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Through NEAPS	**By Listing Centre**
National Stock Exchange of India Limited "Exchange Plaza", Bandra–Kurla Complex, Bandra (E) Mumbai-400051	The Secretary **BSE Limited** 25th Floor, P. J. Towers Dalal Street, Mumbai – 400001
Trading Symbol: STERTOOLS	**Scrip Code: 530759**

Date: 14th August 2025

Sub: 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 and investors to discuss Q1 FY26 unaudited Financial Results and Operational Performance of the Company was held on 8th August 2025 at 3:00 P.M.

We hereby further confirm that no unpublished price sensitive information was shared/discussed in the meeting/call.

Please find attached herewith the transcript of the aforesaid call. The same is being placed on the website of the Company i.e. www.stlfasteners.com.

This is for your information and records.

Yours truly,
For **STERLING TOOLS LIMITED**

Komal Malik

Digitally signed by Komal Malik
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"Sterling Tools Limited

Q1FY26 Earnings Conference Call"

August 08, 2025

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 8th August 2025 will prevail."

MANAGEMENT: **MR. ATUL AGGARWAL – MANAGING DIRECTOR**
MR. JAIDEEP WADHWA – DIRECTOR
MR. ANISH AGARWAL – DIRECTOR
MR. PANKAJ GUPTA –GROUP CHIEF FINANCIAL OFFICER

STRATEGIC GROWTH ADVISORS- INVESTOR RELATIONS ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to Sterling Tools Limited Q1FY'26 Earnings Conference Call. 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 involves risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the 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. Pankaj Gupta, Group CFO of Sterling Tools Limited. Thank you, and over to you, sir.

Pankaj Gupta: Thank you. Good afternoon, everyone and welcome to Sterling Tools Limited Quarter 1 FY'26 Earnings Call. I'm joined today by Mr. Atul Aggarwal, Managing Director; Mr. Jaideep Wadhwa, Director; Mr. Anish Agarwal, Director; and SGA, our Investor Relations Advisors. Our earnings presentation has been uploaded on our website as well as on the stock exchanges. I will now invite Mr. Atul Aggarwal for his remarks.

Atul Aggarwal: Good afternoon, everybody. I hope you can hear me.

Moderator: Yes, sir.

Atul Aggarwal: Wonderful. Thank you, Pankaj. Let me start with industry highlights. India's automobile industry saw an overall decline of 5.1% in Q1 FY'26. Passenger vehicle sales declined by 1.4% year-on-year. 2-wheeler sales fell by 6.2% year-on-year, and 3-wheeler sales grew marginally by 0.1% and commercial vehicles declined by 0.6%.

Looking ahead, SIAM has projected a cautious yet optimistic outlook for Q2, driven by expectations of a normal monsoon, festive season demand and supportive monetary policy. However, challenges around rare earth magnet supply restrictions from China remain a key watch factor for the overall automotive sector.

While the domestic automobile industry witnessed a year-on-year decline of approximately 5.1% in Q1 FY'26, our standalone fasteners business was stable, supported by operational discipline and sustained offtake by key customers. We continue to grow at a faster pace as compared to the industry. We have begun to see early traction from newly acquired customers in standalone fastener business, including Hyundai.

The on-boarding of these new OEMs strengthens our long-term positioning and is expected to support incremental growth in the coming quarters. As was shared in last quarter's earnings call, on a consolidated basis, we have seen a decline in revenue due to product in-sourcing by one of our key customers. This transition has impacted our consolidated performance for the current quarter with the revenue declining by 31% year-on-year to INR 195 crores.

While this is a temporary setback, we continue to our growth initiatives. SGEM is working actively with 28 customer programs for various MCU models. These customers are spread across 2-wheelers, 3- wheelers, LCVs and HCVs with a greater emphasis on incumbents. Further, SGEM is leveraging its expertise in powertrain and power electronics domains to aggressively pursue product diversification by adding new products such as integrated motors and MCUs, magnet-free motors, onboard chargers and DC/DC converters.

These additions will enhance our value proposition within the EV ecosystem. Sterling secured its first nomination for DC/DC converters from a leading e-CV OEM and other new product lines will also start generating revenues by end of the fiscal or during FY '27.

Looking ahead, our focus for scaling SGEM and achieving profitability will center on driving volume growth and acquiring new customers, optimizing the supply chain through strategic sourcing initiatives, in- sourcing critical processes to gain tighter control over operations and achieve cost efficiencies, investing in advanced manufacturing technologies such as SMT (Surface Mount Technology) and shop floor automation to enhance production efficiency, strengthening in-house engineering capabilities by leveraging global expertise and building robust development networks.

SGEM's strategic alliances with global technology leaders such as Jiangsu GTAKE Electric Company and Advanced Electric Machines will further strengthen our technological and market credibility.

With these developments, SGEM has evolved into a full spectrum powertrain and power electronic solution provider to the EV industry. We are especially excited about our alliance with U.K.-based Advanced Electric Machines to develop REM-free motors. Prototyping and localization efforts are ongoing and there's a tremendous interest from OEMs from all segments of the industry due to the risks associated with REM supplies.

Our other subsidiary, STML, is in advanced stage of completing the construction of the facility at Bangalore and expects to commence the commercial production in the second half of FY '26. Looking ahead, our stand-alone business is expected to maintain a stable growth trajectory, driven by new customer additions and deeper market penetration.

Strategically, we are aligning our efforts across STL Group to expand in the autonomous, connected and electric mobility space. This comprehensive approach positions us to stay ahead of industry trends and drive innovation. I'm going to hand over to Jaideep Wadhwa, Managing Director of SGEM to talk more about this business and then Anish will take over and talk about the new businesses at STML. Jaideep, over to you.

Jaideep Wadhwa: Thank you, Atul. Good afternoon, everyone. Thank you for taking the time to speak with us today. Atul has given an overview of what we are doing in the Sterling GTAKE E-Mobility business. We announced last quarter the finalization of our licensing agreement with Advanced

Electric Machines and we've seen tremendous interest in the rare earth magnet-free motors that we will be licensing from AEM.

We have advanced negotiations with different OEMs to deliver a proof of concept. And I hope that sometime in FY '27, we will be able to start production of these motors. The lead time that we require for this is not because we are not ready for production, but because the testing and validation will take a long time.

The OEMs will need to do both bench testing as well as testing on vehicles for which there is a tremendous amount of hours that need to be clocked. In addition, we've been working on DC/DC converters, onboard chargers and offboard chargers. And as Atul mentioned, we've already secured our first nomination for a DC/DC charger project and hope to start supplies for that by the end of this calendar year., and this will ramp up over the next -- after we start initial supplies, we can expect the volumes to ramp up in the coming months. With these new projects, rare earth magnet-free motors, onboard chargers, off-board chargers, DC/DC converters, we feel that the profile of the company is going to be very different.

And we are actively considering changing the name of the company to Sterling E- Mobility Limited to reflect the broader portfolio that we will be catering to. This does not, however, mean that our association with GTAKE will be in any way diminished. In fact, we continue to invest strongly in that relationship.

We have been expanding rapidly in the heavy commercial vehicle space, and we've done well with the GTAKE product portfolio there. And most importantly, we have a number of programs where we are working with GTAKE on 2-wheeler programs, typically for integrated motors and controllers to serve incumbent 2-wheeler customers.

So, I think as we mentioned in our last earnings call, we have a tough year ahead of us to make up for the drop in revenue that we are experiencing due to in-sourcing by one of our key customers. But the initiatives that we have taken in the last several months are all on track, and we expect to regain our position in this market and in fact, enhance that further with a much wider product range going forward. That's a brief overview from my side. Back to you, Atul.

Atul Aggarwal: Anish, you want to take over.

Anish Agarwal: Yes. Quick overview on Sterling Tech-Mobility Limited, wherein we are planning to manufacture High-voltage DC contactors. Our machine is under installation. We hope to finish the commissioning of the factory by September end this year and do small volume trials by October and get into full-scale production by first week of November this year.

We are actively working with e-2-wheeler, e-3-wheeler, e-LCV, e-bus and e-passenger vehicle companies and their Tier-1s to cater to the industry and to localize these products for these customers so that they can avail the subsidy schemes as per the auto component policy. We hope to add a few more products within Sterling Tech-Mobility over the next few years, which we're in discussions for. And outside of Sterling Tech-Mobility also, we are working on certain EV-agnostic products that hopefully we'll announce to the market in the due course of this year.

Atul Aggarwal: So before I hand over to Karan for questions, I just want to make another additional comment after Jaideep's and Anish's statements. We are adding a lot of product lines which are currently under import substitution under the Make in India initiative and primarily for EV and electric vehicle industry across all segments.

Customers are currently substantially importing them. We are starting greenfield sites in India. I think we are building our future. But having said that, the revenue buildup will start happening anywhere in the next 2 to 5 years. So we are building our future. And I think we are looking at our vision for our businesses are anywhere from 3 to 10 years going forward.

And looking at a sustainable business model, keeping in mind, our legacy is fasteners, cold forge components for us to we have done a dramatic shift in our growth initiatives on the EV ecosystem. And I think that shift is working out well. There's a lot of customer acceptance. There's a lot of capabilities.

Jaideep Wadhwa: Sorry, we lost you.

Atul Aggarwal: There are a lot of customer acceptance and a lot of acceptability with our partners as well. So it's a gradual shift. But in summary, the revenue growth for these businesses will start happening in the next 2 to 5 years. And I think we may have a little more slow period in terms of our top line revenue growth substantially in our non-fastener businesses. I'm going to open the floor for questions now.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Deepan Narayanan from TrustLine Holdings Private Limited. Please go ahead.

Deepan Narayanan: So firstly, from my side, so what is the kind of capacity utilization currently we have on this MCU capacity? And what are our strategies to ramp up the utilization there?

Jaideep Wadhwa: So sorry, could you repeat your name, please, sorry, I didn't get that properly.

Deepan Narayanan: Deepan from TrustLine.

Jaideep Wadhwa: Yes. Sorry, Deepan., so what we have done in the last couple of months is that we built up a capacity, as we talked about, of about 720,000 MCUs per annum or 60,000 MCUs per month. This was for the 2-wheeler product range, which is what we were doing a lot of. We have since repurposed our lines, we continue to retain a capacity of about 300,000 MCUs -- 360,000 MCUs to be precise, for low voltage. And we've repurposed two lines for higher voltage products that we are selling to the truck and bus industry and also some of the new products that we've launched. So if you -- to give a blended number would be difficult, but it would be, I would say, with these different parts of the portfolio, we would be just under 50% capacity utilization.

Deepan Narayanan: Okay. And whether this current quarterly run rate of these MCUs for 2-wheeler is expected to be around the INR 30-35 crores for at least some few quarters now?

Jaideep Wadhwa: So Deepan, as I mentioned -- so let me first answer that. Yes, we expect that we will maintain or do better than that run rate in the coming quarters. As I mentioned, we are working with a number of OEMs on a number of projects on the 2-wheeler side, and we do expect some of those to start giving us additional volumes in the next 6 months or so.

Deepan Narayanan: Okay. And regarding these trucks and bus industry for these higher voltages what we are talking about. So when do we expect revenues to start kicking in for us?

Jaideep Wadhwa: So revenues are already there. So, the government announced an updated PM eDrive policy. And we expect and then that new policy requires CKD assembly by September and full localization by February. we expect even starting with the CKD assembly, we will see a boost in volumes. And definitely, once the full localization is done, we will see further increases in volume. But the HCV industry right now for this last quarter was over 25% of our total revenue.

Deepan Narayanan: Okay. Got it. And can you throw more light on these newer businesses when it will start contributing? And what will be the kind of full potential revenues we expect from this newer business? Just to get a sense on whether we'll be able to make up for the loss of business in the MCU 2-wheelers?

Jaideep Wadhwa: Okay. So I assume you're talking only of the power electronics and powertrain components and not about the businesses that Anish just talked about. So, I'll just address that and then Anish can further throw light on this thing. So, As I had mentioned, the first business has already been secured, and we expect to see revenue kick in from the end of this calendar year. we've already received the nominations. In terms of business potential, there are a couple of different aspects. So I think I'll answer this in two ways. One is that between the new program that we are working on with incumbent 2-wheelers as well as these new products that we are looking at, we definitely hope to be able to make up or regain our revenue numbers by the end of FY '27. So that's the time frame towards which we are working.

Anish Agarwal: I think from STML, because our products are more catered towards passenger vehicles and commercial vehicles, their validation time periods are longer, and we think it will start generating revenue for us from next year onwards. I think hopefully, in the next 5 years, we hope this business will be somewhere in the range of INR150 to 200 crores.

Deepan Narayanan: Okay. And what about power electronics? What will be the full potential, sir?

Jaideep Wadhwa: So, we are still looking at trying to understand exactly what will be the potential in the passenger vehicle space. But again, we expect this to be over INR100 crores in the next 3 years or so.

Moderator: The next question is from the line of Apoorv Bandi from Whitestone Financial Advisors Private Limited. Please go ahead.

Apoorv Bandi: So my question is on the SGEM partnership with U.K.-based AEM company for REM-free electric motor. So how much capex is required for that?

Jaideep Wadhwa: So the capex -- let me address that in a couple of different ways. The capex required for the assembly lines will be depending on the level of automation will be somewhere between INR 15 and 25 crores. The other big piece is tooling. Now one of the models has already been tooled up in India.

We already -- you may have noticed that we are showing some export revenue. And I think we also mentioned that we have developed these components in India and are exporting them to AEM, and they are using these components in the motors that they are building and supplying to their customers in Europe. So, depending -- I mean, I expect that we will have at least three or four families of products that will be launched in India in the near term. So, there will be possibly investments in tooling for three more families and each tooling could easily be -- I don't know the exact number, but it could be more than INR 5 crores or more.

Apoorv Bandi: So approximate like INR 20 crores, can we expect the capex would be?

Jaideep Wadhwa: So that would be on the production line and then on tooling. So maybe a total capex of about INR 35 to 40 crores.

Apoorv Bandi: Okay. And sir, my next question is like is this product globally used by the JV partners, the rare earth free motor? Is it used by the OEMs currently globally?

Jaideep Wadhwa: So it's not a JV. It's a technology licensing agreement. So AEM has sold these products. They are supplying them to a Tier 1 in Europe, and they've also supplied these to an OEM -- a truck OEM in the U.K. as well as bus OEMs in Indonesia and Australia. So, they have a fair amount of traction across and I think the total miles that AEM Motors have completed in these applications is over 4 million miles.

Apoorv Bandi: Got it. And sir, I think when it will start contributing to revenue, specifically this motor contribution?

Jaideep Wadhwa: As I said that we will probably see revenues from rare earth magnet. I mean you're already seeing some revenues from our export of components back to AEM, but that's not very large. We expect to see revenues from customers in India during FY '27.

Apoorv Bandi: Got it. And sir, just one last thing. If I have get it right, currently, we are manufacturing some components for AEM in India, and we export them to the AEM for their global use. But later on, what we are looking for is the complete motor would be manufactured in India. Is it right?

Jaideep Wadhwa: That's right. So again, what I'm saying is that obviously, you have different motor sizes, right? I mean you have motors of different capacities. So for one motor, we have already localized all the components in India, but we have not put up the assembly line. We need to put up the assembly line. That's the only thing we need to do. There's no further component development that needs to be done.

So this is very important for us because it demonstrates that we've understood the manufacturing processes. We've learned what's critical to quality. We've learned how to work with AEM and meet their quality expectations and so on. So there's a lot of work which has happened already in this area.

Apoorv Bandi: Got it. And how much revenue can we expect not right now, maybe next couple of years, 2, 3 years from this motor thing?

Jaideep Wadhwa: Look, this is -- I mean, I could give you a very optimistic answer. If you look at the penetration that we are going to see for electric vehicles, you could see in the next couple of years, there will be, let's say, we would reach 2 million to 3 million high-speed scooters and motorcycles. I mean that's, I think, a very conservative estimate.

And to assume 10% market share is not outlandish. But I have to caution and say that, look, this is a new technology. And this is not about making a spreadsheet and saying, yes, I can get 10% market share. We have to be able to prove out the product. So the potential is very big, but we've got to be able to convert that potential into revenues quickly.

Apoorv Bandi: Got it. And sir, this is an exclusive technology transfer, right? Or is that someone else...

Jaideep Wadhwa: That's right. We're exclusive for India.

Moderator: The next question is from the line of Ashish Khurana from A&K Capital.

Ashish Khurana: Sir, I'm a bit new to the company. So if you bear with me, our non-fastener business is divided into 2 verticals primarily. So one is power electronics, which is, I think, almost 100% EV focused. And second one would be STML, which is mechanical components, which is both PVs and EVs focused. Is that understanding correct?

Anish Agarwal: So let me clarify. STML is also focused on electrification. And beyond electrification, it focuses on energy storage systems and charging infrastructure. So the bulk of the business for STML is also within the ambit of electrification.

Ashish Khurana: Okay. Got it. So these...

Jaideep Wadhwa: If I may add -- I was just going to say that what the non-fastener businesses for Sterling will be typically in the autonomous connected electric space.

Ashish Khurana: Okay. Got it. So these partnerships that we talked about in the previous calls with Kunshan, and I think there was another company, [inaudible 0:29:49]. So these would fall under STML. Is that correct?

Anish Agarwal: Yes, that's correct.

Ashish Khurana: And the capital outlay, the initial capex plan was around INR 70 to 80 crores for these with a potential revenue of around INR 300 to 400 crores in the next 2 to 3 years. Is that understanding correct?

Anish Agarwal: Yes. The capital outlay for this is roughly to the tune of INR 50 crores with a revenue projection of INR 150 crores to INR 200 crores for STML.

Ashish Khurana: And I think in one of the previous...

Jaideep Wadhwa: Ashish that is for the current product line.

Anish Agarwal: Yes, for the current product line, that's correct.

Ashish Khurana: And I think in one of the previous calls, it was mentioned that the margin profile for these 2 components that we have partnerships with the Chinese companies for. So that is currently still -- we are figuring that out, right?

Anish Agarwal: Sorry. No, we already have a technology collaboration agreement. And for the margins, the margin profile will be double digit, and we hold with those margin profile that we had committed to earlier on.

Ashish Khurana: And to Mr. Atul Agarwal, sir, so if we look at the non-fastener business, so the vision indeed is promising and the bets are diversified. So we are not betting on a single outcome. So if I were to ask you for the next 3 to 5 years in the non-fastener business, so what kind of capital outlay do you see both in terms of capacity and human resources that -- I mean, I know it might change later. But as of now, I mean, do we have a capital outlay in mind for this?

Atul Aggarwal: Yes. So, Ashish, we are having a bulk of our investments in non-fastener business at SGEM/SEM and STML. And I think we are working on a couple of new products, which you will hear about in the next few months. I think we are looking at a total investment of between INR 150 crores to INR 200 crores in the next 3 years in these different businesses.

The revenue potential of all of them put together could be anywhere from between INR 500 crores to INR 1,000 depending how the market penetration, not only for EV is, keeps on changing as per government policy because bulk of the products are in the EV ecosystem. And secondly, what the customer adoption acquisition at the same time is.

Ashish Khurana: Got it. And one final last question from my side, sir. So I'm not being skeptical at all, and please don't take it otherwise. I mean, we have very diversified products in place in the non-fastener both the businesses that we are targeting. And probably we'll maybe crack them on the technology side. But to get a broad-based client base and then to gain market share, there are other things that are needed.

So what I wanted to understand was that what do you think would -- what are the few points that you think would give us the right to win in this business? Is it that the ticket size is lower compared to the MCU business? So, there is a lesser risk of in-sourcing being there. If we scale up, we'll have a cost advantage.

You spoke about import substitution. So I just wanted to understand in this attempt to build a strong non-fastener business, what would help us have a strong and sustainable competitive advantage in the next 3 to 5 years?

Atul Aggarwal: Jaideep, let me take it and maybe if I'm missing something, you can supplement me. Firstly, I just want to mention, I want to go back to our journey, which started 6 years ago or 7 years ago in non-fastener businesses. We understood -- at least as per our understanding, our fastener business is going to grow. It's going to continue to do well, which it still is.

We're holding strong double-digit margin structures in that business. We -- and our customer profile is very strong. Now having said that, that our fastener business is not going to give us a radical growth going forward. It's going to be incremental. We may and will grow faster than industry like we have in the first quarter now.

But we realize that we need to grow faster. We need to grow faster, and we also need to have a future-ready business, which is we realize that EV is a place to be. And I think we were the first movers to start an MCU product line in India or a lot of product lines for that matter. In fact, all the products what Jaideep and Anish spoke about are -- we'll have the first-mover advantage.

Nobody else is making those products in India as of now. SGEM is a 5- year-old business now where we make MCUs. Next into that is going to be integrated motors and MCUs. Eventually, we'll do gears, etc. So, it may start with 2 in 1s, 3 in 1s, 4 in 1s and 5 in 1s and Jaideep can get the technology of that more often. And even in STML, we're doing DC contactors and other new products we are looking to make in India are again currently being imported in passenger vehicles and commercial vehicles. So, we are looking at products which are not being made in India, and there's no technology in India. And we are doing Greenfields with trusted partners from overseas.

So, we are jump-starting our business with existing technology, which we are building on top. We are localizing, we are customizing. We are improving the performance of the technologies, keeping in mind local Indian and customer conditions. So, I think in a nutshell, it's -- one would be a first-mover advantage. Second, from a customer perspective, they have seen our success, what we have done being a legacy fastener maker when we started MCU. We had tremendous success in that business. We had a hiccup in SGEM where, like I said, one of our key customers in-house it. It wasn't as if we lost the business to competition, if anything, it was more of a strategic call that customer took to in-house that product. So, one I said was first-mover advantage, second being with our success in MCU business, there's a tremendous track record we have. The customer access, the customer connects we have been able to build because of that across the entire EV ecosystem in India across all segments is fantastic.

And finally, the facilities we are putting up are totally world-class. We are not leaving any stone unturned from a technology perspective in terms of tech centers, centers of excellence for each of the product lines. So the customers are able to see our vision, what we have laid out for ourselves in the next 5 to 10 years.

And lastly, we are putting a lot of capital behind it, as you can see on the capex side. And along with human resources, Jaideep is heading one segment of the business. Anish is heading the second side of the business. Now having said that, they have a strong leadership team below each of those businesses are fully manned by very competent teams, a very empowered team to take it forward. Jaideep, do you want to add anything to that?

Jaideep Wadhwa: No, I think, Atul, you covered the main points. I mean, we've been very innovative. We've been first movers. I'll also say that -- with some of the projects that Anish is working on, we are actually creating a backward integration. So, the magnetics feed into our charger and MCU businesses.

The HVDC contactors feed into our PDU business, which is an integral part of what we do with the heavy commercial vehicles. So these aren't just random products that we picked up. We picked up products that actually make up a significant part of our BOM of existing products that we have in our portfolio or products that we knew we had to enter into to meet customer requirements. So it's a part of a fairly well-integrated strategy.

Ashish Khurana: Got it. So I think as an investor, a board yet a thought-through vision is probably what we want to see. So it won't be an easy ride, but wish you all the best and look forward to continuing being invested with you.

Moderator: The next question is from the line of Ravi Shah from VRS Capital.

Ravi Shah: So I had just two questions. First would be what would be our strategy to capture the opportunities in the autonomous connected and electronic mobility space beyond our current product portfolio, what we have?

Anish Agarwal: Can you repeat that question?

Atul Aggarwal: Let me take it.

Ravi Shah: Yes. So basically, on the autonomous connected and electric mobility space, what would we do beyond our current product portfolio is what the question is?

Atul Aggarwal: So if you see all our product portfolio, the new product portfolio from MCUs to motors to DC / DC converters, DC contactors, rare earth free motors and some of the new stuff we'll be launching in the new -- they're all – all these product lines are target this ACE, autonomous connected energy sector (wrongly said kindly read it as electric space) , all of them are. So, I would say, almost all of our future product strategy, growth strategy is based on this ACE segment.

Ravi Shah: Understood, sir. Sir, my second question -- yes, please go ahead.

Jaideep Wadhwa: I would just like to add that typically, what we are doing is, as Atul said, everything we are looking at is -- in terms of our capital allocation is in the autonomous connected and electric space. We are looking for unserved or underserved market niches where what is being used by the Indian OEMs is or even Tier 1s is typically imported.

And we want to be able to replace that with a made in India product. That's one part of the strategy. So typically, what's not being done here. That's how you would see a lot of our product planning move forward. The second thing is we would leverage what we know. So, over the last 5 years, as Atul talked about, as we've done in MCUs, we developed, I think, a fairly decent competence in power electronics. We understand the technology behind it. We understand the supply chain and we know how to ramp up. We put up this factory -- our factory in Faridabad was put up thinking at most that we would be selling 10,000 units a month. We actually were able to ramp up to 60,000 units a month with very, very little advanced planning from our customers. We responded very quickly.

We were able to build up competencies, localize and ramp up capacities actually also with very little capex not because we were trying to save money, but because we didn't have the time. We just needed to be very, very responsive. So what we are trying to do is to build on those competencies to say, okay, we understand power electronics, we understand how to put together a PCB, we understand SMT manufacturing, we understand what the quality requirements are and that's what we want to continue to build on.

Ravi Shah: Understood sir. Thank you for such a detailed answer. This would tie into my second question basically on capex. So what would be our capex plans for FY '26 and FY '27 and whether you could break it down between fasteners, SGEM and STML? And what would be our planned ROI for these investments?

Pankaj Gupta: I'll take that question. Atul, can I?

Atul Aggarwal: Pankaj, let me take that.

Pankaj Gupta: Sure.

Atul Aggarwal: So in our fastener business, we're going to have -- we have a capex plan of between INR 15-20 crores. For STML, our plan this year -- our total projected outlay is INR 50-odd crores. The bulk of this will be probably be spent this year. And I think the capex plan for Sterling GTAKE now called Sterling E-Mobility is probably going to be in the range of INR 20 -25 crores this year. For FY '27, we are still crystallizing our plans in the next few months. As and when we have some clarity, we'll communicate.

Ravi Shah: Understood. So our planned ROIs for these investments, sir, any target that we have?

Atul Aggarwal: So calculating incremental capex ROI is very difficult. These are all some are maintenance capex, some are incremental capex for capacity, some are tech capex. So we don't look at each capex as an ROI perspective. It's a piece in a puzzle we are trying to put together, and we look at the full package over time.

Moderator: The next question is from the line of Swapnil Gupta from Whitepine Investment Management.

Swapnil Gupta: My question is relating to magnet-free motor, where we are currently in the process and by when we will be generating revenue from it? And any OEM for which we specifically manufacturing this magnet-free motors?

Jaideep Wadhwa: So there's no OEM in India for whom we are manufacturing these motors as of now. What we are doing at this time is to map customer requirements against what we can do. So the idea of a magnet-free motor, if you have either a weight, size or performance penalty or there is a cost penalty as compared to a permanent magnet motor, then it's not viable.

I mean it may be a short-term opportunity because of the supply issues, but it's not a long-term sustainable opportunity. So typically, what we are doing is we are working -- we are engaged with a number of OEs where they're giving us their performance and design -- performance and space envelopes to say, okay, this is the size we need. This is what performance we need. And we are working with our partners to make technical proposals and say, okay, this is how we can do it. This is how we can meet your requirements. And also how much time and money would it take to be able to deliver these requirements. In terms of revenue, we expect revenue from domestic OEs to kick in, in FY '27, as I had mentioned earlier.

Swapnil Gupta: Okay, sir. That answers my question.

Moderator: Thank you, sir. As there are no further questions from the participants, I now hand the conference over to management for closing comments.

Atul Aggarwal: Thank you, everybody for dialing into our call, making time for us. We are on a long journey. We are very focused and we are very positive and optimistic about our future. We may had a temporary setback. But I think there's a lot more we are working on. There are a lot more eyes on the fire out here. And I think you'll see us playing out a lot of that stuff over time and crystallizing into more positive news as we go forward. Thank you. All the best.

Pankaj Gupta: Thank you.

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