



STERLING TOOLS LTD

INVESTOR PRESENTATION Q2 FY23

November 9th, 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

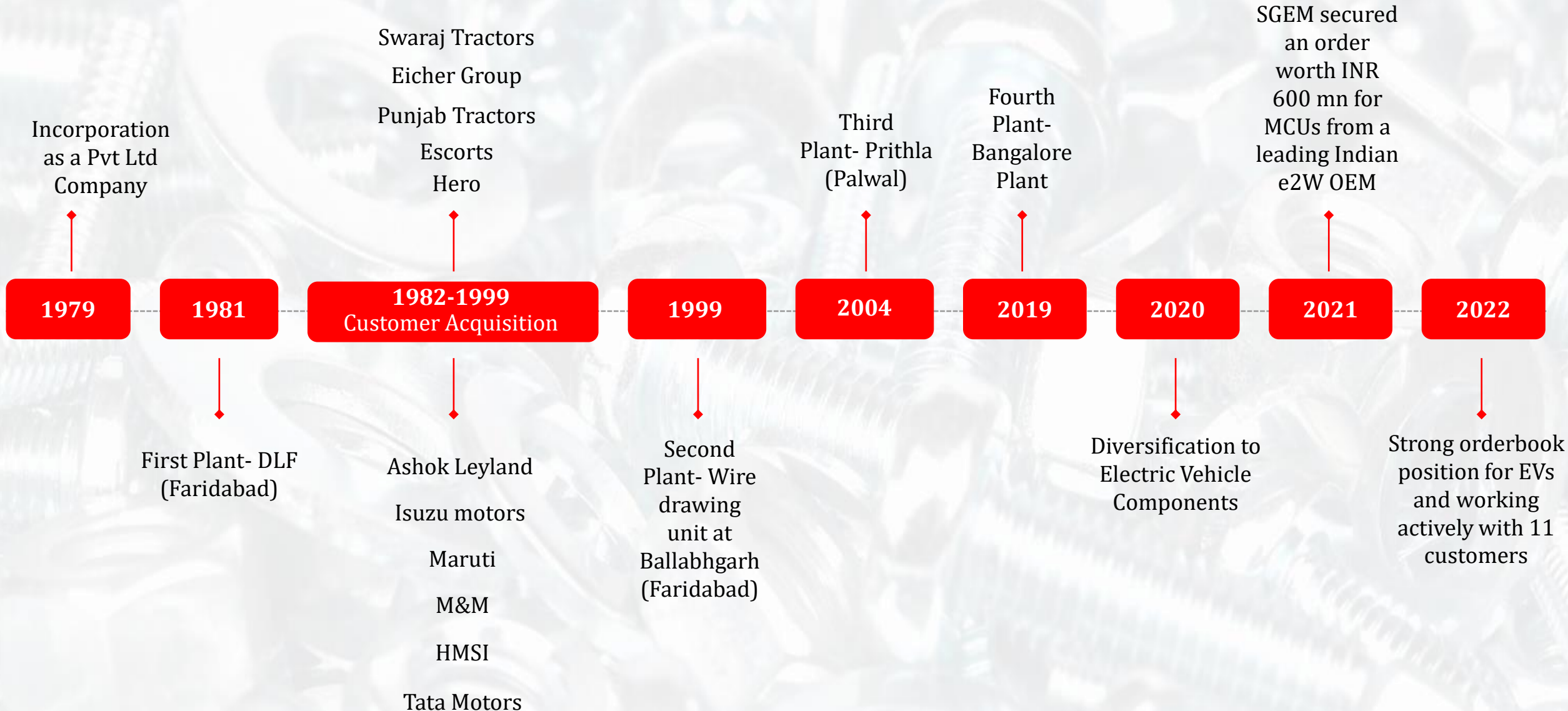
3 Strategically located **4 Manufacturing facilities**- 3 in North India (Faridabad) and 1 in South India (Bangalore)

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. 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.

Mr. Shailendra Swarup
Director

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

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. 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. Chhotu Ram Sharma
Director

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

Mr. Jaideep Wadhwa
Director

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

Ms. Malini Sud
Director

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

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

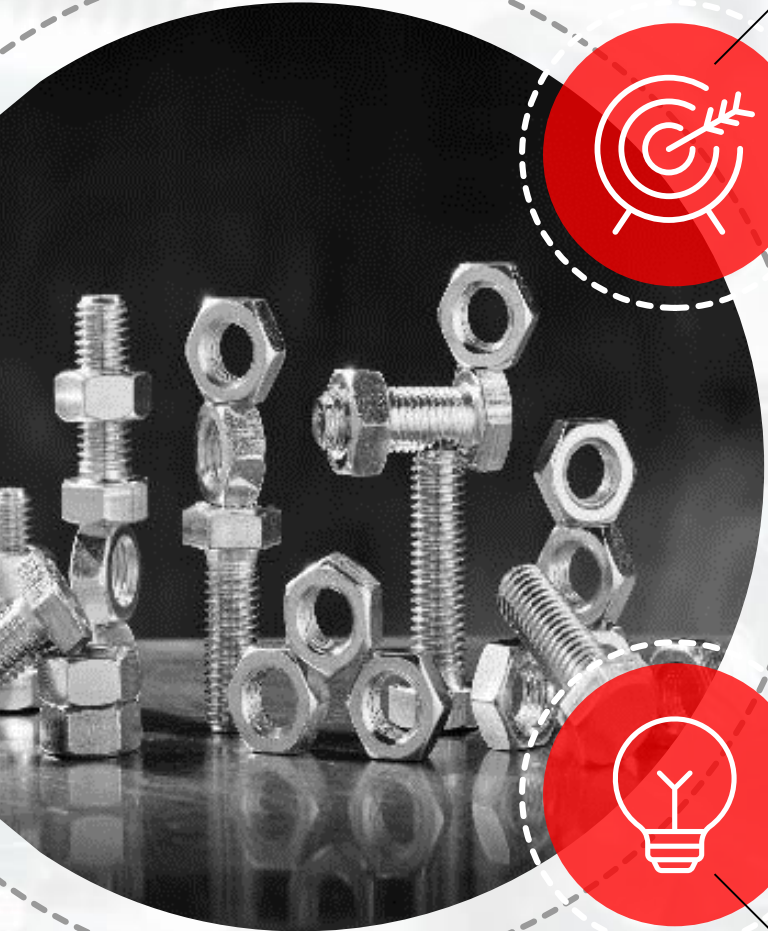


Mission

**360 Degree
Vision**

**Achieving
Excellence**

**Engineering
To Perfection**



During H1FY23, domestic automobile sales grew by 31% YTD. Growth across the segments has been aided by a gradual improvement in festive season demand, the low base of last year, and an improvement in semiconductor supplies.

Passenger Vehicles: The PV segment has recorded higher sales in H1FY23 with a growth of 40% YTD. This was led by increasing demand for premium vehicles and new model launches. In Q2FY23, the PV segment saw a growth of 41% over Q2FY22.

Commercial Vehicles: The commercial vehicle segment grew by 68% in H1FY23. There has been a recovery in the Medium and Heavy Commercial Vehicle (MHCV) segment led by a pick-up in road construction projects and strong demand for Light Commercial Vehicles (LCV) led by increasing last-mile mobility. In Q2FY23, the CV segment domestic sales grew by 40%.

Two Wheelers: The 2W segment, which has been under stress since the Covid-19 outbreak, now appears to be on a recovery path and has shown a growth of 28% in H1FY23. In Q2FY23, the 2W segment domestic sales grew by 13% on account of gradual recovery due to festive season demand.

Tractors: The tractor sales picked up in H1FY23 owing to the festive season boost. In Q2FY23, domestic sales grew by 5% due to better monsoons and higher farm income.



Key Operational Highlights For The Quarter



Electric Vehicle Business:

- EV revenues constitute 17% of total group revenues, more than for any other auto ancillary in the country
- Nearly 50% market share in high speed scooter segment, about 33% in overall 2W segment
- EV Business is EBITDA and PBT positive in less than a year of starting operations
- Recent successes in CV segment – Business Award from 2 of top 4 LCV players. Engaged with balance 2
- Engineering team at 30 and growing rapidly, Bangalore Engineering Centre now operational
- Expansion of the plant is being undertaken to optimize process flows

Fasteners Business:

- STL fasteners business continues to grow faster than the Industry
- During H1FY23 the fasteners business achieved the highest ever sales with the robust growth of 34% YoY
- Investment in Altigreen showing huge upside post investment by Reliance New Energy Limited

Key Financial Highlights For The Quarter (Standalone)



Revenue grew by 20% Y-o-Y and
12% Q-o-Q to

Rs 155 Cr

EBITDA grew by 13% Y-o-Y and
20% Q-o-Q to

Rs 26 Cr

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

16.7%

PBT* grew by 9% Y-o-Y and
33% Q-o-Q to

Rs 16 Cr



Fasteners Business



Product Range- Fasteners



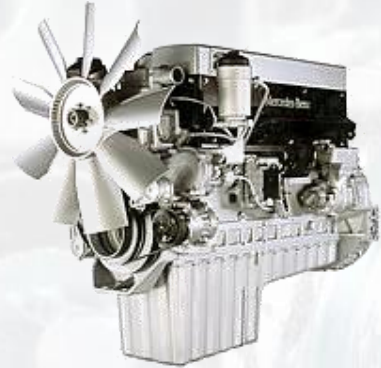
Bolts and Screws

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



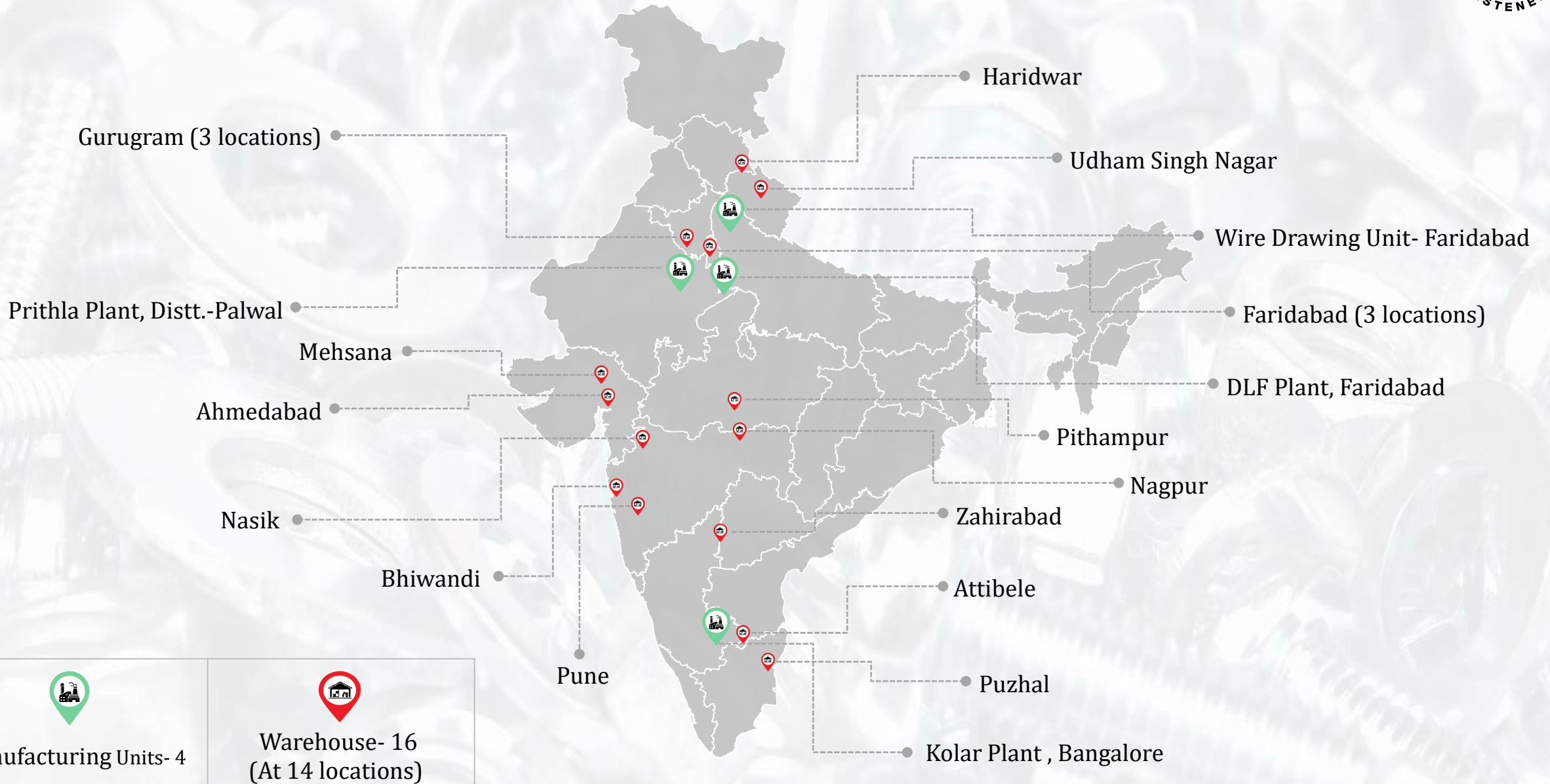
American Standards



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



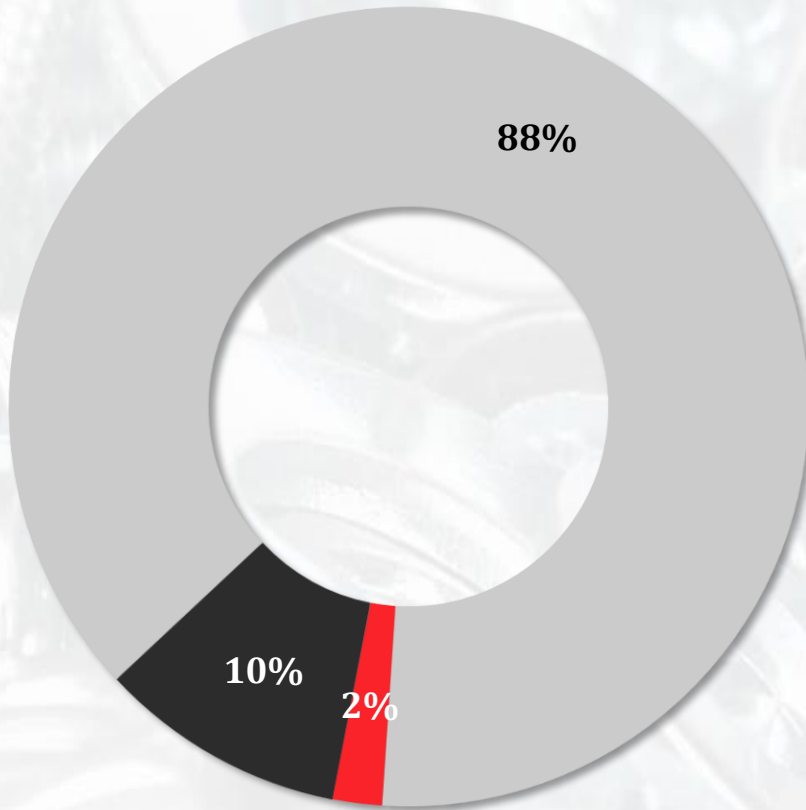
WHEELS INDIA LIMITED



Well Diversified Revenue Mix *

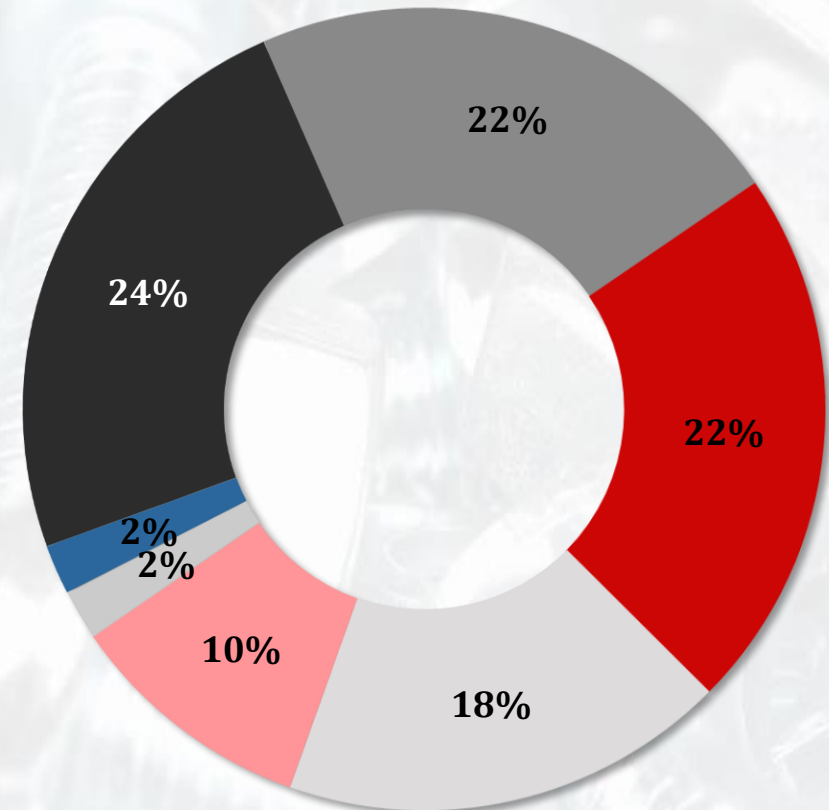


Channel-wise Mix



■ OEM ■ Exports ■ Replacement

Segment-wise Mix



■ PV ■ 2W ■ 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.

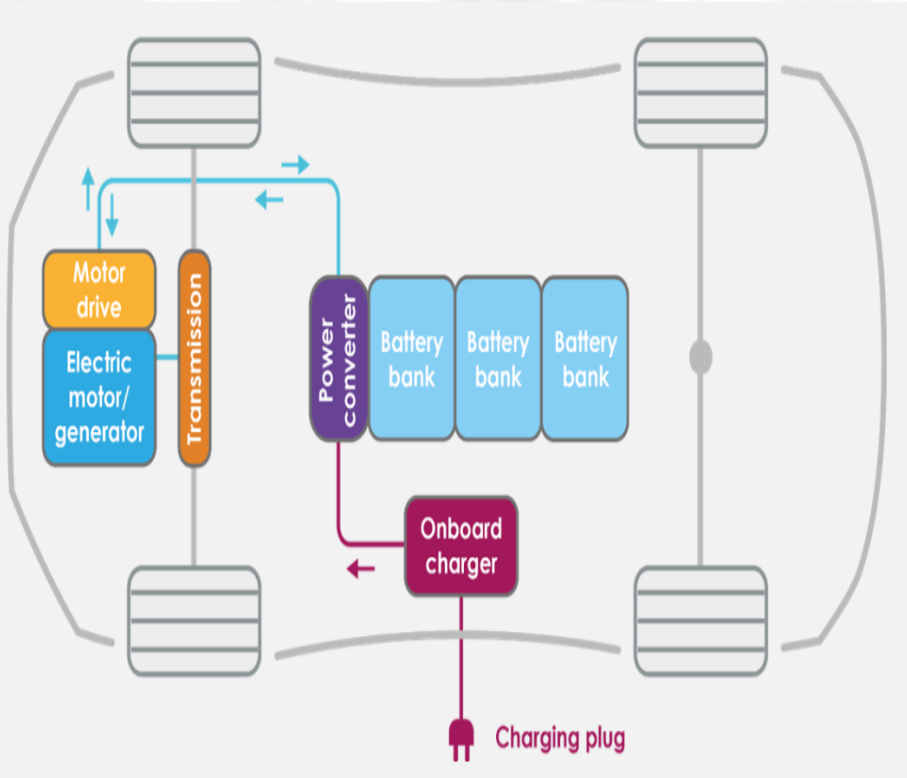
4

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.

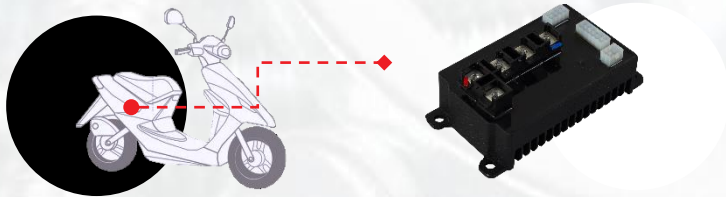
About Motor Control Unit (MCU)



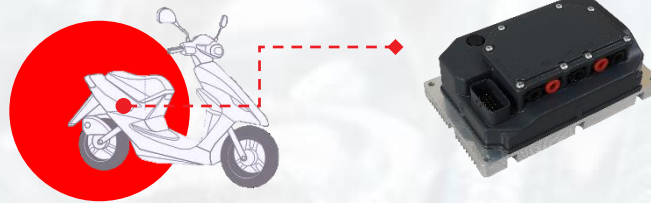
- 1 A Motor Control Unit (MCU) is an electronic module that interfaces with the Motor as well as the Battery Pack to control the electric vehicle's speed, acceleration and range based on the throttle input.
- 2 MCUs are one of the most important components of an EV and require a combination of power 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

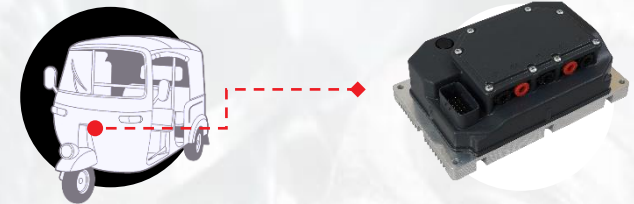
Product: D00
Application: Low Speed Scooter



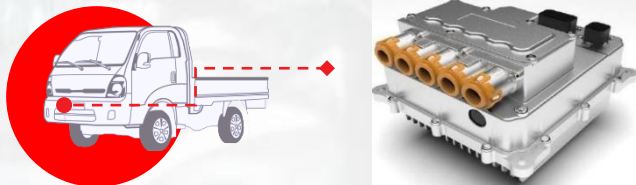
Product: D06
Application: High Speed Scooter



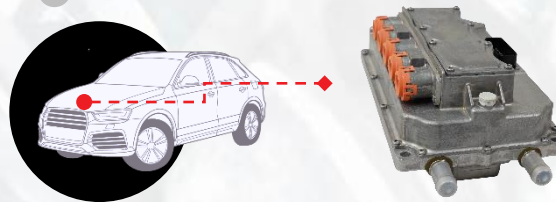
Product: D03
Application: Performance Scooters & 3W



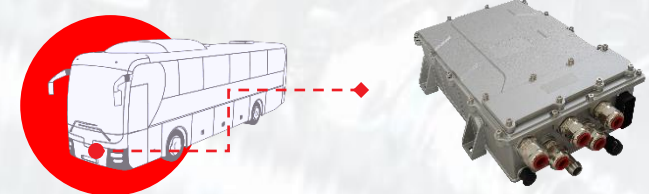
Product: D04
Application: Light Commercial Vehicles



Product: G05
Application: Passenger Vehicles



Product: G02
Application: Heavy Commercial Vehicles

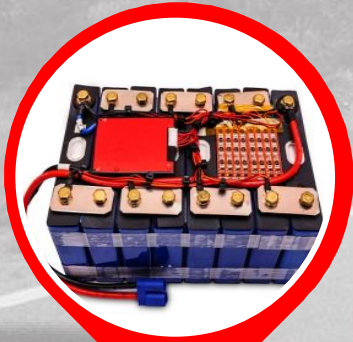


Product portfolio covers the entire spectrum of applications from 1 KW to 200 KW and 48V to 700V

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

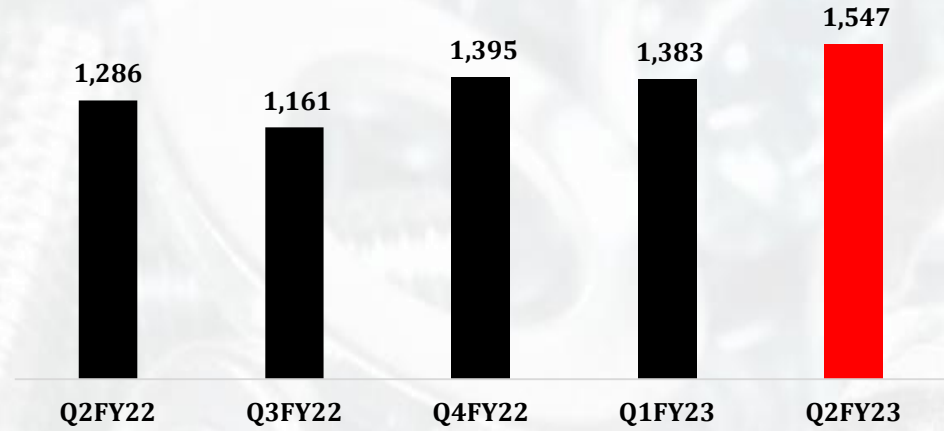


Standalone Financials- *Fastener's Revenue stood at an All Time High*

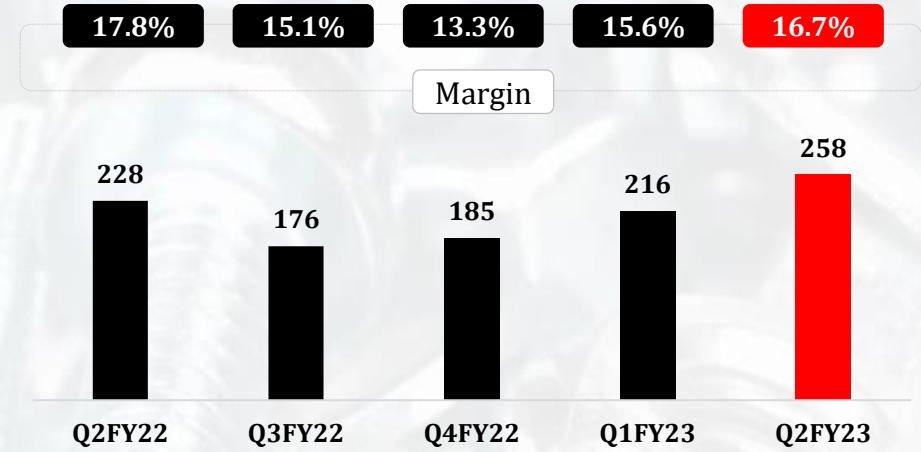


Rs. In Mn

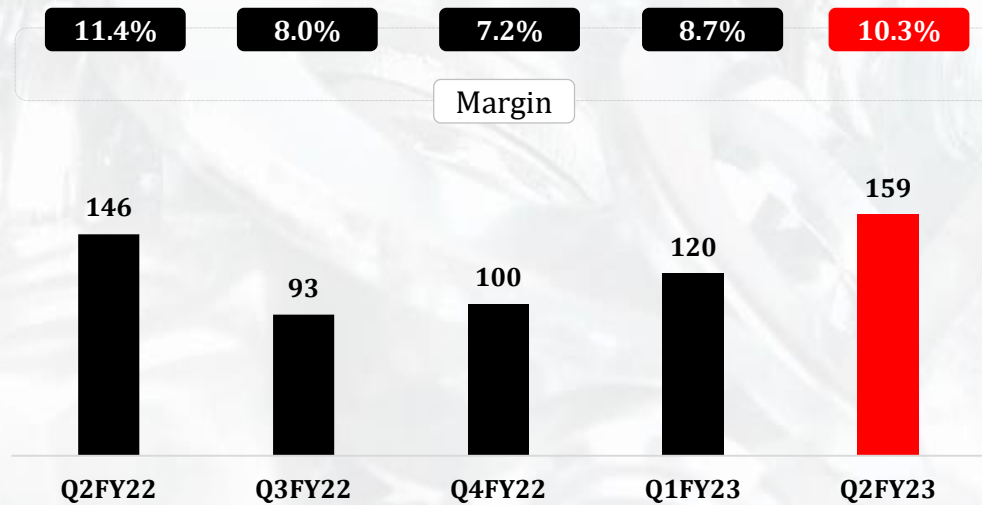
REVENUE



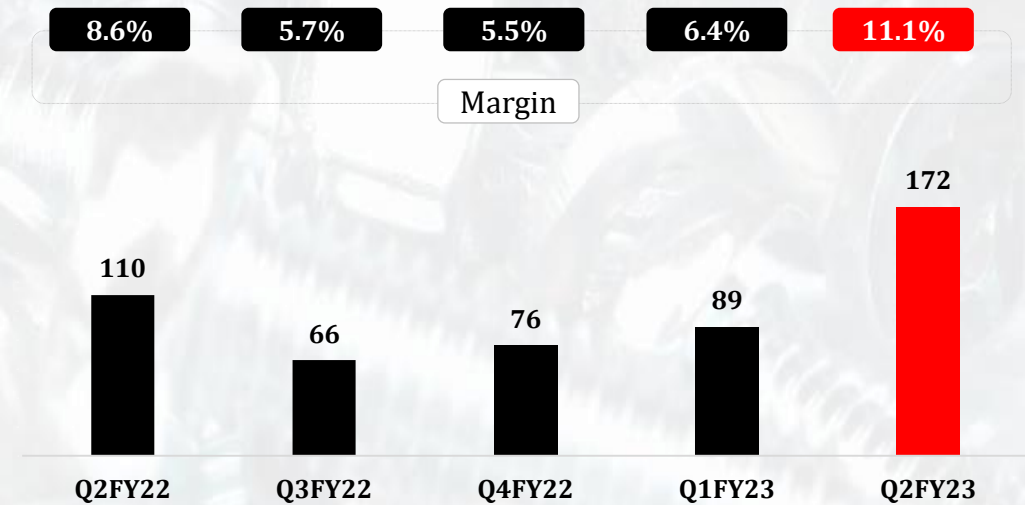
EBITDA & EBITDA Margin (%)



PBT & PBT MARGIN%



PAT & PAT MARGIN*



*Includes Exceptional Item of Rs. 67 Mn Strictly Confidential

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Sterling Tools Limited

Mr. Pankaj Gupta (CFO)

Contact No : +91 99717 88441

E-mail : Pankaj.gupta@stlfasteners.com

Add : Unit No: 515, DLF Tower-A, Jasola District Center, New Delhi- 110025



S-ancial Technologies Pvt Ltd

Mr. Vijay Gyanchandani/ Ms. Hazel Rathod

Contact No : +91 96194 38448 / +91 98191 98843

E-mail : vijay@s-ancial.com / hazel@s-ancial.com

Add : 215, Shiv Shakti Industrial Estate, 2Nd Floor, J R Boricha Marg, Mumbai - 400011

