

STERLING TOOLS LIMITED

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Date: 22nd May, 2026**Sub: Transcript of Analyst / Investor Conference Call**

Dear Sir/ Madam,

Pursuant to regulation 30(6) and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that a Conference Call for the Analyst / Investors to discuss the Audited Financial Results and Operational Performance of the Company for the Fourth Quarter and Financial Year ended 31st March, 2026 was held on 18th May, 2026 at 10:00 A.M.

The following Management Attendees attended the call on behalf of the Company: -

1. Mr. Atul Aggarwal- Managing Director
2. Mr. Jaideep Wadhwa- Director
3. Mr. Anish Agarwal- Director & Chief Financial Officer

We hereby further confirm that no unpublished price sensitive information was shared/discussed in the meeting/call.

Accordingly, please find attached herewith the transcript of the aforesaid call. The same is being hosted on the website of the Company i.e. www.stlfasteners.com.

This is for your information and records.

Yours truly,

For **STERLING TOOLS LIMITED**


Pragya Saxena
Company Secretary & Compliance Officer
M No. – F9640

**Encl: As above**



“Sterling Tools Limited
Q4 & FY26 Earnings Conference Call”

May 18, 2026

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 18th May 2026 will prevail.”



MANAGEMENT: MR. ATUL AGGARWAL – MANAGING DIRECTOR
MR. JAIDEEP WADHWA – DIRECTOR
MR. ANISH AGARWAL — DIRECTOR & CFO

SGA – INVESTOR RELATIONS ADVISOR



Moderator:

Ladies and gentlemen, good day, and welcome to Q4 and FY26 Earnings Conference Call of Sterling Tools Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Atul Aggarwal, Managing Director of Sterling Tools Limited. Thank you, and over to Mr. Aggarwal.

Atul Aggarwal:

Thank you. and good morning, everyone. Welcome to Sterling Tools Limited's Q4 and FY26 Earnings Call. I'm joined today by Mr. Jaideep Wadhwa, and Mr. Anish Agarwal, who head our SEM and STML businesses, respectively, as well as Strategic Growth Advisors, our Investor Relations Advisors. Our earnings presentation has been uploaded on our website and the stock exchanges, and I hope everyone has had the opportunity to go through the same.

I would like to begin with the industry overview. The Indian automobile industry witnessed a strong recovery during FY26, supported by improving affordability, lower financing costs, GST 2.0 implementation and stronger consumer sentiment. Passenger vehicles recorded their highest ever annual sales of 46.4 lakh units, growing at 7.9% year-on-year, while Q4 '26 itself delivered robust growth of 13.2% year-on-year with record quarterly sales.

The 2-wheeler segment also has achieved its highest ever annual sales at 2.17 crores units, growing 10.7% year-on-year and surpassing the earlier peak achieved in FY19. Similarly, commercial vehicles and 3-wheelers posted healthy double-digit growth of 12.6% during the year, supported by improving economic activity, infrastructure spending, fleet replacement demand and rising mobility requirements across urban and semi-urban regions.

Looking ahead, the industry outlook for FY27 remains constructive supported by healthy domestic demand, continued infrastructure investments, improving affordability and sustained momentum in vehicle electrification across all segments. However, uncertainties arising from the West Asia crisis, particularly around crude oil prices, commodity inflation, currency fluctuations and potential disruptions in global shipping routes remain key monitorable factors for the automotive sector.

In our stand-alone fastener business, FY26 was a strong year of execution with the business continuing to demonstrate its structural strength through consistent market outperformance,



healthy profitability expansion and strong cash flow generation despite a dynamic operating environment.

Our continued focus on customer diversifications, value-added product offerings, operational efficiencies and deeper OEM penetration enabled us to grow meaningfully ahead of the underlying automotive industry. Our stand-alone fastener business delivered a robust performance during FY26.

Total income grew by 11.4% Y-on-Y to INR725.9 crores, while EBITDA increased by 17.1% Y-o-Y to INR111 crores with EBITDA margins improved to 15.3% compared to 14.5% last year. Profit before exceptional items grew by 27.6% Y-o-Y to INR74 crores, supported by better operating leverage, favorable product mix, increasing share of value-added products, improved gross margins, continued operational efficiencies and financial discipline.

Our balance sheet has also strengthened further during the year with continued deleveraging, lower long-term borrowings and reduction in finance costs. Cash flow from operations from the stand-alone fastener business stood at INR83.3 crores during FY26. Looking ahead, we expect capex for the Fasteners business in FY27 to be around INR75 crores, primarily towards capacity expansion, operational enhancements and future growth programs.

Importantly, our stand-alone fastener business continues to remain strongly cash generative and net debt free, providing a solid financial foundation to internally support our long-term investments across EV and technology-led growth initiatives.

During FY26, we significantly strengthened our OEM relationships through our new customer additions and increased wallet share with existing customers. We entered the Tata Passenger Vehicle segment during the year, which further strengthens our long-term growth visibility.

Over the years, our strategy has remained focused on increasing content per vehicle, strengthening our presence in critical fasteners and expanding our premium and value-added product portfolio, which offers better margins and stronger customer stickiness. During FY26, we secured approximately INR64 crores of business acquisitions, which further strengthened future revenue visibility.

While steel and energy prices have witnessed inflationary pressures in recent months and near-term impact could flow into Q1 FY27, we remain focused on mitigating the impact through operational efficiencies, value engineering, disciplined cost management and pass-through arrangements. We, therefore, believe the overall impact on profitability should remain manageable.

In our EV business, while electrification continues to remain a long-term structural opportunity, EV adoption across segments has progressed at a slower pace than earlier industry expectations. As a result, the broader EV opportunity time line has shifted by nearly 3 to 5 years.

And therefore, may defer our targeted EV and non-EV business aspirations by about a year. However, we remain committed to building a strong position in this space and have continued



to proactively invest in products, technology, localization, engineering capabilities and customer programs.

Alongside product and customer diversification, we have also significantly strengthened our technology ecosystem through multiple global partnerships, which we believe has further enhanced our long-term positioning in the EV ecosystem.

Over the last few years, SEM has evolved from being primarily a motor control unit player into a comprehensive EV powertrain and power electronic solutions platform. Today, our portfolio includes integrated motor and controller systems, DC/DC converters, onboard chargers, off-board chargers and rare earth magnet-free motors.

The EV market is increasingly moving towards integrated power electronics architectures such as 4-in-1 and 5-in-1 systems, where multiple components, including motor control units, DC/DC converters, auxiliary drive and PDUs are integrated into a single compact system. In line with this trend, we are actively expanding our capabilities in integrated motor and controller solutions to address next-generation EV platform requirements.

Today, SEM is engaged across more than 28 active customer programs spanning 2-wheelers, 3-wheelers, buses and trucks. Customer diversification is progressing well with meaningful traction now across LCV and HCV segments.

We are particularly encouraged by the increasing opportunities emerging in commercial vehicle electrification, especially electric buses and trucks, driven by government-led electrification initiatives. Our OBC and DC/DC production lines are expected to be commissioned by end of Q2 FY27 and commercial supplies are expected to commence from Q3 FY27 onwards.

Recently, we also expanded into advanced rider safety solutions through our partnerships with Nanjing Haohang, for Advanced Rider Assistance Systems, or ARAS, specifically designed for 2-wheelers. ARAS solutions function primarily to ADAS in passenger vehicles and use sensors, software and control systems to provide real-time alerts and assist riders in avoiding potential hazards.

Under this collaboration, Sterling Tools will lead local engineering, manufacturing, system adaptation and commercialization of ARAS products for the Indian market by combining Haohang's proven technology platform with our understanding of Indian road conditions and OEM requirements. We believe this partnership strategically positions Sterling Tools within the intelligent mobility and automotive safety space while addressing a critical safety gap in India's 2-wheeler industry.

Coming to Sterling Tech Mobility Limited, or STML, we continue to make steady progress in HVDC contactors and relays business. Customer validations, laboratory testing and Tier 1 engagements are progressing well and commercial production for serial orders is expected to commence from July/ August '26 onwards, while supplies for brand label products have already started.



The current Indian market opportunity for HVDC contactors and pre-charge relays is estimated at approximately INR300 crores and expected to grow to over INR750 crores by this end of this decade, driven by increasing electrification across 2-wheelers, passenger vehicles, commercial vehicles, charging infrastructure, solar and battery energy storage applications.

As an early entrant in this segment with a strong localization strategy and technology partnership with Kunshan GLVAC, we believe STML is well positioned to benefit from this large import substitution opportunity.

Our fully automated Bangalore facility has been designed to manufacture safety critical high-voltage components with global quality standards and we continue to engage closely with customers across automotive and industrial applications.

Overall, while EV adoption time lines have moderated in the near-term, our continued focus on technology partnerships, localization, product diversification and engineering capabilities positions us for strong long-term growth. Supported by a strong balance sheet, healthy cash flows and deep customer relationships, we remain confident in our ability to create sustainable value across both conventional and next-generation mobility technologies.

Thank you. We may now open the floor for the Q&A session. Thank you again.

Moderator: Thank you very much. The first question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Hi sir. Thank you for the opportunity. Sir, I wanted to understand regarding this INR21 crores loss at our subsidiary level that we have taken during Q4. So, what is this regarding? And -- ya.

Atul Aggarwal: Okay. Jaideep, do you want to take that?

Jaideep Wadhwa: Yes. So, good morning, and thank you for joining the call. Actually, in terms of operating EBITDA, we haven't -- or operating PBT, we don't have as severe a problem as seems apparent. We have, however, taken a provision -- a bad debt provision in line with prudent accounting standards, even though we think there's a high chance of -- there's a high probability of recovering the dues just to be -- just to, like I said, be very prudent in our financial statements.

Madhur Rathi: Sir, this is regarding to the customer that -- for which the business had lost earlier?

Jaideep Wadhwa: This is -- yes, this is from one of our bigger customers.

Madhur Rathi: Got it. Sir, now coming out to our fasteners business, sir, I wanted to understand, is there a price reduction contracts with the OEMs in this segment? And you mentioned that due to steel and energy prices, there should be some margin impact, but what kind of margin pressure are we speaking about with all the initiatives that we have taken?

Atul Aggarwal: Is this for the fasteners business? Any specific?

Madhur Rathi: Yes sir. Yes sir, fasteners.



- Atul Aggarwal:** So, we have a pass-through for our steel purchases. So -- and there's a lag of a month or 2, but it's a straight pass-through. But this year, there's been an unusual pressure on inflation. For example, chemicals, plastics, you know energy costs have all gone up. You know so there's been a tremendous pressure on that.
- I think we -- like I said in my earlier talk that, we should be able to mitigate that through internal efficiency improvement. Plus at the same time, we will be working with the customers to get compensation for this unique or a very extreme scenario the industry is going through. So it will be a combination of both the things.
- So there will be pressure this year. Like I said, Q1 will be a special pressure because it will be an adjustment quarter between combination of costs and customer price increases, operational efficiency improvement. But I think this is an industry-level issue and not only impacting automotive industry, but pretty much everybody across the board.
- Madhur Rathi:** Right. Sir, we expect that there should be some price hike by the OEMs from Q2 onwards based on our discussions?
- Atul Aggarwal:** Yes. We are quite hopeful of that, yes.
- Madhur Rathi:** Got it. And sir, do we have annual price reduction contracts for these fasteners across these OEMs?
- Atul Aggarwal:** No, we don't have any price reduction contracts, nowhere. Prices remain constant. They are negotiated on different competitive and cost scenarios, but there are no reduction contracts.
- Madhur Rathi:** Got it. Sir, and what would be our market share in the fastener segment in India? And how much of our revenue currently comes from non-automotive customers? And I think you mentioned previously that we were trying to get into railways and some other industrial applications for these fasteners. So what is the progress on that?
- Atul Aggarwal:** So I think pretty much all our, I would say, dominant revenue comes from automotive industry. And there's no hard published data on market shares in India. Our estimations are that for the automotive industry -- pure automotive segment, we are anywhere between 25% and 30% of market share in the country. And I'm talking about the domestic buying. There's a lot of fasteners are currently being imported as well. From a domestic manufacturing perspective, that's where we stand.
- Madhur Rathi:** Got it. And sir, so is the import cheaper than us? Or is import more competitive than us from a cost perspective?
- Atul Aggarwal:** So it's not cheaper. I think these OEMs are all international OEMs. They've been importing for a number of years.
- Madhur Rathi:** Got it.



Atul Aggarwal: But some of the OEMs have not localized them to Indian manufacturers. And that's an opportunity as and when the OEMs localize, the opportunities will come to us. So, it's not a commercial issue. It's more of a strategic issue at the customer end.

Madhur Rathi: Got it. And sir, on the non-auto fastener segment, any progress on any new railway or industrial applications?

Atul Aggarwal: So, I think we're going to build capabilities around the railway segment. Early days as yet. I don't think -- I don't see that railway opportunity turning into any meaningful revenue for the next 2 years.

Madhur Rathi: Got it. Now, sir, coming out to our -- the EV component segment, sir, so I see that we are doing a lot of interesting JVs, but these are not picking up, and we are going forward and we've added Mobileye (wrongly said kindly read it as MINIEYE) for your driver safety segment, sir. So what is our vision for this segment? And where do we see this business scaling-up realistically over the next 2 to 3 years? Do we see -- so right now, it's a margin decretive kind of a segment for our business, so where should we see this segment maybe over the next 2 to 3 years?

Atul Aggarwal: So, let me just step back for a moment, before we have started our journey in the EV component space about 5, 6 years ago. And 5, 6 years ago, EV was a big buzzword internationally, there was a lot of momentum. And we thought that the penetration in India will be much faster than it has happened. I think 2-wheeler present at 5%, 6%, 7%. And I think the passenger vehicles have only gone up this year to about 4%, 5% of penetration.

But these numbers are much behind the expectations the industry had, the government had and we had where we should be in FY26. The penetration levels expected were much higher by FY26 and by FY '30. And I think for various reasons, it could be government infrastructure issues, subsidy issues, technology issues, the industry has not been able to create that demand for electric vehicles for various reasons.

But having said that, despite this delay in penetration, we are still quite optimistic about our future. We are building our future today. We are continuing to invest into our future of electric vehicle components, like I spoke about the different products coming in SEM, moving from an MCU maker only to a 4-in-1, 5-in-1, a solution provider in power electronics.

And we're doing safety components in DC contactors. We are targeting advanced rider automotive systems that ADAS, radar, etc. We are building products which are here for the future. They may not give us revenue for the next 2, 3 years, but we are -- we want to be the first mover in that -- in those spaces.

Acquired customers, revenue may be small initially. But hopefully, over a 3- to 5-year time frame, we'll be ahead of the system in terms of those product lines. And yes, you're right. Currently, they are all value decretive. But we are not looking for the short-term. We are building our future, like I said, medium and long-term.

Madhur Rathi: Right. Sure. But if I'm thinking from a capital allocation standpoint, so we are investing in manpower --



Atul Aggarwal: Lost you. Can't hear? Are you there?

Madhur Rathi: Yes, sir.

Atul Aggarwal: Can't hear you. Can you repeat that question again?

Madhur Rathi: Yes, sir. So from a capital allocation standpoint, how should I look at this business, because we are investing into capacity, we are investing into manpower, but this won't maybe pick up over the next 2 to 3 years, very small -- not meaningful revenue? So how should I look at from a payback or IRR perspective on these investments that we are making? And sir, what is our right to win versus -- sorry, sir, please go ahead. I'll ask the question later.

Atul Aggarwal: Yes. So, you know our capital allocation for the new product line is more strategic. You know when you're building capabilities, when you're diversifying and increasing new product lines, we'll have to go through a phase, which is value margin decreative, which is capital needs. Building capabilities for technologies for products which are not currently available in India. These are all first-time products being made in India for a new segment for electric vehicles.

So we are very conscious of that, and we still believe very strongly in our future and what we are trying to do. Based on our customer interaction, based on customer needs, based on customer engagements and the technology partners we have, we believe we are on the right track. Short-term, there's a lot of pain like we have seen pain last year and the next year or 2, but we strongly believe in our future.

Moderator: Thank you. Madhur, I'll request to come back for a follow-up question. Next question is from the line of Payal Shah from Billion Securities. Please go ahead.

Payal Shah: Hello. Good morning. Am I audible?

Atul Aggarwal: Yes.

Payal Shah: Yes. So I have a couple of questions. First -- my first question is, see, with the EV penetration scaling slower than earlier anticipated and industry timelines are also getting pushed out by 3 to 5 years. So, is your expectation from SEM achieving -- regarding achieving EBITDA breakeven also shifted accordingly? Or do you expand product portfolio and upcoming OBC, DC ramp-up still keep you on track for the operating breakeven over the medium-term?

Atul Aggarwal: Jaideep?

Jaideep Wadhwa: Yes. Good morning, Payal. So, a couple of things. You see as far as SEM is concerned, we -- till FY25, we were profitable both at the EBITDA and at the PBT level due to certain conditions that we faced and which we could have probably done a better job of handling. But we've had setbacks in FY26, and we will possibly not be -- and we will not be profitable in FY27. But there is no reason for us not to be profitable in FY28. So yes, there is -- the penetration is lower than what we had anticipated and it's a very, very dynamic industry, right? And it's a very dynamic situation.



With the current crisis in West Asia, actually, you're seeing much more -- you're seeing renewed interest in EVs and in pushing EVs. The government is in terms of -- in the areas that they can influence directly, which is essentially the bus and truck platforms, they're pushing very hard on this.

If you are aware of the number of tenders that have been issued, both at the central level and at the state level, it's a very significant number. So yes, the penetration is slower, and there are reasons for that, like Atul said, the charging infrastructure, the subsidy -- the limited subsidies that were provided, etc . But it continues to grow. At least as far as the SEM business is concerned, we expect to be back to profitability next year.

The other businesses, you know again, will have different time lines for profitability depending on when they start. But we don't -- I think one of the things that Atul alluded to was that when we had put out a target that we wanted 50% of our revenue to come from non-fastener businesses and that is getting pushed back, because as penetration is not coming up then our ability to scale these businesses to that level is compromised.

And again, we are talking about not only electrification, not only EVs, but we're talking about autonomous connected electric because the businesses that we've started with ADAS and ARAS are in the autonomous space rather than the pure EV space. And so that's the time line that gets pushed back. Otherwise, you know profitability, like I said, depends on when the businesses start up, there's typically a gestation, and we'll be on track with that. In the case of SEM, we had some unique circumstances, and we are on track to regain profitability.

Payal Shah:

Sure, sir. Sir, my next question is like you had highlighted an increased strategic focus on the commercial vehicle electrification opportunity within the MCU business. So have you on boarded any new CV customers or platforms recently? And also, how large do you see the addressable market opportunity for Sterling in the e-bus and e-truck MCU segment over the near-term?

Jaideep Wadhwa:

So, to answer your question, we have onboarded customers. We don't show that in our -- in the presentation yet because we haven't started supplies. As we mentioned in the presentation, in quarter 3 this year, our lines will get commissioned. And that's when production supplies will start. But even today, we are actively working on testing and validation and homologation of our products. So yes, we are engaged with a number of customers on their platforms on the LCV -- sorry, on the bus and truck platforms.

In terms of numbers, you know we think that the industry should ramp-up to about 10,000 units a year kind of numbers in the coming years for buses alone. Trucks is still -- you know the truck is doing very well in certain applications like mining. And now I think we are seeing traction coming in, in applications like garbage trucks, which' are, again, have a closed-loop operating cycle. But the numbers on those are not fully understood.

Payal Shah:

Okay. That's helpful, sir. Thank you so much.

Moderator:

Thank you. Next question is from the line of Ravi Gupta from InCred Capital.



- Ravi Gupta:** Yes. Thank you. Can you hear me?
- Atul Aggarwal:** Yes, ya.
- Ravi Gupta:** Sorry, I joined late. I don't know if you have covered this. So, with many joint ventures and tech partnerships, what proportions of the EV content per vehicle they cover in, let's say, 2-wheelers, car or maybe you can talk about CV as well? And what gaps in tech can be covered in the next 2, 3 years that you are envisage?
- Atul Aggarwal:** This is a very high-level question. There's not enough data to do that. We have to map all the product line volumes, etc. Ravi, this is a very -- I won't use the word difficult. I don't think data to answer this question. Jaideep, Anish, you guys want to comment on this?
- Jaideep Wadhwa:** So, I'll try and talk about these, and I'll then request Anish to talk about the ADAS and ARAS portfolio. Typically, you know in a 2-wheeler platform, let me just -- I think across the board with our current portfolio, we are looking at anywhere you know for the smaller vehicles up to 10% of the pack price or the vehicle price and in the bigger platforms up to 5%. So I'll give you a data point, a multifunction unit for a bus will sell depending on configurations, etc, will sell for INR3 lakh to INR3.5 lakh.
- Atul Aggarwal:** Right. I think Ravi's question was what percentage of the spend of the vehicles. I think that's a difficult one. We know our price points...
- Jaideep Wadhwa:** Yes. I mean the vehicles are selling for about INR1 crores.
- Atul Aggarwal:** Right. Yes.
- Jaideep Wadhwa:** Anywhere between -- I mean, it's difficult -- and what Atul is saying is very true because people are not selling buses as much. I mean they actually -- the tenders call for operating leases, right, where the person like companies like Switch or the others are actually operating these buses and are charging the government per kilometer.
- So, it becomes a little bit more complicated. But if you look at the capital component of that, like I said, it could be INR70 lakhs to INR1 crores, and we are about INR3.5 lakh for multifunction unit. INR3 lakh to INR3.5 lakh.
- Ravi Gupta:** In terms of 2-wheelers and 4-wheelers, can you explain?
- Jaideep Wadhwa:** So, we are not in the passenger vehicle space. In the 2-wheelers, again you know, the motor control units that we started with, you know obviously, the market is moving tremendously, but a motor -- 2-in-1 motor and a motor control unit will typically be upward of INR10,000.
- And people who've been following this industry will recognize that, that's -- there's a lot of efficiencies that have come in, a lot of cost reductions that have come in over a period of time. We started off selling just a motor control unit at INR10,000. Now, a motor and motor control unit together are, say, depending on the size, up to INR14,000 or somewhere there, integrated unit, yes.



- Ravi Gupta:** Thanks. That helpful, thanks.
- Moderator:** Thank you. Next question is from the line of Vanshi Shah from EV & Advisors. Please go ahead.
- Vanshi Shah:** Yes. Hi, Sir. Thank you for taking my question. Am I audible?
- Atul Aggarwal:** Yes.
- Vanshi Shah:** Yes. So sir, my question is regarding given the ongoing West Asia supply chain disruption and the recent increase in steel and energy costs, could you elaborate on the extent of the pass-through arrangements available with OEMs? Also, should we expect some moderation in stand-alone EBITDA margins from the current 15% levels in the near-term? And what would you believe is the sustainable steady-state margin profile for the fasteners business?
- Atul Aggarwal:** So Vanshi, like I said earlier and I've been saying that steel is a straight pass-through, okay? There may be a lag for a month or 2 or 3, but it's a straight pass-through. Other value-added -- other cost centers like energy, like chemicals, plastics, they are -- this has been a very extreme scenario in the last 3, 4 months. So there are no norms for that. Since this is an extreme scenario, we hope to mitigate that through a combination of price increase with the customer and improving internal efficiencies.
- So, to go to the second part of the question, there may be a short-term pressure on our margin structure. But long-term, our steady-state margins, like I've been saying in calls over the last few quarters as well. We are confident that we'll be able to maintain our EBITDA margins around 15% plus.
- Vanshi Shah:** Okay, sir. Thank you so much.
- Moderator:** Thank you.
- Atul Aggarwal:** Yes, thank you.
- Moderator:** Next follow-up question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.
- Madhur Rathi:** Sir, thank you for the opportunity once again. Sir for the fasteners business, what kind of growth should we expect, as we have already a decent market share? So, is there an import substitution opportunity or the growth will follow like the volume growth for the automobile industry going forward?
- Atul Aggarwal:** So, we believe that we'll be able to grow faster than the automotive industry as a whole in India, which is what happened last year. Our customer profile, our product mix, our capabilities, our resources we have built all India basis are extremely well positioned to leverage and the opportunity there is and give us the revenue growth we expect.
- So, let me just say that unless there's an extreme Black Swan event, which is like currently the West Asia crisis, we -- FY26, looks to be promising on top of a good FY26. And we hope to grow faster than the industry as a whole. Import substitution is a very slow process, driven by



the OEMs themselves. If they drive it hard enough, we are in a great place to localize the components as well, but that's a very slow opportunity.

Madhur Rathi: Right. And sir, this INR75 crores capex, what kind of asset turns can we expect? And so basically, I'm trying to understand the revenue potential for this segment once we are done with the INR75 crores capex and when will that commercialize?

Atul Aggarwal: So, the INR75 crores will all be commercialized last quarter of this financial year, Q4 FY27. Some will happen early, some will happen down the line depending on the kind of equipment there is. This capex is done on various -- one is pure capacity increase. Second is balancing of capacity and lastly is improving in operational efficiencies, quality improvements, engineering capabilities. So, it's a combination of all that.

A lot of our asset turns, what we invest this year, crystallizes in full revenue 12 months later or 24 months later. Since these are being -- this capex is being invested in our current facilities. The turnaround could be as low as maybe 24 months. So, our asset turns, if you look at a greenfield facility go up to 5 years' time. But we are quite -- since like I said, we are investing in our existing facilities. We should be -- if the market supports us, we should be able to turn them around in 24 months.

Madhur Rathi: And sir, in terms of revenue potential for our asset base of the fastener segment with this capex?

Atul Aggarwal: So, like I've been saying in calls earlier, our current -- based on the current capex we have -- current capacities we have, we can do a revenue of about INR800-odd crores, INR800 crores plus with the capex we are doing this year, and there'll be some additional capex coming in next year. We are building our capabilities to take it up to about INR900 crores to INR1,000 crores.

Madhur Rathi: Got it. So, is it fair to assume that there is a 2 times asset turn for the fasteners business for the capex that we'll do this year and maybe going forward maybe next 2, 3, 4 years down the line?

Atul Aggarwal: So, you know a 2 times asset turn in our business is very good. Since the -- like I said, this is being invested in our current facility, the asset turns are faster and more value accretive. We can turn them 2 times around. Yes, I think anywhere from 1.8 is very good according to the benchmarks we have, we see competition in India and worldwide, it's a good number to work with.

Madhur Rathi: Right. And sir, just a final question from my end. Sir, on this OBC and DC/DC components that we are planning to supply from Q3 of this year. So how is the vendor selection strategy by the OEMs? Is it that 100% of -- so will we be the single source supplier or there will be multiple vendors on whose products these platforms will be created on that front?

Jaideep Wadhwa: To start with, we will be 100%. That's typically the way it goes. Once volumes pick up, it is possible that they may want to get another -- a you know customer may want to get a second source-in to ensure business continuity in case of any force majeure or other events that may happen with one supplier.



But typically, when the volumes are in the few thousand units, they typically go with one supplier. And as of today, we are a single source where we are supplying -- where we are -- I won't say supplying, that's the incorrect word, where we are working with these companies on their contracts.

Madhur Rathi:

Right. And sir, what would be our right-to-win in these -- so we have our existing clients, but for new customers, what would be our right to win? Is it based on the technology partner or the JVs? Is it based on their market share gain in their foreign respective market because of that, we'll be able to win in the domestic market? Or how should I look at the right-to-win in this segment?

Jaideep Wadhwa:

So, I mean, I have to say that it's not one factor. Definitely, the credibility of our partners in the markets that they play in is very important. Our technical support capability, our responsiveness, our ability to develop the supply chain, these become very important. It's similar to how it is with the motor control units for 2-wheelers.

It's the customers -- you're talking about a very new industry, an industry that's moving very rapidly. So, customers are always looking for partners who can support them technically and meet their commercial requirements. But technical support is crucial to this. And the ability to -- or to have the infrastructure to have the ability to meet their customer requirements, to meet -- to resolve problems to continue you know to adapt becomes very important.

We have -- and I just -- I mean, I'll just give you a little bit more detail. I mean it may be boring technical, but you know customers are looking for higher and higher integration, because that reduces cost and makes vehicle development or vehicle integration easier. So that's why we you know started off first with the motor control unit. Then the customer said, well, can we have additional features in addition to the motor control unit in the same box.

Now our partners, GTAKE were working with a company called Landworld for OBC and DC/DCs to create these multifunction units. So we also tied up with Landworld. So now we have the ability to provide these 3-in-1, 4-in-1, 5-in-1, 6-in-1 units, right? So that becomes -- that gives us -- so I mean, that gives us an edge, because we are not only just giving them one product like motor control unit.

We're giving them a solution that cuts down all the cabling that goes on inside a vehicle that cuts down. Cabling also adds to failure routes. So, it reduces cost, it reduces complexity. And that becomes important, because not everyone can provide these multifunction units in -- you know especially in India because of the technical issues and the volumes.

Madhur Rathi:

Got it. So that was from my end. Thank you so much and all the best.

Moderator:

Thank you very much. As there are no further questions, I'll now hand the conference over to the management for closing comments.

Atul Aggarwal:

Thank you, Karan and Nitin, for organizing this for us. Thank you, everybody, who had questions and for people who joined. If you guys have any further queries or questions, we are happy to



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take them up. Karan and Nitin, I appoint people. So just forward to them, and we'll come back to you. Thank you once again, and I look forward to talking to you very soon.

Moderator: Thank you very much. On behalf of Sterling Tools Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Jaideep Wadhwa: Thank you.