



# STERLING TOOLS LTD

INVESTOR PRESENTATION Q1 FY23

AUG 10<sup>th</sup>, 2022

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# About Sterling Tools Ltd (STL)



1 STL is the **2nd** largest automotive fastener manufacturer in India since last 4 decades

2 Well **diversified** presence across all automotive segments and customers

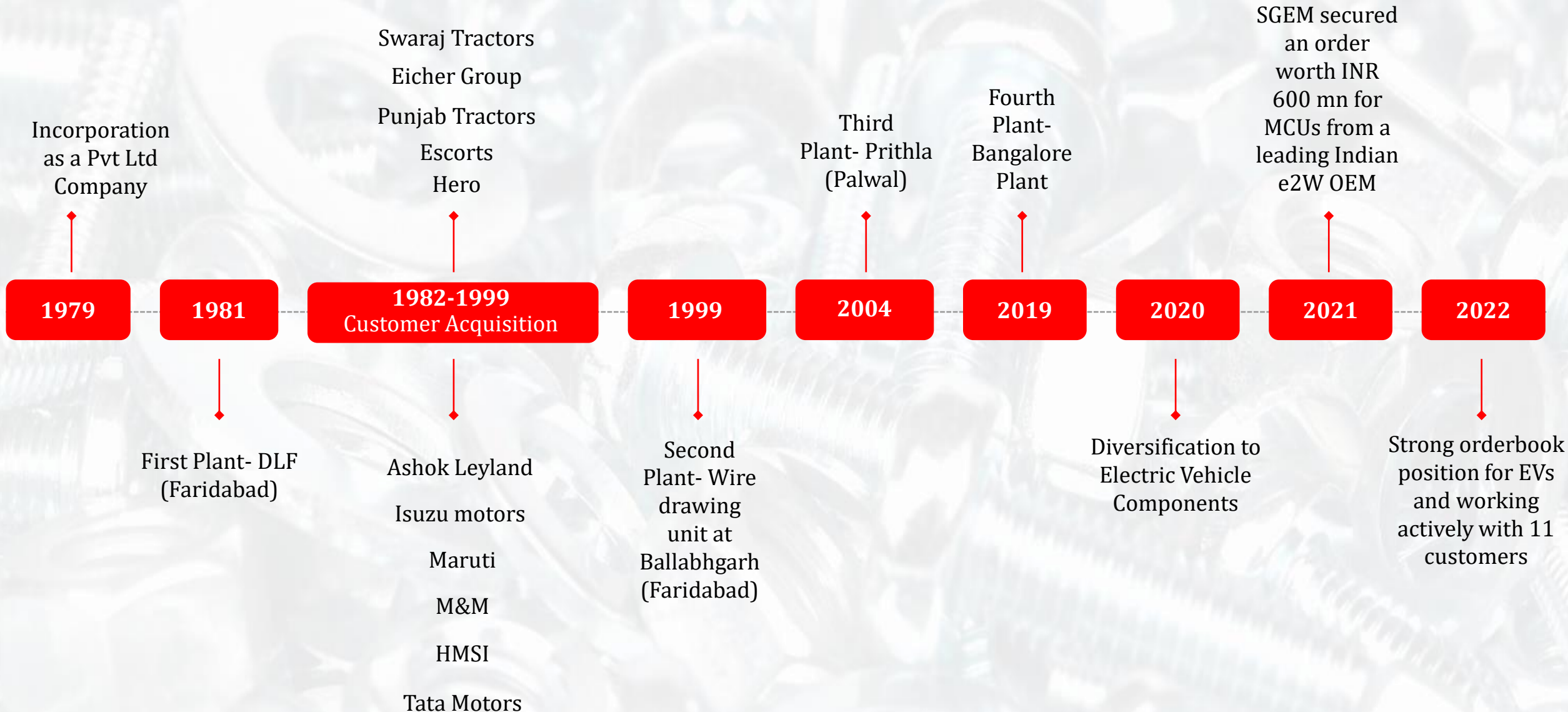
3 Strategically located **4 Manufacturing facilities**- 3 in North India (Faridabad) and 1 in South India (Bangalore)

4 Rated by ICRA **A1+/AA-** (Highest short term rating)

5 One of the **largest MCU** supplier for electric vehicles in India

6 Entered the **EV space in 2020**– Now one of the largest e-2W MCU suppliers in India

# History & Milestones



## Mr. Manohar Lal Aggarwal

Chairman Emeritus

## Mr. Anil Aggarwal

Chairman-cum Managing Director

38+ years of experience  
Expertise in Manufacturing, Project management, Administration, Product and Project development and Quality control for auto components

### Mr. Atul Aggarwal

Whole Time Director

34+ years of experience,  
Expertise in Marketing,  
Banking, Finance, Corporate  
Affairs, Information  
Technologies and Export  
Resources Management.

### Dr. Triloki Nath Kapoor

Director

50+ years of experience,  
Expertise in Administration,  
Management, Regulatory  
Compliances and Governance  
related issues.  
Ex- Vice Chancellor and Dean of  
Punjab University.

### Mr. Chhotu Ram Sharma

Director

40+ years of experience,  
Expertise in Banking & Finance  
Ex- MD & CEO of Bank of  
Punjab Ltd.

### Ms. Malini Sud

Director

35+ years of experience,  
Expertise in Corporate Laws  
Founder- Capex Legal.

### Mr. Shailendra Swarup

Director

50+ years of experience,  
Expertise in Corporate Law  
including International Law  
CEO- Swarup & company.

### Mr. Rakesh Batra

Director

30+ years of experience,  
Expertise in Consulting and  
Strong knowledge in  
Regulatory Compliances  
Ex- EY Partner and National  
Leader Auto Sector.

### Mr. Jaideep Wadhwa

Director

30+ years of experience,  
Expertise in International  
Business Management, Auto &  
Industrial Component Industry  
Knowledge.  
Ex- MD in the Ingersoll Rand.

### Mr. Akhill Aggarwal

Director

10+ years of experience,  
Expertise in Automobile  
business and other allied  
services related to the sector.



## Vision

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



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

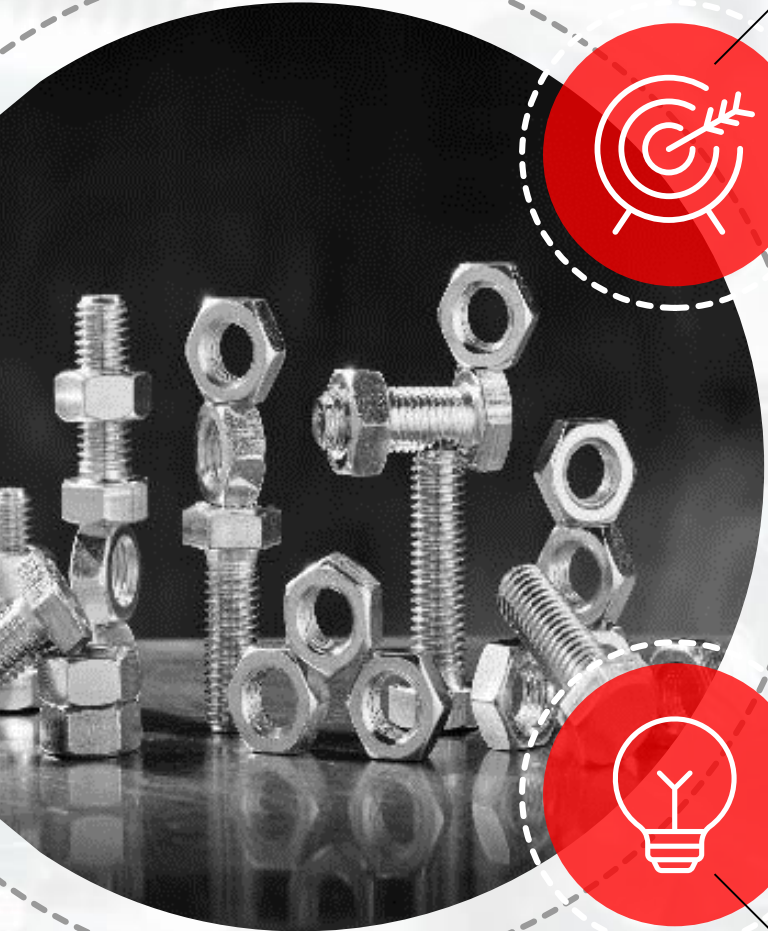


## Mission

**360 Degree  
Vision**

**Achieving  
Excellence**

**Engineering  
To Perfection**





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**Two Wheelers:** Favourable monsoon outlook led rural demand recovery, cut in fuel prices and easing commodity prices may support 2W demand; high inflation remains a concern

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**Passenger Vehicles:** The underlying demand for the industry continues to be robust; (Q1FY23 retail sales averaging at ~92% of pre-Covid levels) inventory levels across dealerships have started improving, even as they remain lower than the normal levels at around 15-20 days.

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Supply shortage is expected to fully resolve by 2023; the impact of the ongoing Russia Ukraine crisis on chip supplies remains monitorable

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**Commercial Vehicles:** Domestic CV industry volumes are on a recovery track as a result of gradual improvement in the macroeconomic environment and healthy demand from the end user industries.

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**Tractors:** Industry volumes have remained healthy over the past three months, after a period of moderation in volumes, aided by healthy rabi cash flows forecast of normal monsoons and continuation of healthy procurement by the Government to support rural cash flows and industry demand



# Key Operational Highlights For The Quarter



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## **Fasteners Business:**

- Increase in SOB with existing customers based on the quality customer relations and services

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## **Electric Vehicle Business:**

- Order from India's leading CV OEM for MCUs for LCV
- Order for 4in1 (Auxiliary Drives, DC/DC, PDU) from a HCV OEM
- Continued inroads into the electric ow speed scooter, high speed scooter, motorcycle and L5 segments



# Key Financial Highlights For The Quarter



2022



Revenues increased by 53% Y-o-Y  
to

**Rs 138 Cr**

EBITDA increased by 50% Y-o-Y  
and 16% Q-o-Q to

**Rs 22 Cr**

EBITDA Margin increased by  
230 bps Q-o-Q to

**15.6%**

PAT increased by 97% Y-o-Y  
and 6% Q-o-Q to

**Rs 9 Cr**



# Fasteners Business





# Product Range- Fasteners



## Bolts and Screws

Size : M5 to M24 and equivalent inch series  
Lengths: 8 mm to 250 mm

## Nuts

M6 to M 22 and equivalent inch series

## Engine / Special Fasteners



## Standard / Chassis Fasteners



### Chassis Fasteners



### Engine Fasteners



### Special Fasteners



## Standards



Indian Standards



German Standards



Japanese Standards



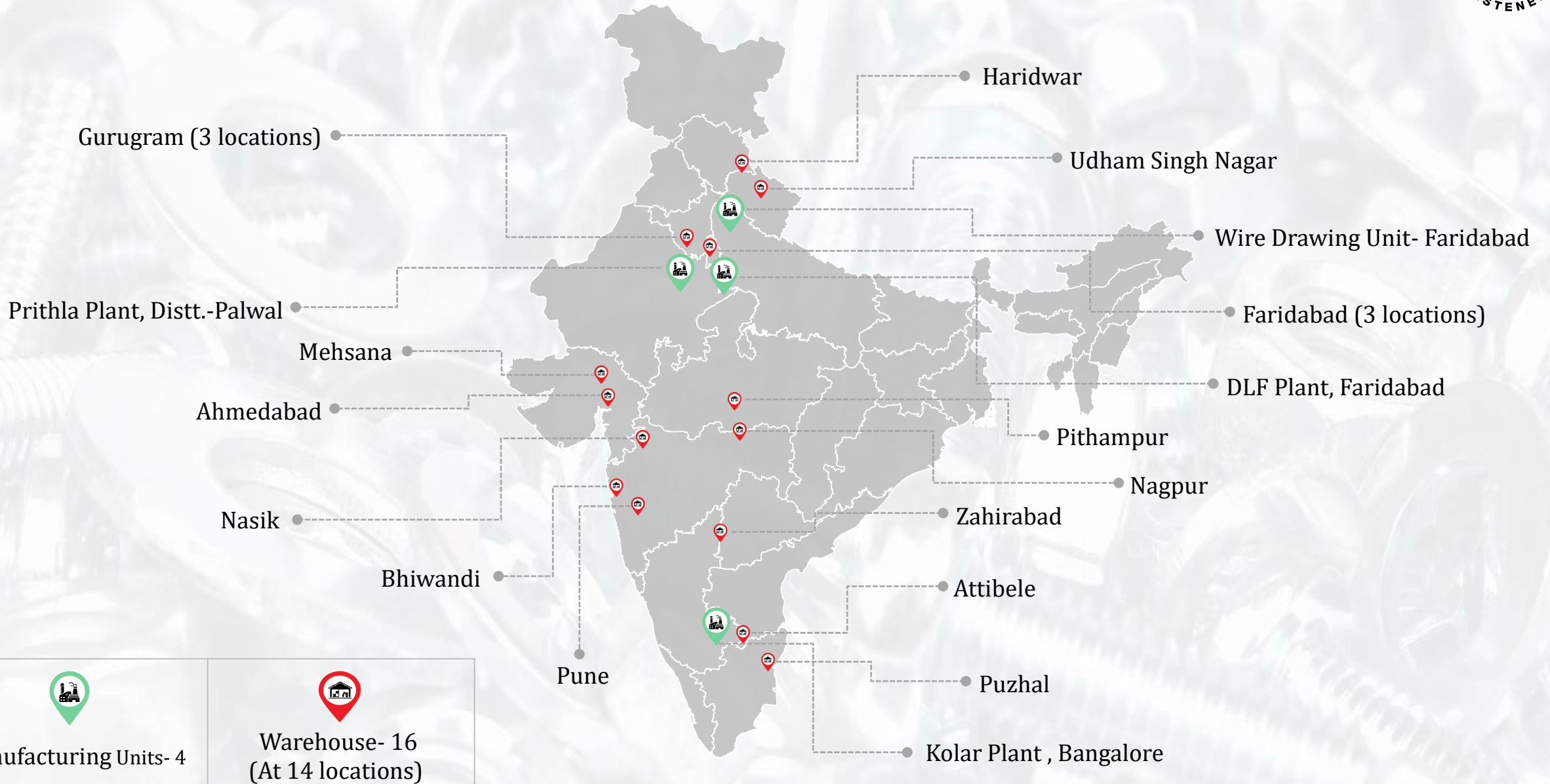
American Standards



British Standards

Strictly Confidential

# Pan India Presence- Fasteners



Manufacturing Units- 4

Warehouse- 16  
(At 14 locations)



# Manufacturing Facilities



**DLF Plant, Faridabad**



**Wire Drawing Plant, Faridabad**



**Prithla Plant, Palwal**



**Bangalore Plant**



# Key Clientele- Fasteners



## Passenger Vehicles



## Two Wheelers



## Farm Equipment



## Commercial Vehicles



## Exports



## Construction



## Aftermarket

**Strong Pan-India presence with 100 Distributors**



## TIER-1



Swaraj Engines Limited



WHEELS INDIA LIMITED

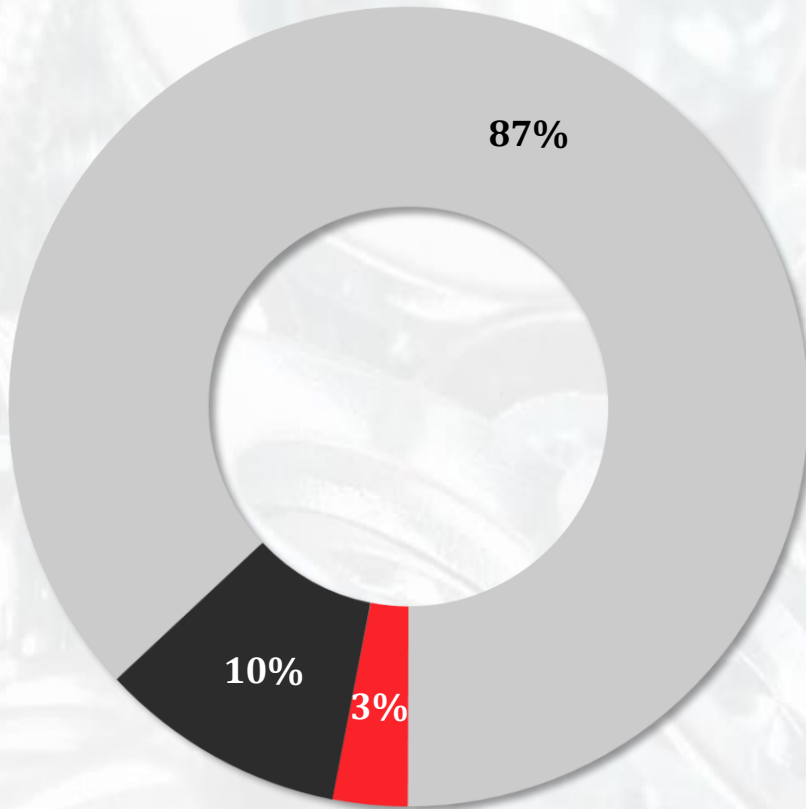




# Well Diversified Revenue Mix

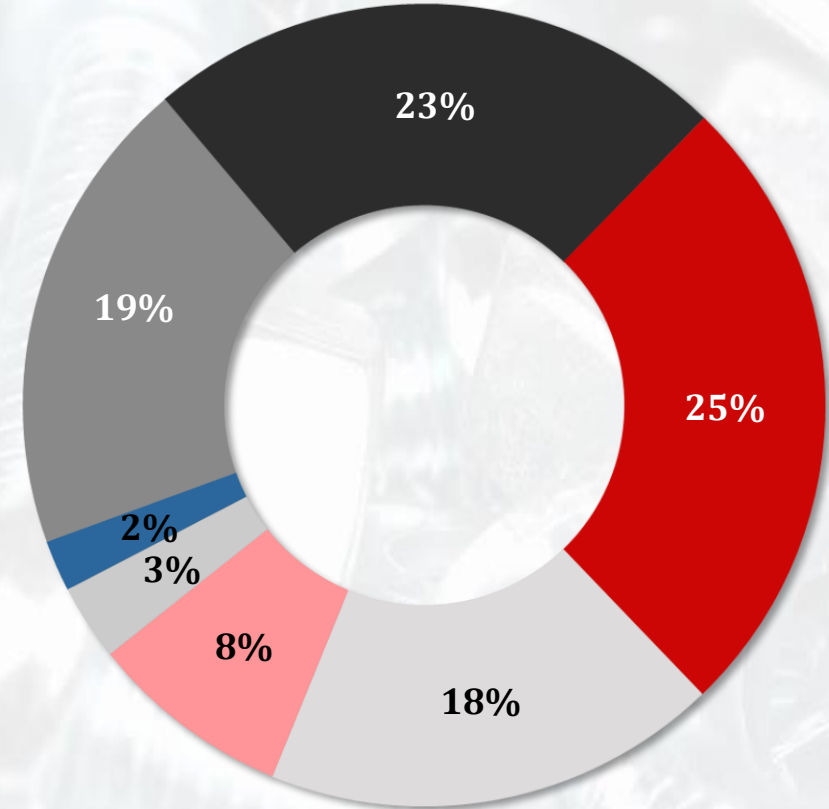


### Channel-wise Mix



■ OEM ■ Exports ■ Replacement

### Segment-wise Mix



■ 2W ■ PV ■ CV ■ Farm equipment & Off-road ■ Retail ■ Exports ■ Others



STERLING GTAKE  
E-MOBILITY

# Electric Vehicle Business





Forging The  
Future



Investor  
Presentation

1

Partnership between Sterling Tools and Jiangsu Gtake of Shenzhen (China).

2

Gtake is a technology leader in motor control units for electric and hybrid vehicles and has a dominant market share in the electric CV space in China.

3

The agreement calls for the companies to manufacture motor control units domestically to cater to the Indian automotive market as well as to develop local design (hardware & software customization) engineering, application support and after-sales service capabilities.

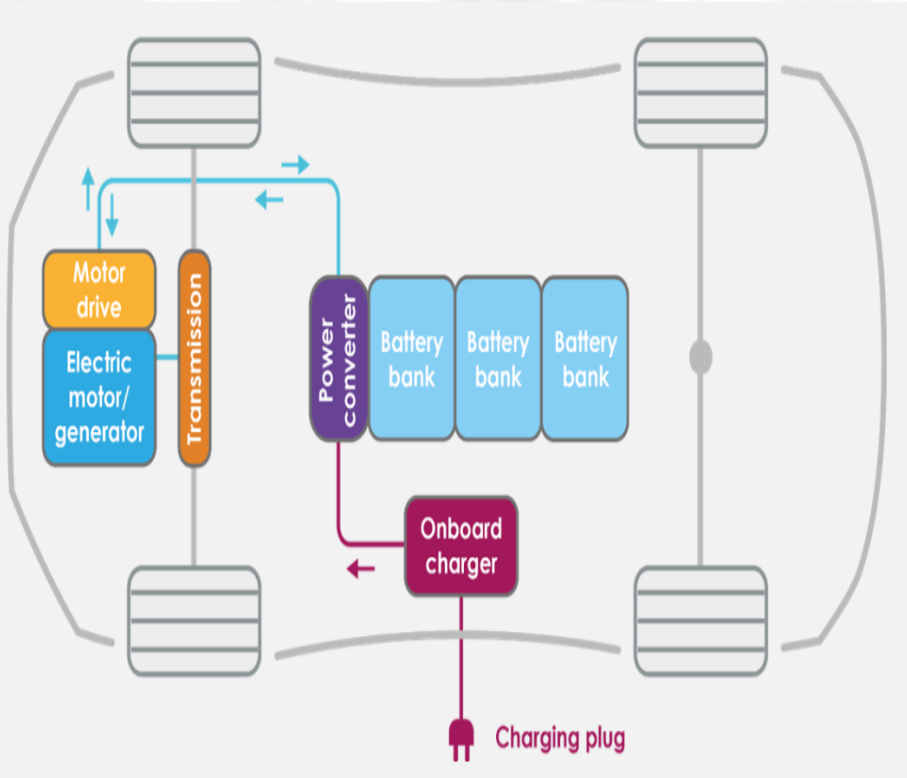
4

Installed capacity of 300,000 MCUs facility expansion being planned to further enhance capacity.

5

First mover advantage in application support, market development as well as product localization.

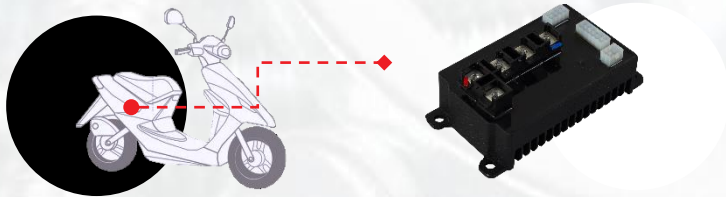
# About Motor Control Unit (MCU)



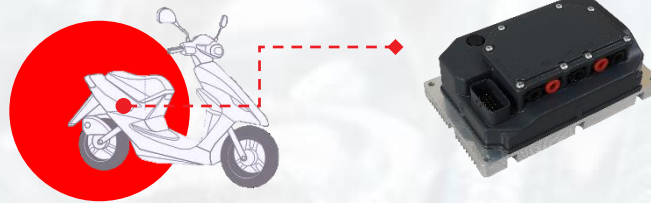
- 1 A Motor Control Unit (MCU) is an electronic module that interfaces with the Motor as well as the Battery Pack to control the electric vehicle's speed, acceleration and range based on the throttle input.
- 2 MCUs are one of the most important components of an EV and require a combination of power electronics, motor control algorithm and firmware expertise.
- 3 In the absence of a VCU, the MCU also controls some basic vehicle level functionality.
- 4 EV powertrain usually describes a sub-system consisting of the motor, controller and gearbox/differential. Some EV powertrain suppliers may also include the battery pack, the AC/DC and DC/DC convertors, the wiring harnesses and possibly the instrument cluster so as to provide a comprehensive solution for the entire electrical sub-system.
- 5 MCUs make upto 10% of electric 2W cost.

# SGEM Product Portfolio

**Product: D00**  
Application: Low Speed Scooter



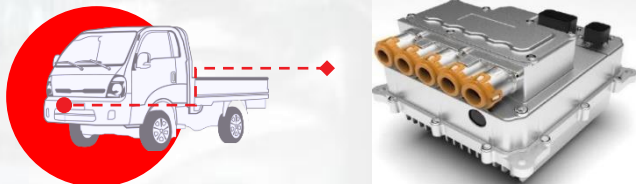
**Product: D06**  
Application: High Speed Scooter



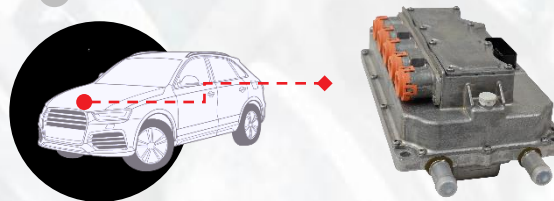
**Product: D03**  
Application: Performance Scooters & 3W



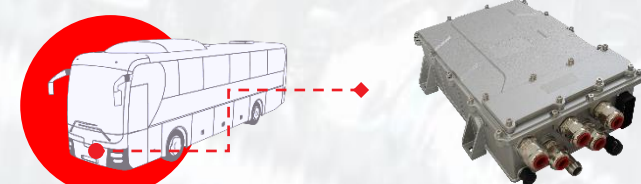
**Product: D04**  
Application: Light Commercial Vehicles



**Product: G05**  
Application: Passenger Vehicles



**Product: G02**  
Application: Heavy Commercial Vehicles



**Product portfolio covers the entire spectrum of applications from 1 KW to 200 KW and 48V to 700V**

Investor Presentation



- 1 SGEM has production orders from 11 EV OEMs.
- 2 SGEM is in advanced stages of discussions with more than 30 automobile (EV) OEMs for their MCU requirements for different vehicle segments, including two-wheelers, three-wheelers, passenger vehicles and commercial vehicles.
- 3 3 product families are at advanced stages of localization and already compliant or in the process of being compliant with FAMEII requirements.
- 4 3 additional product families likely to be localized in FY23 basis finalization of customer programs.
- 5 In-house SMT lines for board population planned.
- 6 Local product development initiated.

# Sterling Group EV Vision



**Motor Controller**



**Motor**



**AC/DC chargers / OBC**



**Battery / BMS**



# Financial Summary



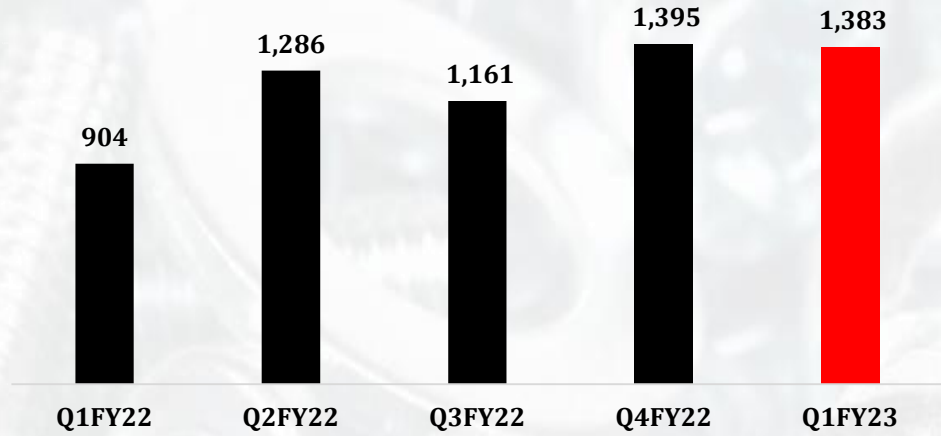


# Standalone Quarterly Financials

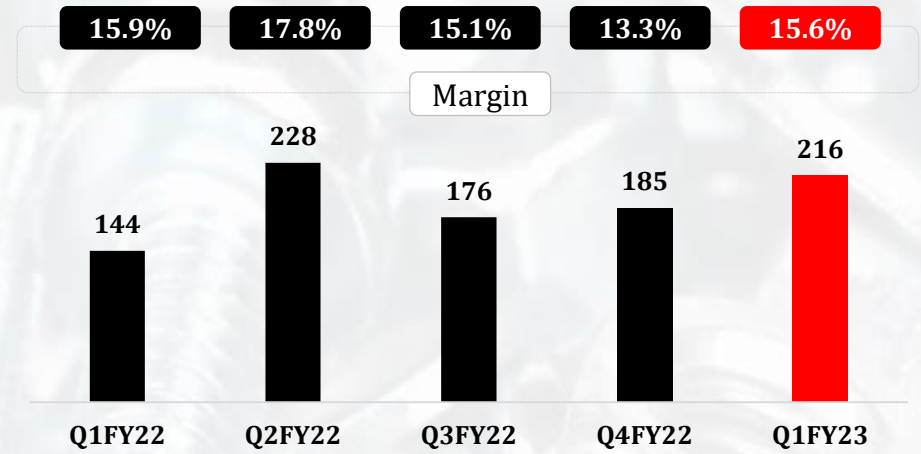


Rs. In Mn

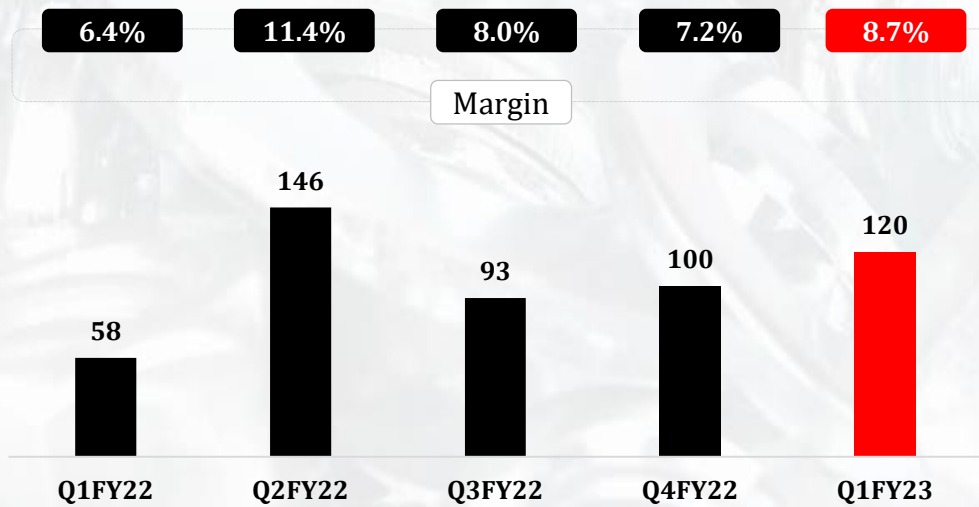
## REVENUE



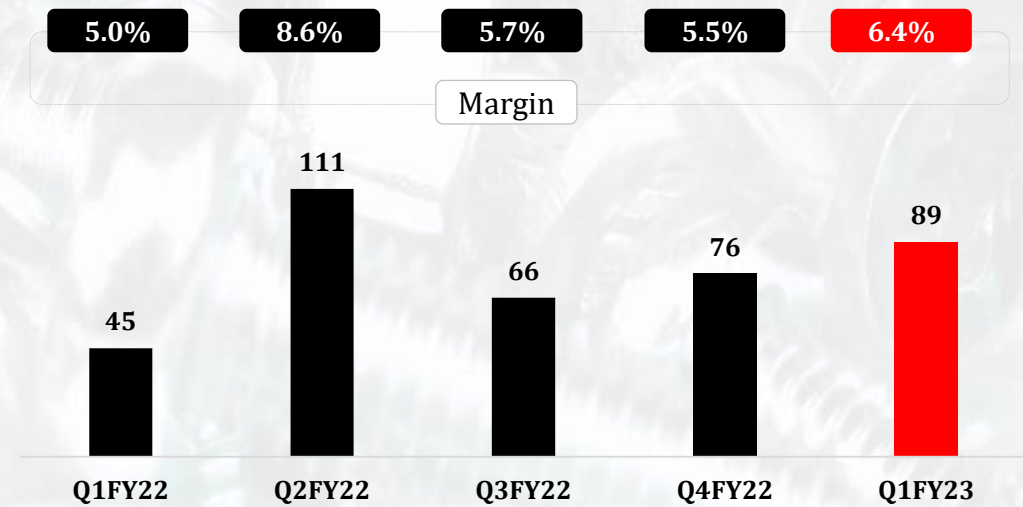
## EBITDA & EBITDA Margin (%)



## PBT & PBT MARGIN%



## PAT & PAT MARGIN



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