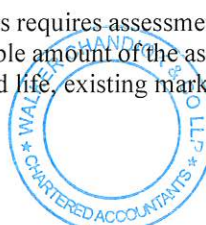
The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income (supported by convincing evidence) against which the deferred tax assets can be utilised.

(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



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the standalone financial statements for the year ended 31 March 2026

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

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.



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STERLING TOOLS LIMITED

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)

2

Property, plant and equipment		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	Total	
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	52,837.46
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	3,334.29
Disposals/adjustments		-	-	(505.51)	-	(302.95)	-	-	-	(808.46)	-	(259.52)	(10.95)	(270.47)	(1,078.93)
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	55,092.82
Additions		-	48.23	1,269.61	45.37	82.65	82.59	-	159.02	1,687.47	35.12	-	-	35.12	1,722.59
Disposals/adjustments		-	-	(651.18)	(0.21)	(51.31)	(59.24)	(230.39)	(24.18)	(1,016.51)	-	(29.71)	-	(29.71)	(1,046.21)
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	55,769.20
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	26,587.36
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	3,071.62
Adjustments for disposals		-	-	(158.88)	-	(95.90)	-	-	-	(254.78)	-	(255.72)	(10.95)	(266.67)	(521.45)
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	29,137.53
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	3,159.03
Adjustments for disposals		-	-	(604.21)	(0.20)	(26.62)	(55.79)	(220.32)	(22.84)	(929.98)	-	(29.71)	-	(29.71)	(959.69)
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	31,336.87
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	25,955.29
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	1,413.40	24,432.33

Notes:

a. 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.

b. Refer note 41(A) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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), 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:

1. Freehold Land amounting Rs 989.54 lakhs is in held in the name of Haryana Ispat Private Limited

(i) 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, Vengal Industrial Area, District Kolar, Karnataka



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STERLING TOOLS LIMITED**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)***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 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

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STERLING TOOLS LIMITED
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)

	As at 31 March 2026	As at 31 March 2025
5 Non-current financial assets - investments		
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 Rs. 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:

a) Equity investments in subsidiaries are measured at cost as per the provisions of Ind AS 27 on 'Separate Financial Statements'.

b) 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.

	As at 31 March 2026	As at 31 March 2025
6 Non-current financial assets - others		
<i>(Unsecured and considered good)</i>		
Security deposits	503.70	506.50
Interest accrued but not due	36.95	33.24
	540.65	539.74
7 Income-tax assets (net)		
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		
<i>(Unsecured and considered good)</i>		
Capital advances	413.11	193.39
Advances other than capital advances:		
- Prepaid expenses	68.01	91.76
	481.12	285.15
9 Inventories		
<i>(Valued at lower of cost and net realisable value)</i>		
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 Rs.24.62 lakh (31 March 2025: Rs.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

- (i) 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 Rs.21.60 lakh (31 March 2025 - Rs. 32.18 lakh). The carrying value of such inventories carried at fair value less costs to sell amounts to Rs. 295.69 lakh (31 March 2025 - Rs. 391 lakh).
- (ii) The Value of inventories above is stated after provision of Rs. 219.27 lakh (31 March 2025 - Rs. 146.52 lakh).

	As at 31 March 2026	As at 31 March 2025
10 Current financial assets - investments		
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

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STERLING TOOLS LIMITED
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
Trade receivables

Trade receivables - considered good, unsecured

Trade receivables - credit impaired

Less: allowance for expected credit loss

As at 31 March 2026	As at 31 March 2025
7,175.64	5,772.17
204.86	204.86
7,380.50	5,977.04
(204.86)	(204.86)
7,175.64	5,772.17

Movement in the allowance for expected credit loss

Balance at the beginning of the year

Add: Allowance provided during the year

Less: Amounts written off during the year

Balance at the end of the year

For the year ended 31 March 2026	For the year ended 31 March 2025
204.86	164.86
-	40.00
-	-
204.86	204.86

Notes :

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 Company.

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:

	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	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	40.00	-	-	110.46	150.46

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STERLING TOOLS LIMITED
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)

	As at 31 March 2026	As at 31 March 2025
12 Current financial assets - cash and cash equivalents		
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		
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)		
Loans receivable	3.50	4.15
	3.50	4.15
15 Current financial assets - others (Unsecured and considered good)		
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").

	As at 31 March 2026	As at 31 March 2025
16 Other current assets		
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



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STERLING TOOLS LIMITED
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

	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
	<u>726.89</u>	<u>723.69</u>

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

	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	36,184,318	723.69	36,024,211	720.48
Add: Equity shares issued during the year	160,108	3.20	160,107	3.21
Equity shares outstanding as at the end of the year	36,344,426	726.89	36,184,318	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 Rs. 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*

	As at 31 Mar 2026		As at 31 March 2025	
	No. of shares	% of holding	No. of shares	% of holding
Mr. Anil Aggarwal	6,110,583	16.81%	6,110,583	16.89%
Mr. Atul Aggarwal	9,445,574	25.99%	9,499,574	26.25%
Mr. Akhill Aggarwal	2,671,838	7.35%	2,660,957	7.35%
Mr. Anish Aggarwal	2,737,317	7.53%	2,701,957	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.
e. Details of equity shares held by promoter in the Company as at the end of the year*

	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	6,110,583	16.81%	-0.08%	6,110,583	16.89%	-
Mr. Atul Aggarwal	9,445,574	25.99%	-0.26%	9,499,574	26.25%	-
Mrs. Promila Aggarwal	755,000	2.08%	-0.01%	755,000	2.09%	-
Mr. Akhill Aggarwal	2,671,838	7.35%	0.00%	2,660,957	7.35%	-
Mr. Anish Aggarwal	2,737,317	7.53%	0.06%	2,701,957	7.47%	-
Ms. Ayesha Aggarwal	1,799,166	4.95%	0.13%	1,745,166	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

	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

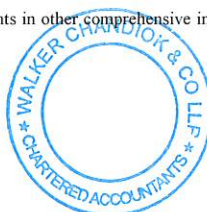
Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with Companies (Transfer of profits to Reserve) Rules, 1975. Consequent to introduction of the Companies Act 2013, there is no such requirement to mandatorily 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.



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	As at 31 March 2026	As at 31 March 2025
19 Non current financial liabilities - Borrowings		
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.

	As at 31 March 2026	As at 31 March 2025
20 Non-current financial liabilities - others		
Security deposits	43.55	46.25
	43.55	46.25

	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
	Non-current	Current	Non-current	Current
21 Provisions				
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

	As at 31 March 2026	As at 31 March 2025
22 Deferred tax liabilities (net)		
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	1,388.97	1,532.59
Sub-total (a)	1,388.97	1,532.59
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: Impact of difference between depreciation as per Income-tax Act and depreciation/amortisation as per Companies Act	1,532.59	(143.62)	-	1,388.97
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

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(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

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	(51.46)	-	1,532.59
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

i) Income-tax recognised in Standalone Statement of Profit and Loss

	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

	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

	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 of 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:

	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%

23 Other non-current liabilities

	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 standalone statement of profit and loss	(154.81)	(167.99)
Less: Reclassified from 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.

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STERLING TOOLS LIMITED
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

(Secured and carried at amortised cost)

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 :

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

Trade payables

A) Total outstanding dues of micro enterprises and small enterprises; and	As at 31 March 2026	As at 31 March 2025
B) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,013.05	1,126.76
	2,353.49	2,134.83
	4,366.54	3,261.59

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.		

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(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)
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
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

Creditors for capital goods [refer note (a) below]

Unclaimed dividends*

Employee related payables

	As at 31 March 2026	As at 31 March 2025
	27.26	55.92
	8.38	8.40
	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

- Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year
 - Principal amount
 - Interest
- 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
- 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
- The amount of interest accrued and remaining unpaid at the end of each accounting year
- 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.

	As at 31 March 2026	As at 31 March 2025
	4.90	4.90
	-	-
	-	-
	-	-
	-	-

27 Other current liabilities

Contract liabilities (refer note 48)

Deferred grant income [refer note 23(a)]

Statutory dues payable

	As at 31 March 2026	As at 31 March 2025
	355.42	222.75
	137.17	154.79
	375.24	855.28
	867.83	1,232.82

28 Current tax liabilities (net)

Provision for tax (net of advance tax)

	As at 31 March 2026	As at 31 March 2025
	43.89	-
	43.89	-

Note:

The following table provides the details of income-tax assets and current tax liabilities:

Prepaid taxes (refer note 7)

Provision for tax

Net position [asset]

	As at 31 March 2026	As at 31 March 2025
	12.33	94.65
	(43.89)	-
	(31.56)	94.65

a. Income-tax assets

Opening balance

Prior year taxes

Transfer from current tax liabilities

Refunds received (net of demand paid)

Total (A)

	As at 31 March 2026	As at 31 March 2025
	94.65	37.08
	(25.58)	-
	-	57.57
	(56.74)	-
	12.33	94.65

b. Current tax liabilities

Opening balance

Provision for tax

Prepaid taxes paid during the year

Tax earlier years

Transferred to income-tax assets

Total (B)

Net income-tax assets [(A) - (B)]

	As at 31 March 2026	As at 31 March 2025
	-	-
	2,088.77	1,512.72
	(2,044.88)	(1,546.64)
	-	(23.65)
	-	57.57
	43.89	-
	(31.56)	94.65



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(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

	For the year ended 31 March 2026	For the year ended 31 March 2025
29 Revenue from operations		
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
30 Other income		
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		
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		
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		
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
34 Finance costs		
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

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(All amounts in lakhs of Indian Rupees, except number of shares, per share data and unless otherwise stated)

	For the year ended 31 March 2026	For the year ended 31 March 2025
35 Depreciation and amortisation expenses		
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		
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*		
(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
<i>*excluding applicable taxes</i>		
37 Exceptional items		
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		
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)	36,210,198	36,048,337
Effect of share options during the year (C) (Numbers)	337,062	262,467
Weighted average number of equity shares for diluted earnings per share (D)=(B) + (C) (Numbers)	36,547,260	36,310,804
Basic earnings per equity share (face value of share- Rs 2 each) (A/B) (Rs.)	17.73	11.89
Diluted earnings per equity share (face value of share- Rs 2 each) (A/D) (Rs.)	17.57	11.81



STERLING TOOLS LIMITED**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**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.

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:

	<u>Gratuity (unfunded)</u>		<u>Gratuity (funded)</u>	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 March 2026	31 March 2025	31 March 2026	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

	<u>Gratuity (funded portion)</u>	
	For the year ended	For the year ended
	31 March 2026	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)**

	<u>As at 31 March 2026</u>		<u>As at 31 March 2025</u>	
	(%)	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

	<u>Gratuity (unfunded)</u>		<u>Gratuity (funded)</u>	
	As at	As at	As at	As at
	31 March 2026	31 March 2025	31 March 2026	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

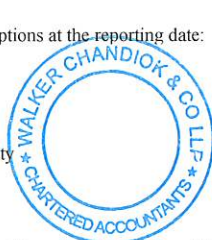
B) Actuarial assumptions

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

	<u>Gratuity (unfunded)</u>		<u>Gratuity (funded)</u>	
	As at	As at	As at	As at
	31 March 2026	31 March 2025	31 March 2026	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.

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STERLING TOOLS LIMITED
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)

C) Sensitivity analysis

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

	Gratuity (funded)			
	31 March 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)
	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.

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

	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

	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 Rs. 124.99 lakh (31 March 2025: Rs. 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 Rs. 256.50 lakh (31 March 2025 - Rs. 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

Net sales to external customers by geographic area by location of customers

- a) India
b) Outside India
Total

Non-current assets (other than non-current financial assets) by geographic areas

- a) India
b) Outside India
Total

	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.

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STERLING TOOLS LIMITED**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****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) Rs.352.83 lakhs (Rs. 701.18 lakhs as at 31 March 2025).

B. Contingent liabilities and other commitments

	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
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 Rs.91.58 lakh (31 March 2025 - Rs. 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

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STERLING TOOLS LIMITED**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**

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 undiscounted 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

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 Rs. 53.86 lakhs (31 March 2025 - Rs.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 Rs.88.94 lakhs (31 March 2025 - Rs. 138.12 lakhs) [including Rs.53.86 lakhs (31 March 2025 - Rs. 100.69 lakhs) paid towards the aforementioned short-term leases].

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STERLING TOOLS LIMITED
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:

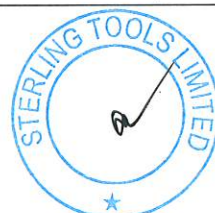
I Name of the related parties and description of relationship:

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 Urdhwaeshe - 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:

	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



STERLING TOOLS LIMITED

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)

	For the year ended 31 March 2026	For the year ended 31 March 2025
iii) 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
	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 Aggarwal	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 Urdhwarshie	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		
	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
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

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STERLING TOOLS LIMITED
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')

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	For the year ended 31 March 2026	For the year ended 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.

Details of on-going projects are as follows:
Particulars

Balance as on 1 April 2024
Amount required to be spent during the year
Amount spent during the year
Balance as on 31 March 2025
Amount required to be spent during the year
Amount spent during the year
Balance as on 31 March 2026

With the Company	In separate CSR unspent account
-	-
99.64	-
(99.64)	-
-	-
111.89	-
(111.89)	-
-	-

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STERLING TOOLS LIMITED

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
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	Carrying amount					Fair value			
	FVOCI	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				
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	Carrying amount					Fair value			
	FVOCI	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									
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				

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.



STERLING TOOLS LIMITED**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)

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

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
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.

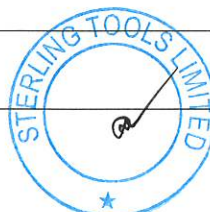
The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its capital requirements. Accordingly, no liquidity risk is perceived.

As at 31 March 2026, the Company has a working capital of Rs.20,917.21 lakhs (31 March 2025 - Rs. 18,242.44 lakhs) including cash and cash equivalents of Rs.3,452.63 lakhs (31 March 2025 - Rs. 668.11 lakhs).

(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	-	-



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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)

(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

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

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



STERLING TOOLS LIMITED**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)

(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.

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

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STERLING TOOLS LIMITED

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

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

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

Note:

Reasons for variance in the ratios are required to be furnished when variance is more than 25%.



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STERLING TOOLS LIMITED

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

(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.

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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)

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	-	-	-	-

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 Rs. 2 per share) for the financial year 2025-26, which is subject to the approval of the members at the ensuing Annual General Meeting.

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STERLING TOOLS LIMITED**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')**

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 Rs.)	No. of options	Weighted average exercise price (in Rs.)
Total no. of options granted till date	640,431		640,431	
Opening balance as at the beginning of the year	480,324	2	640,431	2
Granted during the year	-	-	-	-
Exercised during the year	(160,108)	-	(160,107)	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Closing balance as at the end of the year	320,216	-	480,324	2
Exercisable as at the end of the year	-	-	-	-
Weighted average share price at the date of exercise (Rs.)	-	-	-	-
Weighted average remaining period (in years)	6.34 years		6.84 years	
Exercise price (Rs.)	2		2	

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 Rs. 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.

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STERLING TOOLS LIMITED

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)

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.

(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 Chandio & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013


Ashish Gera

Partner

Membership no. 508685

Place: Faridabad
Date: 15 May 2026

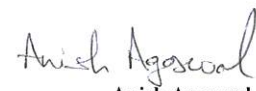


For and on behalf of the Board of Directors
Sterling Tools Limited


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

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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.



Independent Auditor's Report to the members of Sterling Tools Limited on the Consolidated financial statements for the year ended 31 March 2026 (cont'd)

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 matters	How our audit addressed the key audit matters
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. 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	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; • 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.



Independent Auditor's Report to the members of Sterling Tools Limited on the Consolidated financial statements for the year ended 31 March 2026 (cont'd)

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.	• 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.
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.	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.



Independent Auditor's Report to the members of Sterling Tools Limited on the Consolidated financial statements for the year ended 31 March 2026 (cont'd)

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.



Independent Auditor's Report to the members of Sterling Tools Limited on the Consolidated financial statements for the year ended 31 March 2026 (cont'd)

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



Independent Auditor's Report to the members of Sterling Tools Limited on the Consolidated financial statements for the year ended 31 March 2026 (cont'd)

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:



Independent Auditor's Report to the members of Sterling Tools Limited on the Consolidated financial statements for the year ended 31 March 2026 (cont'd)

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 Private 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:

- 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;
- 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,
- 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;
- 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;
- 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;
- 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);
- 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



Independent Auditor's Report to the members of Sterling Tools Limited on the Consolidated financial statements for the year ended 31 March 2026 (cont'd)

- 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



Independent Auditor's Report to the members of Sterling Tools Limited on the Consolidated financial statements for the year ended 31 March 2026 (cont'd)

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 exceptions noted	Details of Exceptions
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

Walker ChandioK &Co LLP

Independent Auditor's Report to the members of Sterling Tools Limited on the Consolidated financial statements for the year ended 31 March 2026 (cont'd)

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 consolidated 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 (Cont'd)

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 consolidated 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 consolidated 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

STERLING TOOLS LIMITED
Consolidated balance sheet as at 31 March 2026
(All amounts in lakhs of Indian Rupees, except per share data, number of shares 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
(ia) 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
(ia) Lease liabilities	42	252.27	197.61
(ii) 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	25	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 Chandio & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

Ashish Gera

Partner

Membership no. 508685



Chairman & Whole-Time Director

Anil Aggarwal

DIN : 00027214

Pragya Saxena

Company Secretary

M. No. F 9640

For and on behalf of the Board of Directors

Sterling Tools Limited

Atul Aggarwal

Managing Director

DIN : 00125825

Anish Agarwal

Director & Chief Financial Officer

DIN : 07056465

Place: Faridabad

Date: 15 May 2026

STERLING TOOLS LIMITED
Consolidated statement of profit and loss 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	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			
	38		
Diluted (Rs)		8.10	16.17
[nominal value of share Rs. 2 (31 March 2025: Rs. 2)]		8.02	16.05

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



Chairman & Whole-Time Director

Anil Aggarwal

DIN : 00027214

Pragya Saxena

Company Secretary

M. No. F 9640

For and on behalf of the Board of Directors

Sterling Tools Limited

Atul Aggarwal

Managing Director

DIN : 00125825

Anish Agarwal

Director & Chief Financial Officer

DIN : 07056465

STERLING TOOLS LIMITED
Consolidated statement of cash flows 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	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
Exchange fluctuation translation difference		0.42	(0.19)
Cash and cash equivalents at the end of the year		4,841.36	2,366.35
Components of cash and cash equivalents :	12		
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



STERLING TOOLS LIMITED
Consolidated statement of cash flows 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)

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
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 Chandio & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013


Anish Gera

Partner

Membership no. 508685


Place: Faridabad

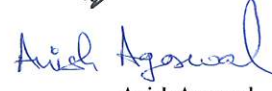
Date: 15 May 2026

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
Consolidated statement of changes in equity 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)
(A) Equity share capital

Particulars	Number	Amount
Balance as at 1 April 2024	36,024,211	720.48
Changes in equity share capital during the year	160,107	3.21
Balance as at 31 March 2025	36,184,318	723.69
Changes in equity share capital during the year	160,108	3.20
Balance as at 31 March 2026	36,344,426	726.89

(B) Other equity

Particulars	Reserves and surplus						Total
	Capital reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings	Other comprehensive income	
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 Aggarwal
 Director & Chief Financial Officer
 DIN : 07056465

Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts are in Indian Rupees, 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

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.



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

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

(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'):

- a) Sterling E-Mobility Solutions Limited, India, 100% subsidiary with effect from 12 March 2020; and
- 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.



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

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

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

(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
- 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

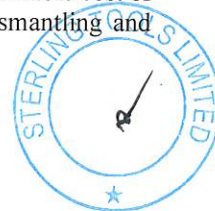
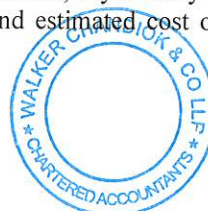
A summary of the material accounting policies applied in the preparation of the consolidated financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

(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.



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

(All amounts are in Indian Rupees, 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 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:

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



Sterling Tools Limited**Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026**

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

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.

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.



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

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

(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.

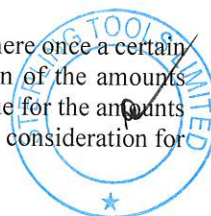
Whether the customer has obtained control over the asset depends on when the goods are made available to the carrier or the buyer takes possession of the goods, depending on the delivery terms.

Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-60 days.

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



Sterling Tools Limited**Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026**

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

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.



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

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

10.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in 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 availment 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



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

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

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 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.

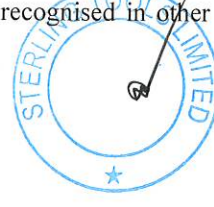
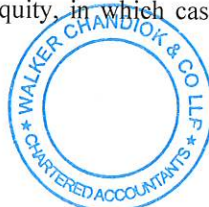
(13) Taxes on income

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.



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

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

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. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. 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 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.

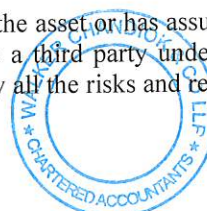
(iii) Financial assets at fair value through profit or loss (FVTPL)

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,



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

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

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:

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

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

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.



Sterling Tools Limited

Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

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

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

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)

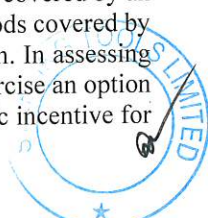
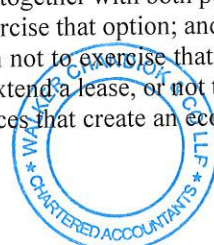
Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(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



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Summary of material accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2026

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

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.



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STERLING TOOLS LIMITED

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)

Property, plant and equipment		Owned assets							Leased assets				Grand total		
Particulars	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		Total	
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	1,552.60	18.01	2,753.25	31,526.23	

Notes:

a. 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.

b. Refer note 41(A) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c. 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:

(i) Freehold Land amounting Rs 989.54 lakhs is in held in the name of Haryana Ispat Private Limited

(ii) 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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STERLING TOOLS LIMITED

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)

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				
Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
1,812.51	297.09	-	104.04	2,213.64
-	-	-	-	-
				2,213.64
619.98	-	-	104.04	724.02
-	-	-	-	-
				724.02

As at 31 March 2026

- Projects in progress
- Projects temporarily suspended

As at 31 March 2025

- Projects in progress

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

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STERLING TOOLS LIMITED
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)
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

Ageing schedule of intangible assets under development 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	-	-	-	-	-
					<u>944.22</u>
As at 31 March 2025					
- Projects in progress	384.71	194.02	-	-	578.73
- Projects temporarily suspended	-	-	-	-	-
					<u>578.73</u>

- a) 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.
- b) 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.
- c) 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.

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STERLING TOOLS LIMITED
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)

	As at 31 March 2026	As at 31 March 2025
6 Non-current financial assets - others		
<i>(Unsecured and considered good)</i>		
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
	<u>653.06</u>	<u>654.99</u>
7 Income-tax assets (net)		
Prepaid taxes (net of provision for tax)*	51.89	149.41
	<u>51.89</u>	<u>149.41</u>
*Refer note 28 for movement of taxes		
8 Other non-current assets		
<i>(Unsecured and considered good)</i>		
Capital advances	695.65	921.08
Advances other than capital advances:		
- Other Advances	-	83.18
- Prepaid expenses	78.12	93.00
	<u>773.77</u>	<u>1,097.26</u>
9 Inventories		
<i>(Valued at lower of cost and net realisable value)</i>		
Raw material	7,019.80	7,967.46
Work in progress	1,779.98	1,484.02
Finished goods [includes goods in transit of Rs. 554.08 lakh (31 March 2025: Rs.983.81 lakh)]	5,584.47	6,606.39
Stores, spares and consumables [includes goods in transit of Rs. 24.62 lakh (31 March 2025: Rs.5.55 lakh)]	1,519.75	1,347.92
	<u>15,904.00</u>	<u>17,405.79</u>
Refer note 24(a) for information on inventory pledged as security by the Group.		
(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 Rs. 21.60 lakh (31 March 2025 - Rs. 32.18 lakh). The carrying value of such inventories carried at fair value less costs to sell aggregating to Rs. 295.69 lakh (31 March 2025 - Rs. 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		
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
	<u>-</u>	<u>1,502.28</u>
Aggregate amount of quoted investments and market value thereof		
- Book value	-	1,500.00
- Market value	-	1,502.28

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STERLING TOOLS LIMITED
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
Trade receivables

Trade receivables - considered good, unsecured

Trade receivables - credit impaired

Less: allowance for expected credit loss

As at 31 March 2026	As at 31 March 2025
8,450.76	6,544.76
3,219.91	279.77
11,670.67	6,824.53
(1,724.36)	(279.77)
9,946.31	6,544.76

Movement in the allowance for expected credit loss

Balance at the beginning of the year

Add: Allowance provided during the year

Less: Amounts written off during the year

Balance at the end of the year

For the year ended 31 March 2026	For the year ended 31 March 2025
279.77	164.86
1,444.59	114.91
-	-
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.

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.

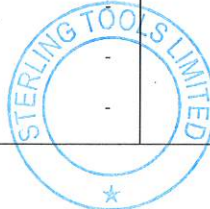
The relevant carrying amounts in respect of the bills discounting arrangement is as follows:

	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:

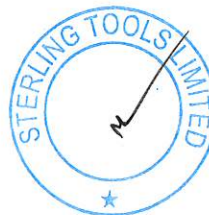
As at 31 March 2026	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	6,278.08	2,046.29	57.86	66.41	1.11	1.01	8,450.76
(ii) Undisputed trade receivables – 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

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



STERLING TOOLS LIMITED
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)

	As at 31 March 2026	As at 31 March 2025
12 Current financial assets - 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
	<u>4,841.36</u>	<u>2,366.35</u>
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		
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
	<u>11,025.97</u>	<u>12,427.23</u>
* 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 <i>(Unsecured and considered good)</i>		
Loans receivable	6.15	11.78
	<u>6.15</u>	<u>11.78</u>
15 Current financial assets - others <i>(Unsecured and considered good)</i>		
Export incentive receivable	4.62	6.34
Security deposits	1.10	1.00
Gratuity recoverable	15.42	28.85
Others #	49.19	15.21
	<u>70.33</u>	<u>51.40</u>
# This pertains to receivable from scrap sale and other recoverable.		
16 Other current assets	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
	<u>3,480.78</u>	<u>3,228.35</u>

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STERLING TOOLS LIMITED**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**Authorised:**

5,00,00,000 equity shares (31 March 2025: 5,00,00,000 equity shares) of Rs 2/- each

Issued, subscribed and paid up:

3,63,44,426 equity shares (31 March 2025: 3,61,84,318 equity shares) of Rs 2/- each

	As at 31 March 2026	As at 31 March 2025
	1,000.00	1,000.00
	726.89	723.69
	<u>726.89</u>	<u>723.69</u>

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

	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	36,184,318	723.69	36,024,211	720.48
Add: Equity shares issued during the year	160,108	3.20	160,107	3.21
Equity shares outstanding as at the end of the year	36,344,426	726.89	36,184,318	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: Rs 2.00 per share) amounting to Rs. 904.61 lakh (previous year - Rs. 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.

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

	As at 31 March 2026		As at 31 March 2025	
	No. of shares	% holding	No. of shares	% holding
Mr. Anil Aggarwal	6,110,583	16.81%	6,110,583	16.89%
Mr. Atul Aggarwal	9,445,574	25.99%	9,499,574	26.25%
Mr. Akhill Aggarwal	2,671,838	7.35%	2,660,957	7.35%
Mr. Anish Aggarwal	2,737,317	7.53%	2,701,957	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:**

	As at 31 March 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	6,110,583	16.81%	-0.08%	6,110,583	16.89%	-
Mr. Atul Aggarwal	9,445,574	25.99%	-0.26%	9,499,574	26.25%	-
Ms. Promila Aggarwal	755,000	2.08%	-0.01%	755,000	2.09%	-
Mr. Akhill Aggarwal	2,671,838	7.35%	0.00%	2,660,957	7.35%	-
Mr. Anish Aggarwal	2,737,317	7.53%	0.06%	2,701,957	7.47%	-
Ms. Ayesha Aggarwal	1,799,166	4.95%	0.13%	1,745,166	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 equity

	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.

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.

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STERLING TOOLS LIMITED

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)

	As at 31 March 2026	As at 31 March 2025
19 Non current financial liabilities - Borrowings		
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)
	<u>2,028.37</u>	<u>3,468.03</u>

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, Vengal 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.

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.

	As at 31 March 2026	As at 31 March 2025
20 Non-current financial liabilities - others		
Security deposits	43.55	46.25
	<u>43.55</u>	<u>46.25</u>

	As at 31 March 2026		As at 31 March 2025	
	Non-current	Current	Non-current	Current
21 Provisions				
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
Provision for warranty	1,157.78	578.89	1,482.75	741.36
	<u>1,442.63</u>	<u>827.07</u>	<u>1,654.37</u>	<u>979.63</u>

Movement in the provision for warranty

Balance at the beginning of the year
Add: provision created during the year
Less: Amounts adjusted during the year
Balance at the end of the year

	For the year ended 31 March 2026	For the year ended 31 March 2025
	2,224.11	1,603.10
	557.81	2,275.08
	(1,045.25)	(1,654.07)
	<u>1,736.67</u>	<u>2,224.11</u>

22(a) Deferred tax liabilities (net)
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

Sub-total (a)

Deferred tax assets

Employee benefits

Allowance for expected credit loss

Impact of difference between right-of-use assets and lease liabilities

Fair value of investments in equity instruments

Effective interest rate adjustment

Others

Sub-total (b)

Net deferred tax liability [(a) - (b)]

Movement in deferred tax balances
Particulars
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

Sub- total (a)

Deferred tax assets

Employee benefits

Allowance for expected credit loss

Impact of difference between right-of-use assets and lease liabilities

Fair value of investments in equity instruments

Effective interest rate adjustment

Others

Sub- total (b)

Net deferred tax liabilities [(a)-(b)]

	As at 1 April 2025	Recognised in consolidated statement of profit and loss	Recognised in OCI	As at 31 March 2026
	1,532.60	(143.62)	-	1,388.98
	<u>1,532.60</u>	<u>(143.62)</u>	<u>-</u>	<u>1,388.98</u>
	114.82	33.76	(16.19)	132.39
	51.56	-	-	51.56
	0.62	(0.05)	-	0.57
	64.86	-	-	64.86
	0.25	-	-	0.25
	5.42	2.93	-	8.35
	<u>237.53</u>	<u>36.64</u>	<u>(16.19)</u>	<u>257.98</u>
	<u>1,295.07</u>	<u>(180.26)</u>	<u>16.19</u>	<u>1,131.00</u>



STERLING TOOLS LIMITED

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	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: 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
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

	As at 31 March 2026	As at 31 March 2025
22(b) Deferred tax assets (net)		
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
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	38.02	250.86	-	288.88
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 Consolidated Statement of Profit and Loss

	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

	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)

STERLING TOOLS LIMITED

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)

iii) Reconciliation of effective tax rate
Profit before tax

Income-tax expense at tax rates applicable to individual entities included in the Group

Tax effect of:

- Corporate social responsibility expenditure
- Tax adjustment for earlier years
- Tax impact of enhanced compensation received
- Tax impact on business losses and others

At the effective income tax rate

31 March 2026	31 March 2025
Amount	Amount
4,764.99	7,663.52
1,423.85	1,772.05
33.18	27.95
19.33	(30.27)
(239.00)	-
594.80	64.48
1,832.16	1,834.21

23 Other non-current liabilities

Deferred grant income [refer note (a) below]

Others [refer note (i) below]

(a) Movement of deferred grant income:

Opening balance

Less: Released to consolidated statement of profit and loss

Less: Reclassified to other payable [refer note (ii) below]

Deferred grant income:

- Current
- Non-current

As at 31 March 2026	As at 31 March 2025
528.65	665.84
57.50	52.50
586.15	718.34
820.63	836.41
(154.81)	(167.99)
-	152.21
665.82	820.63
137.17	154.79
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)

Loans repayable on demand from banks

- Cash credit facilities
- Working capital demand loan

Current maturities of long-term borrowings (refer note 19)

Interest accrued but not due on borrowings

Bill discounting facility from banks

As at 31 March 2026	As at 31 March 2025
2,800.00	2,546.23
5,521.87	5,011.32
1,440.29	1,849.95
38.98	37.82
1,294.11	831.31
11,095.25	10,276.63

Note:

- (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%.
- 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 return/ 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



STERLING TOOLS LIMITED

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)

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 return/ 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.

25 Current financial liabilities - trade payables

Trade payables

A) Total outstanding dues of micro enterprises and small enterprises; and

B) Total outstanding dues of creditors other than micro enterprises and small enterprises

As at 31 March 2026	As at 31 March 2025
2,099.37	1,217.47
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

i) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year

- Principal amount

- Interest

As at 31 March 2026	As at 31 March 2025
2,089.94	1,213.75
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

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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

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iv) The amount of interest accrued and remaining unpaid at the end of each accounting year

9.43	3.72
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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.

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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	-	-	-	-	-	-	-

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	-	-	-	-	-	-	-



STERLING TOOLS LIMITED

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)

	As at 31 March 2026	As at 31 March 2025
26 Current financial liabilities - others		
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	-
	<u>2,200.57</u>	<u>678.43</u>

* 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.

27 Other current liabilities		
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	-
	<u>1,129.94</u>	<u>1,990.72</u>

28 Current tax liabilities (net)		
Provision for tax (net of advance tax)	43.89	-
	<u>43.89</u>	<u>-</u>

Note:

The following table provides the details of income-tax assets and current tax liabilities:

Prepaid taxes (refer note 7)	51.89	149.41
Provision for tax (refer note 28)	(43.89)	-
Net position [asset/(liability)]	<u>8.00</u>	<u>149.41</u>
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)	<u>51.89</u>	<u>149.41</u>
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)	<u>43.89</u>	<u>-</u>
Net income-tax assets [(A) - (B)]	<u>8.00</u>	<u>149.41</u>

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STERLING TOOLS LIMITED
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)

	For the year ended 31 March 2026	For the year ended 31 March 2025
29 Revenue from operations		
Sale of products		
- Finished goods	80,264.04	101,697.38
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	102,629.95
30 Other income		
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		
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		
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		
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.		
34 Finance costs		
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



STERLING TOOLS LIMITED
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)

	For the year ended 31 March 2026	For the year ended 31 March 2025
35 Depreciation and amortisation expenses		
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		
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
37 Exceptional items		
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

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)	36,210,198	36,048,337
Nominal value per share (Rs.)	2.00	2.00
Effect of share options during the year (C) (Numbers)	337,062	262,467
Weighted average number of equity shares for diluted earnings per share (D)= (B) + (C) (Numbers)	36,547,260	36,310,804
Basic earnings per equity share (face value of share- Rs 2 each) (A/B) (Rs.)	8.10	16.17
Diluted earnings per equity share (face value of share- Rs 2 each) (A/D) (Rs.)	8.02	16.05



STERLING TOOLS LIMITED

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
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 Indian entities of 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.

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:

	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

	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

	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

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

	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.



STERLING TOOLS LIMITED
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)

C) Sensitivity analysis

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

	Gratuity (funded)			
	31 March 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)

	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.

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.

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

	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

	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 Indian entities of 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 Rs. 167.39 lakh (31 March 2025: Rs. 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 Rs. 326.92 lakh (31 March 2025 - Rs. 232.95 lakh) presented as provisions for employee benefit obligations in note 21 - Provisions.

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STERLING TOOLS LIMITED**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 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

	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	100,494.52
a) Outside India	1,132.55	1,276.30
Total	80,315.64	101,770.82
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.

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STERLING TOOLS LIMITED**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****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) Rs. 821.13 lakh (Rs. 1,634.40 lakh as at 31 March 2025).

B. Contingent liabilities and other commitments

	As at 31 March 2026	As at 31 March 2025
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 Rs.91.58 lakh (31 March 2025 - Rs. 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.		
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 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 Rs. 300.76 Lakhs (Previous Year: Rs. 22.33 lakhs) towards basic custom duty (incl. SWS) & Rs. 485.15 Lakhs towards IGST (Previous Year: Rs.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

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STERLING TOOLS LIMITED
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
Lease liabilities are presented in consolidated 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 undiscounted lease liabilities are disclosed hereunder. Also refer note 44(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 consolidated 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.

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 Rs. 56.62 lakh (31 March 2025 - Rs. 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 Rs.180.51 lakh (31 March 2025 - Rs. 275.42 lakh) [including Rs. 56.62 lakh (31 March 2025 - Rs. 101.75 lakh) paid towards the aforementioned short-term leases].

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STERLING TOOLS LIMITED
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

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 Aggarwal - 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 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:

	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

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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)

	For the year ended 31 March 2026	For the year ended 31 March 2025
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
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 Urdhwareshe	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		
	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
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.



STERLING TOOLS LIMITED

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
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:

As at 31 March 2026

Particulars	Carrying amount					Fair value			
	FVOCI	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									
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 balances	-	-	11,025.97	-	11,025.97				
	-	-	<u>26,543.18</u>	-	<u>26,543.18</u>				
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				
	-	-	-	<u>24,325.71</u>	<u>24,325.71</u>				

As at 31 March 2025

Particulars	Carrying amount					Fair value			
	FVOCI	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 balances	-	-	12,427.23	-	12,427.23				
	-	<u>1,502.28</u>	<u>22,056.51</u>	-	<u>23,558.79</u>				
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	-	-	-	13,744.66	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				
	-	-	-	<u>22,462.90</u>	<u>22,462.90</u>				

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.

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STERLING TOOLS LIMITED

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)

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
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.

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

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

For reconciliation of expected credit loss on trade receivables, refer note 11.



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(All amounts in lakhs of Indian Rupees, except per share data, number of shares and unless otherwise stated)
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 - Rs. 23,184.11 lakh) including cash and cash equivalents of Rs 4,841.36 lakh (31 March 2025 - Rs. 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 cash flows					
Contractual maturities of financial liabilities		Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	Total
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

31 March 2025		Contractual cash flows					
Contractual maturities of financial liabilities		Less than 90 days	90-180 days	180- 270 days	270-360 days	More than 360 days	Total
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



STERLING TOOLS LIMITED

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)

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.

5% movement	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)

5% movement	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.

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 facilities	(62.27)	62.27
Cash flow sensitivity (net)	(88.23)	88.23

Particulars	Profit or loss (after tax) and equity	
	100 bps increase	100 bps decrease
31 March 2025		
Rupee term loans	(28.80)	28.80
Working capital facilities	(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 bps increase	100 bps decrease	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease	100 bps increase	100 bps 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:

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



STERLING TOOLS LIMITED

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)***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
		31 March 2026	31 March 2025	31 March 2026	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

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STERLING TOOLS LIMITED**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 ('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.

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 Rs.)	No. of options	Weighted average exercise price (in Rs.)
Total no. of options granted till date	640,431		640,431	
Opening balance as at the beginning of the year	480,324	2	640,431	2
Granted during the year	-	-	-	-
Exercised during the year	(160,108)	-	(160,107)	-
Forfeited during the year	-	-	-	-
Expired during the year	-	-	-	-
Closing balance as at the end of the year	320,216	2	480,324	2
Exercisable as at the end of the year	-		-	
Weighted average share price at the date of exercise (Rs.)	-		-	
Weighted average remaining period (in years)	6.34 years		6.84 years	
Exercise price (Rs.)	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 Rs. 581.93 lakhs during the year (31 March 2025: Rs. 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.

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STERLING TOOLS LIMITED

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)

- 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 maintainance 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.

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STERLING TOOLS LIMITED
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	100,494.52
Export	1,132.55	1,276.30
	80,315.64	101,770.82
Customer wise		
Related party	-	-
Non-related party	80,315.64	101,770.82
	80,315.64	101,770.82
Revenue by time		
Revenue recognised at point in time	80,315.64	101,770.82
	80,315.64	101,770.82

(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.

(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	104,444.22
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	101,770.82

(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.



STERLING TOOLS LIMITED

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 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%
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%	-	-	-	-	-	-
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 Rs.2.75 per share (face value of Rs. 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.

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 Chandio & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013


Ashish Gera
Partner

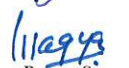
Membership no. 508685



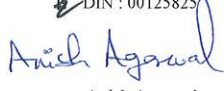
Place: Faridabad
Date: 15 May 2026

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


Anil Aggarwal
Chairman & Whole-Time Director
DIN : 00027214


Pragma Saxena
Company Secretary
M. No. F 9640


Atul Aggarwal
Managing Director
DIN : 00125825


Anish Aggarwal
Director & Chief Financial Officer
DIN : 07056465

