



STERLING TOOLS LIMITED

CIN No.: L29222DL1979PLC009668

Regd. Office: Office No. 515, DLF Tower-A, Jasola District Centre, New Delhi-110025

Corporate Office: Plot No. 4, D L F Industrial Estate, Faridabad-121003

E-mail: csec@stlfasteners.com, Website: www.stlfasteners.com

Tel: 91 129 2270621-25 / Fax: 91 129 2277359

41st ANNUAL GENERAL MEETING

FRIDAY, 25th September, 2020 at 10.30 A.M. through Video Conferencing and Other Audio Video Visual Means

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| WELCOME SPEECH by Company Secretary | <p>"I, Vaishali Singh, Company Secretary & Compliance Officer of Sterling Tools Limited.</p> <p>"A very Good morning to all the Board of Directors, Auditors and Shareholders, who have joined us today, in the 41st Annual General Meeting of Sterling Tools Limited through Video Conferencing and Other Audio Video Visual Mode" . Hope, all of you are safe & in good health and wish you all to stay that way.</p> <p>As a tradition, your Company has always been conducting its Annual General Meeting physically, but in the light of this unprecedented situation, because of the pandemic caused by COVID-19, to convene a physical meeting was a challenge and not advisable as well. The Government of India has also urged all its citizens to maintain social distancing norms in order to control the spread of this Virus.</p> <p>Even the Ministry of Corporate Affairs has through its Circulars dated 8th April, 2020 & 13th April, 2020 permitted Companies to carry AGM through VC mode. Your Company thus with an intention to support the measures taken by the Government, decided to conduct the Annual General Meeting this year through Video conferencing and other Audio-Visual modes.</p> <p>I hereby thank & welcome all the Shareholders who have joined us today through the Webex platform.</p> <p>Before commencing the proceedings, I would like to inform all the attendees about the following points –</p> <ol style="list-style-type: none">1. Mr. Anil Aggarwal, Chairman & Managing Director of the company shall preside over the meeting as the Chairperson of this Annual General Meeting.2. Facility of joining the AGM is being made available on first come first serve basis.3. All members who have joined this meeting are by default placed on mute mode to avoid any disturbance from background to ensure smooth conduct of the meeting. <p>I would now like to request all the Board Members to introduce themselves and confirm from where they are joining this meeting.</p> |
| Mr. Anil Aggarwal | <p>"Good Morning everyone, this is Anil Aggarwal, Managing Director and Chairman, joining the AGM from Corporate Office at Faridabad.</p> |

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| Mr. Atul Aggarwal | "Good Morning everyone, this is Atul Aggarwal, whole time director and Chief Financial Officer, joining the AGM from Corporate Office at Faridabad. |
| Mr. Akhill Aggarwal | "Good Morning everyone, this is Akhill Aggarwal, Director, joining the AGM from my office, Faridabad". |
| Sh. C.R. Sharma | "Good Morning everyone this is C.R. Sharma, Independent Director, joining the AGM from my Residence at Gurugram. I am representing Audit Committee and Nomination & Remuneration Committee of the Board, being the Chairperson of the said Committees" |
| Mrs. Malini Sud | "Good Morning everyone this is Malini Sud, Independent Director, joining the AGM from my office at Defence Colony, New Delhi. |
| Mr. Shailendra Swarup | "Good Morning everyone this is Shilendra Swarup, Independent Director, joining the AGM from my office at G.K. Part-1, New Delhi. |
| Mr. Jaideep Wadhwa | "Good Morning everyone this is Jaideep Wadhwa, Director, joining the AGM from my Residence in New Delhi. |
| Mr. Kabir Bhandari | "Good Morning everyone this is Kabir Bhandari, Director, joining the AGM from my office at New Delhi. |
| CS | Apart from them, we also have Statutory auditors-Walker Chandiook & Co. and Secretarial Auditor, M/s Dhananjay Shukla & Associates, and Mr. Ak. Goyal, the Scrutinizer joined this meeting from their respective locations. |
| | I would further like to request Mr. Anil Aggarwal, Chairman to commence the proceedings of 41 st Annual General Meeting. |
| Chairman | <p>Thank you everyone. Dr. T.N. Kapoor has expressed his inability to join this meeting due to pre-occupation.</p> <p>Dr. T.N. Kapoor has authorized Shri C.R. Sharma to act as Chairman of Stakeholders' Relationship Committee in this meeting.</p> <p>We have the requisite quorum present through video conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by MCA and Section 103 of the Companies Act, 2013.</p> <p>The quorum being present, I call this meeting to order.</p> <p>Since all the members are joining this meeting through Video Conferencing, pursuant to the Circular of Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM.</p> <p>The Register of Directors, KMP and their Shareholding and other Statutory Registers as required under Companies Act, 2013 have been made available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send their requests to csec@stlfasteners.com.</p> <p>The Statutory Auditors, Walker Chandiook & Co., and Secretarial Auditor, M/s Dhananjay Shukla & Associates, have expressed unqualified opinion in the respective audit reports for the financial year 2019-2020. There were no qualifications or adverse comments on financial statements and matters, which</p> |

have any material bearing on the functioning of the Company. The Statutory Auditors' report on standalone financial statements and consolidated financial statements are available on Page numbers 97 and 163 of the annual report. Secretarial Auditor report is enclosed as Annexure VIII to the Board's report on Page number 49 of the annual report. With your permission, I take the said Reports as read.

As the Notice and Directors' Report had already been emailed to all the members, I propose to take them as read.

Before we move to the business items to be transacted through this AGM, wish to share my views on the performance of the Company during F.Y. 2019-20 and the outlook for future.

Chairman Speech

Dear Shareholders:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Review of Current Performance:

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

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

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

Outlook for Future

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

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

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| | <p>component venture Sterling Gtake E-Mobility Ltd was incorporated in January 2020 and its manufacturing facility is scheduled for completion in Oct 20. This venture, and others that may follow, will provide Sterling a foothold in the EV segment and make the Company “Future Ready”</p> <p>As I look forward, I wish and hope that the global efforts in fighting the pandemic bear some quick results and we are able to emerge out of these testing times and get back to leading our lives.</p> <p><u>Acknowledgement</u></p> <p>I extend my sincere thanks to all shareholders, Customers, Bankers, Vendors and the employees of the Company for their continuous support.</p> <p>Thank You</p> <p>Anil Aggarwal Chairman cum Managing Director</p> |
| | <p>Now I request to Company Secretary to give details of Agenda items and voting process</p> |
| <p>CS</p> | <p>Thank you Sir!</p> <p>Dear Shareholders</p> <p>In terms of Companies Act, 2013 and the Listing Regulations, the Company had provided to shareholders remote e-voting facility through the system of NSDL. The remote e-voting period commenced at 9:00 am 21st September, 2020 and ended at 5:00 pm 24th September, 2020.</p> <p>Such members, who have not already cast their vote through remote e-voting, can cast their vote now during this meeting through e-voting facility by visiting the NSDL voting page. The voting is opened and shall remain open till 15 minutes after the conclusion of this AGM.</p> <p>Mr. A.K. Goyal, Company Secretary in Practice has been appointed as the Scrutinizer to scrutinize the vote cast at remote e-voting and open Voting at this AGM.</p> <p>Since the meeting is being conducted through Video Conferencing and the resolutions stated in the Notice of AGM are already put to vote through remote e-voting, there will no proposing and seconding of the resolutions.</p> <p>Scrutinizer shall immediately after the conclusion of voting at the AGM, unblock the votes cast through Remote e-voting and voting during AGM and make a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any. The results of the voting shall be declared within 48 hours of the conclusion of this AGM.</p> <p>The Results declared along with the Scrutinizer’s Report shall be placed on the website of the Company and on the website of NSDL and Stock Exchanges.</p> <p>In the Notice of this 41st AGM, 8 resolutions have been proposed for the approval by the members. There are 3 Ordinary Businesses and 5 Special</p> |

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| | <p>Businesses.</p> <p>Ordinary Business</p> <ol style="list-style-type: none"> 1. To receive, consider and adopt the standalone and consolidated Audited Financial Statements for the financial year ended 31st March, 2020 together with the reports of Directors and Auditors thereon. 2. To confirm & ratify the payment of Interim Dividend of 100% for the F.Y. 2019-20 as Final Dividend for the said Financial year. 3. To appoint a Director in place of Mr. Atul Aggarwal who retires by rotation and being eligible, offers himself for re-appointment; <p>Special Business</p> <ol style="list-style-type: none"> 4. Ratification of Remuneration of Cost Auditor for financial year 2020-21 5. Regularization of appointment of Shri Shailendra Swarup as Independent Director of the Company. 6. To approve the remuneration payable to Mr. Jaideep Wadhwa, Non-Executive Non Independent Director during the F.Y. ending March 31, 2021 7. Re-appointment and payment of remuneration to Shri Anil Aggarwal, Chairman cum Managing Director of the Company. 8. Re-appointment and payment of remuneration to Shri Atul Aggarwal, Whole time Director of the Company. <p>Resolution No 1 to 5 have been proposed to be passed as Ordinary Resolutions and Resolution no. 6 to 8 have been proposed to be passed as Special Resolution.</p> |
| <p>Questions by shareholders if any- Company Secretary</p> | <p>Now we move to question-answer session. Only those Shareholders who have sent their queries in advance or have registered themselves for speaking at the meeting shall be eligible to raise their query.</p> <p>We will announce the name of the Shareholder one by one who has registered himself/herself for speaking. To start speaking, the Shareholders are requested to switch on their video mode. If such Shareholder is not able to join through video for any reason then that member can join through the audio mode only. The Shareholders are advised to use headphone for Clear Audio and switch off other background applications, if any, running.</p> <p>If there is connectivity issue for any speaker shareholder end, then we will request to next speaker shareholder to speak. Once the connectivity improves, we will call again the first registered speaker shareholder. We request to speaker shareholder to kindly limit the speech/ queries within 3 minutes.</p> <p><i>First I would like to call Mr. Manish Verma</i></p> <p>DP ID - 13014400 Client ID – 02199768</p> <p>Mr. Manish Verma :</p> |

What is the impact of Corona Virus Pandemic on our business?

Chairman Sir:

Because of lockdown from April to June badly affected our Business. All our Customers were closed, after that the Economy opened up and most of our customers started production. We expect going forward market will improve and the Company will also start improving.

Second, I would like to call Mr. Ashish Gupta- DPID CLIENT ID - IN30051319456077

Mr. Ashish Gupta:

What is the business plan of the company for the next three years?

Chairman Sir:

We have commissioned our Bangalore plant in the middle of last year but unfortunately the market was slow that time. The Bangalore facility was started so that we get closer to our south based Customers and serve them in a more better way. With covid pandemic it has yet to pick up. We are hopeful that with Government' proposal to introduce Commercial Vehicles' scrappage policy, which is quite sizeable part of our business, our business will improve.

Further the shift from internal combustion engine to electric vehicles which gained momentum has slow down. We do believe in coming years Two Wheelers, Three Wheelers and City Buses will move from IC engine to Electric vehicles. We expect that metro cities will shift to electric vehicles much quicker and there will be complete transition to electric vehicles. Keeping this market in mind, we have formed a Company named Sterling Gtake Emobility Limited, a Joint Venture Company with a China based Company GTAKE to manufacture Motor Control Units(MCUs) and Motors for Electric Vehicles.

Third, I would like to call Ms Ratna Binoy DP ID-IN30167010156312

Ms. Ratna Binoy:

what would be the impact of Electric vehicles on fasteners demand?

The normal growth of IC engines will continue even in years ahead. The transition of Indian vehicle business from IC Engine to Electric Vehicles has already been explained in the question just asked by Mr. Ashish Gupta. We will be shifting to meet the requirements of Electric vehicles as well.

Fourth, I would like to call Mr. Chetan Chadha. DPID:- IN30011810826627

His name was announced for three times but later on it was informed to Company Secretary that Mr. Chetan Chadha had not joined this meeting. He had registered himself with the Company to express his views in AGM.

Fifth, I would like to call Mr. Vishal Prasad DP ID: 1208180000545258

His name was announced for three times but later on it was informed to

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| | <p>Company Secretary that Mr. Vishal Prasad had not joined this meeting. He had registered himself with the Company and had shared the following questions through Email dtd. 24th September 2020.</p> <ol style="list-style-type: none"> 1. Could you elaborate on the products that we would be making under the Gtake E-Mobility limited. Do we have enough expertise in manufacturing of Motor Control unit. Who are the customers we would be supplying to. What is the addressable market size. What is the expected revenue from the 40 cr CAPEX we are doing? What is the location of the factory 2. How much did we spend on our Bangalore factory. What is the total capacity of the factory. What is the expected peak revenue from this factory 3. How much is our yearly maintenance capex? 4. We have been talking about various Research & Development projects, for past many years. However in the annual report we mention that there is 0 (Zero) expense on R&D. Could you please elaborate on this? What wa the Capital and Operational expenditure on R&D duuring 2019-2020. 5. Are there any tangible export opportunities that you see coming our way? <p>Since he hadn't attended the meeting, his questions will be replied through email.</p> <p>There was only one question in Chat box which was relating to Sterling Gtake Emobility Ltd. which had already been explained by the Chairman in his answer to question No. 2.</p> <p><i>With this, the question answer session was ended.</i></p> <p>Thank you Chairman Sir!</p> |
| <p>Vote of thanks by Chairman</p> | <p>I would like to thanks to all the shareholders who participated in the Annual General Meeting of the Company to make it successful</p> <p>Now I authorize the Company Secretary to conclude the meeting. The results would be announced on or before the 27th September, 2020 and the same would be intimated to Stock Exchanges and will be uploaded on the website of the Company and NSDL.</p> <p>Thank you.</p> |
| <p>Company Secretary</p> | <p>I Request to all shareholders please cast your vote who have not casted yet. If you have any difficulty to cast the vote please write in the Q & A box we will help you for the same Voting is open more 15 minute from now.</p> |