



Sharda Motor Industries Ltd.

SMIL: LISTING/26-27/2905/01

May 29, 2026

BSE Limited

Department of Corporate Services

Pheroze Jeejeebhoy Towers

Dalal Street, Mumbai - 400 001

(SCRIP CODE - 535602)

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor

Plot No. C/1, G Block

Bandra - Kurla Complex, Mumbai - 400 051

(Symbol - SHARDAMOTR) (Series - EQ)

Sub: Submission of Transcript of Conference Call held to discuss the Operational & financial performance for quarter ended March 31, 2026

Ref: Regulation 30 read with Part A to Schedule III of SEBI (Listing Obligations and Disclosure Requirement), Regulations, 2015

Dear Sir / Madam,

In pursuant to the applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 and in furtherance to our letter no. **SMIL: LISTING/26-27/1905/01** dated **May 19, 2026** with respect to the convening of Investors / Analyst conference call "Earning Call" on **Friday, May 22, 2026 at 05:00 P.M. (IST)** onwards, for discussing the financial performance of the Company for fourth quarter ended March 31, 2026 for the financial year 2025-26, in this regard please find enclosed herewith the transcript of the earning call.

Further the same is also being available on the website of the Company at www.shardamotor.com.

This is for your information and record.

Thanking You,

Your's Faithfully

Iti Goyal
Asst. Company Secretary &
Compliance Officer

Encl. as above

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CIN NO-L74899DL1986PLC023202



“Sharda Motor Industries Limited
Q4 FY26 Earnings Conference Call”

May 22, 2026



MANAGEMENT: **MR. AASHIM RELAN – GROUP CHIEF EXECUTIVE OFFICER – SHARDA MOTOR INDUSTRIES LIMITED**
MR. ASHWANI MAHESHWARI – DEPUTY MANAGING DIRECTOR – SHARDA MOTOR INDUSTRIES LIMITED
MR. GD TAKKAR – GROUP CHIEF FINANCIAL OFFICER – SHARDA MOTOR INDUSTRIES LIMITED
MR. KK SHARMA – CHIEF MANUFACTURING OFFICER – SHARDA MOTOR INDUSTRIES LIMITED
ERNST & YOUNG – INVESTOR RELATIONS

MODERATOR: **MR. MIHIR VORA – EQUIRUS SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY26 Sharda Motor Industries Limited Post Results Conference Call hosted by Equirus Securities. 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. I now hand the conference over to Mr. Mihir Vora from Equirus Securities. Thank you, and over to you.

Mihir Vora: Yes. Thank you, Steve. Welcome, everyone, to the Q4 FY26 Post Results Conference Call of Sharda Motor Industries Limited. From the management team, we have Mr. Aashim Relan, Group CEO; Mr. Ashwani Maheshwari, Deputy Managing Director; and Mr. GD Takkar, Group CFO.

So, without further ado, I now hand over the call to the management for the opening remarks. Over to you, sir.

GD Takkar: Thank you very much, Mihir. Thanks a lot. My name is GD Takkar, and I thank everyone for joining the call today. I extend a warm welcome to all the participants on today's call. As Mihir just mentioned, I am joined by our Group CEO, Mr. Aashim Relan; Deputy Managing Director, Mr. Ashwani Maheshwari and Chief Manufacturing Officer, Mr. KK Sharma. I trust you have had the opportunity to review our quarter 4 and 12 monthly results and investor presentation, which are available on stock exchanges as well as on our website.

Before I move to the financials, let me briefly touch upon the Indian automobile industry's performance during last quarter, that means quarter 4. During that quarter, the Indian automobile industry continued to witness broad-based growth across all major vehicle categories. This robust performance was supported by improved affordability following the GST rate reduction, enhanced purchasing power from personal income tax relief and lower financing costs due to successive repo rate cuts by the Reserve Bank of India.

Demand momentum remained healthy across all major vehicle categories, reflecting a balanced mix of urban as well as rural consumption. Passenger vehicle segment posted strong production numbers of 15,71,000 units in quarter 4 of FY25-'26 registering a growth of 11.3% compared to Q4 of same period last year. The segment also clocked production numbers of 55,39,000 units in '25-'26, posting a growth of 9.4% as compared to previous financial year.

While light commercial vehicle production grew by over 15.8%, reaching 208,000 units this quarter and by 11.2%, reaching 712,000 units in FY26. In quarter 4 of FY26, 3-wheeler posted Q4 production of 345,000 units with a growth of 32.4% as compared to same quarter last year. This segment also posted strong production numbers in financial year 2026 at 13 lakhs units, registering a growth of 23.9% as compared to last financial year.

FY25-'26 has been a landmark year for the Indian automobile industry, underpinned by a series of structural policy reforms that strengthened demand fundamentals and boosted consumer confidence. Consequently, the industry remains optimistic about continued growth across all vehicle categories in financial year '27, building on the strong domestic momentum seen in the latter half of FY26. However, uncertainties stemming from the West Asia conflict, including

volatility in crude oil and commodity prices, elevated exchange rates and disruptions to shipping routes continue to pose a risk to the sector. A stable geopolitical environment will be crucial for sustaining industry confidence and supporting further growth next year.

Let me now walk you through the operational and financial performance for the quarter and year ended 31st March 2026. For quarter 4, on a consolidated basis, the company reported revenues of INR971.8 crores, representing a Y-o-Y growth of 30%. Gross profit for the same period stood at INR216.1 crores, a growth of 13% Y-o-Y. Gross profit remains the better indicator of underlying operating performance and growth was better than industry trends for this period.

EBITDA for quarter 4 FY26 came in at INR112.9 crores, reflecting Y-o-Y growth of 12% with EBITDA margins at 11.6%. Profit before tax before exceptional items for the quarter stood at INR119.6 crores after factoring in our share of profit from joint ventures and associates. In the corresponding quarter last year, profit before tax was INR110.6 crores. Profit after tax for the quarter was INR89.4 crores.

For the 12 months ended 31st March 2026, total revenues stood at INR3,396.8 crores, marking a growth of 20% over the same period last year. Gross profit for the period was INR802.8 crores, up 8% Y-o-Y again, again, in line with the industry growth. EBITDA for 12-month period stood at INR419.1 crores, up 6% Y-o-Y.

Profit before tax for 12 months was INR459 crores, which included exceptional gain of INR22.41 crores on sale of one of the idle industrial parcels in quarter 1 FY26 and an exceptional loss of INR4.26 crores towards impact of new Labour codes in quarter 3 and quarter 4 of financial year FY26. Compared to this, profit before tax was INR420 crores in the 12 months last year. Profit after tax for the 12-month period stood at INR345.4 crores as against INR314.9 crores in the corresponding period last year.

Now I hand over to Mr. Ashwani Maheshwari, Deputy Managing Director of the company for key business updates. Thank you.

Ashwani Maheshwari:

Thank you, GD, for the financial updates. A very good evening, everyone. This is Ashwani Maheshwari. I extend a warm welcome to all participants on the call. I will take you through the key business updates for the quarter and our operating priorities as we move into FY27. The global operating environment remains dynamic, particularly with the developments in West Asia.

The key impacts remain crude price volatility, availability of critical parts and workforce availability across global supply chains. So far, the automotive industry has managed these factors very well. However, the situation remains dynamic, and we continue to monitor it closely.

We at Sharda also remain resilient due to our largely India-centric manufacturing footprint and our backward integration across tubes, stampings, fabrication and assemblies. Raw material imports are largely linked to customer-managed supply chains, and our operations remain aligned with customer production schedules.

At the same time, the current global environment is accelerating a few favorable long-term cues for India. Customers in Europe and the U.S. are increasingly focused on supply chain diversification and China Plus One sourcing. This is positive for Sharda, given our capabilities across emission systems, thermal management components, lightweighting products, temperature control tubes, heat shields and other global business adjacencies.

Regulatory developments also continue to support our strategy. On BS7, we have started readiness work by benchmarking European developments and engaging with customers on future system requirements. BS6.3 or WLTP, applicable from 1st of April 2027 for vehicles below 3.5 tonnes gross vehicle weight is a more real-world representative test procedure and is expected to increase focus on catalyst efficiency, thermal management and durability.

On TREM5, a revised draft gazette notification has been issued and the road map is now proposed power mode-wise across tractor kilowatt categories. While the near-term domestic opportunity now is on mufflers and integrated mufflers, the technology work already done is helping us in business development discussions, particularly in agri tractor and export-linked opportunities. CAFE III is another important development. These norms applicable from April '27 to March 2032 are structured as a multi-fuel technology inclusive regulation.

While EVs receive the highest credits, the framework also supports hybrids, CNG, ethanol, flex fuel vehicles, lightweighting and other fuel efficiency technologies. Therefore, the response to CAFE III is most likely to be a combination of EVs, hybrids, CNG, flex fuel and vehicle efficiency improvement, except for pure EVs, all other powertrains continue to require engineered emission systems.

Moving on to our lightweighting vertical. This continues to be one of our key growth pillars. The structural drivers for lightweighting continues to get stronger. OEMs would balance fuel efficiency, CO2 reduction, EV range and safety amongst others. We have already started building our lightweighting and powertrain agnostic portfolio, including existing supplies to EV platforms of key OEMs. CAFE III further supports this direction as OEMs will increasingly focus on weight reduction, efficiency and platform optimization.

During FY26, we have done steady execution across the previously announced programs. SOP scheduled for FY26 has started as per customer plans, and the ramp-up is progressing in line with customer schedules. Our lightweighting FY26 market share has increased to approximately 14% and is expected to rise further in FY27 and FY28 based on the orders already booked.

This vertical already comprises of approximately 10% of our gross sales and will continue to be the growth engine for the future and be a large contributor. Further, the Donghee TLA has added to our content per vehicle offering with subframes and torsion beams. These will be the next product segments that will add to lightweighting vertical growth.

From a progress perspective, customer discussions and RFQ activities are underway across OEMs. In control arms and links, the focus is on scaling existing programs and increasing platform participation. In torsion beams and frames or subframes, the current phase is around platform design standardization, capability building and customer engagement. These are

relatively longer gestation products with higher engineering and validation requirements. Therefore, commercial scale-up will happen progressively over multiple quarters. In addition, we are in active discussion with other lightweighting technology partners for TLA/JVs, which will add to our product offering in the future.

Moving on to export business. Exports remain a strategic growth priority for us with focus on North America and Europe. Our focused products include CV emission components, engine and genset emission components, tractor emission components, temperature-controlled tubes, heat shields and emission adjacencies. Very happy to announce that during the quarter, we received an order from a leading global agricultural equipment OEM for supplies to Europe. This is a strategically important entry into the global agricultural equipment segment.

It is the first order with this customer, and the customer has a large addressable wallet for products where Sharda has relevant capability. Successful execution of this order will help us build a meaningful order book with this customer over a period of time. This current order has an annual value of approximately USD 2 million and a lifetime value of approximately USD 10 million with the SOP scheduled from Q1 FY28.

We have also received an order from an existing customer, a large U.S.-based heavy industry emission company. This supplies for this OEM export order in India. This is a test order, but of strategic importance as this gives us entry into another U.S. CV OEM. Our previously announced export order with the North American engine and genset manufacturer remains aligned to customer schedules.

SOPs moved from Q2 to Q3 FY27 with gradual ramp-up based on customer schedule requirements. We continue to see healthy RFQ pipeline, supported by a dedicated export focused team. The broader localization China Plus One and supply chain diversification themes in Europe and the U.S. remain positive for our global business strategy.

Now moving on to emission systems and adjacencies. Our core emission business remains steady and strategically important. We continue to maintain strong quality and delivery performance while also preparing for the next phase of regulatory requirement, including BS7 readiness.

In emission adjacencies, the successful SOP of temperature-controlled tubes for one of the largest off-highway manufacturers in India is an important milestone. The program has commenced and is ramping up as per customer schedule. This strengthens our position in thermal management adjacencies and creates a platform to build further business in temperature-controlled tubes, heat shield and related products.

Coming on to infrastructure. The Uttarakhand facility is progressing as per plan. The facility is being set up closer to customers' manufacturing location and is expected to improve logistics, responsiveness and customer alignment. The capacity will be modular and scalable. And the plant will support existing business as well as future opportunities in emission and lightweighting products in North India. The Chakan 3 lightweighting plant has started SOP and

is gradually ramping up. Capacity deployment continues to be modular and aligned with customer packed demand.

On R&D, we continue to invest in people, testing, simulation, validation and product development. During Q4 FY26, we filed 2 more patents. With this, the total number of patents filed stand at 22 and total awarded patents stand at 4. Our R&D efforts are focused across emission and thermal management, lightweighting and suspension and global business products. These capabilities are critical as we move towards higher technology content and a greater system-level participation.

On M&A, our approach remained disciplined but active. The current global disruption and supply chain realignment can create opportunities for well-capitalized India-based players. Sharda has a strong balance sheet, which gives us flexibility to deploy capital where there is strategic fit, customer and technology relevance. We will remain disciplined on valuation and ROCE potential.

On technology partnership, we continue to evaluate opportunities in powertrain agnostic products, lightweighting and structural components and processes. China and Korea remain important markets because of their capabilities in EV platforms, hybrid platforms, chassis system, suspension technologies and advanced lightweighting.

Moving on to FY27 outlook. The production plan and the preparations from OEMs indicate a steady demand. Our growth contributors include full year revenues from earlier lightweighting suspension orders, partial revenue from FY26 lightweighting suspension orders with SOP in FY27, CV adjacency impact, North American export ramp-up and other export orders and of course, the supportive OEM volume outlook with SIAM projections on industry growth.

Our focus remains clear, disciplined execution, timely SOPs, customer deliveries, ROCE discipline and continue building a more diversified powertrain agnostic and globally relevant Sharda Motor.

Thank you so much. With this, we can open the floor for Q&A.

Moderator: First question comes from the line of Preet Pitani with InCred AMC.

Preet Pitani: My first question will be on the line of data which you give on an annual basis. First is the your revenue industry split like PV, CV, off-highway and other? And also, if you could mention what was your export for this year?

Ashwani Maheshwari: Sorry, you want PV/CV breakup for our data or you're talking about the SIAM PV/CV data?

Preet Pitani: No, no, no, for our data. Like last year, it was 55% PV, 45% CV split. What will be the data for this year?

GD Takkar: Okay. Yes. Thank you for this question. So, CV emissions contribution is 44% for this financial year and PV emissions contribution is 43%. Off-highway, gensets and exports together currently contribute 1% because these are growing. Suspension contributes 9%, 2% from supply chain

vertical and 1% from miscellaneous. So this is the breakup of overall revenues of financial year FY26.

Preet Pitani:

And second question would be on the growth of FY26. Like you mentioned that last year, we had suspension business of around 9%. And this year also, it is of around 9%. Our top line growth in emissions, where we have that raw material due to which our topline varies, I believe there is no such portion as in suspension. We have seen 20% suspension. And if we remove this 20% growth from the suspension, our base business has grown at around 6% to 7%, whereas underlying PV and LCV industry has grown at 9% and 15%. So why did we underperform the industry? Was there any specific reason? Or are we losing market share? If you could give some insight on the same?

Ashwani Maheshwari:

So yes. So on the -- I mean, there are multiple questions in what you asked. I think one primary question is that why the suspension percentage still remains around 9% to 10% of our total sales. Now in FY26, lightweighting has seen a decent growth in absolute value as compared to FY25 and so is the value market share. As we said, the value market share has further gone up from 12.5% to 14% on a full year basis.

The data which is shared is including catalyst. And hence, because of the increased catalyst price this year is leading to the number not showing in the true increase. So on a value-added sales basis, the lightweighting vertical has increased in percentage of sales. And of course, as we said that going forward in FY27 and FY28, based on the order book, this percentage will certainly go up.

Preet Pitani:

No, sir. I think there was some misunderstanding. I asked that, yes, I understand that suspension business has grown at a good pace. So we have added from 12.5% to 14%. If we remove the suspension business, our gross profit growth comes at around 6% to 7%, whereas underlying industry has grown around 9% for PV and 15% for LCV. So why we have underperformed the underlying industry? Was there any specific one-offs? Or did we lose any market share? If you could call out on this thing?

GD Takkar:

Sure. I think this is very clear now. So as far as growth for this quarter is concerned, our gross profit growth was 13% versus industry's growth of roughly 10%. And on an annual basis, our gross profit growth was 8%, which is largely in line with the industry, which we serve, one of the key customers of the industry, which we don't serve. If we exclude that, the overall industry growth was around 8%, and our growth is also on similar lines.

Now in terms of how it compares with the overall growth, excluding suspension, so suspension, as Mr. Ashwani Maheshwari just mentioned, continues to be broadly at the same level as it was last year. So if you look at it from that perspective, our gross profit growth, therefore, has been consistent with the industry growth. So there has not been any leakage of any form in terms of customers or margins. It has been consistent as it was last year and broadly in line with the industry.

Preet Pitani:

Sure, sir. Sir, if you could just -- on this data, if you could brief apart from the export orders, which we have got and apart from the suspension higher growth, which we are planning, is there

any other growth driver in terms of top line or similarly in terms of margin? Because our margin at the same level, how we grew at the gross profit level, our EBITDA margin also increased at the same level. So are there any operating benefit which we can get for both revenue as well as margin?

Ashwani Maheshwari: So revenue, our strategy is around diversification of powertrain products and geography. So lightweighting vertical, as we explained, because of the orders booked in FY27, '28, will continue to grow extremely well. In exports, we have booked despite all the geopolitical tensions and tariffs, we have added largest CV engine maker in the world. We've added one of the top 3 largest agri tractor company and also 2 more customers. So this is the second driver of the growth. And the third driver of the growth continues to be emissions and adjacencies, which I had spoken about.

Preet Pitani: Yes. That answers my question. But let me just rephrase so that I get a better understanding. I'm saying apart from the export orders, which we have already shown in our PPT and lightweighting, if we keep lightweighting suspension business, which we are growing and Donghee TLA, which we have signed in which we will be growing, is there any other opportunity which we are looking?

Of course, you mentioned about M&A and TLA, like increasing share, like the one OEM which we are not supplying, we would not -- it has been rumors in the market that they have been going to one of our competitors, and they would be starting supplying to them from like 2 years down the line. So are we also getting some share of business there? Is there any talking going on?

Ashwani Maheshwari: So I presume you are talking about one of the largest manufacturer of PVs and seller of PVs in terms of percentage. Now as we have always said that our current market is excluding that largest share. Now while the opportunity with that company is very attractive and that they represent a significant part of the vehicle market, but they already have a very well-established supplier ecosystem, and they have a dedicated exhaust partnerships and JVs, which have been supplying for a long time.

For us, entering into that customer is certainly a long-term opportunity, but it would be a long term rather than an immediate conversion. I mean we continue our work on direct and indirect engagement routes, but it would not be possible or appropriate for us to indicate a specific time line of entering into that customer.

Moderator: The next question comes from the line of Ankur Poddar with Svan Investment.

Ankur Poddar: Sir, this is regarding the SOP for North American engine manufacturer, which we have received last year. So there has been a couple of delays which has happened in execution of this SOP. So, can you share some thought on that why this delay has been happening? And one more question here is, is it for the new launch for the product? Or is it we are replacing some existing customer there?

Ashwani Maheshwari: So, we essentially follow the customer schedule on this SOP. And yes, there has been a couple of quarters delay in the launch. We are following customer schedules, and we'll start the sample orders sometimes in Q2, but the SOP as per the customer schedule would start in Q3. Now we

explained last time, the delays at the OEM end is difficult to explain by us. But primarily, they are related to some of the inventory buildup, which would have happened because of the transition of norms is what we understand.

Ankur Poddar: Okay. Okay. And sir, this is for the new launch or this is for the existing model where we are replacing some supplier there?

Ashwani Maheshwari: No, this is for a new launch. This is for a new launch of product.

Ankur Poddar: Okay. Okay. And sir, do you see any benefit of the new CAFE norms, which are expected to come by April 2027. Is there a kind of value addition do we envisage per vehicle on our content from the current levels?

Ashwani Maheshwari: So you're talking about the CAFE III norms?

Ankur Poddar: Yes, yes.

Ashwani Maheshwari: Yes. So CAFE III, if you go through the draft gazette notification, it is structured as a multi-fuel technology inclusive regulation. Now in this -- while EVs receive the highest credit, this framework also supports if you see hybrids, CNG, ethanol, flex fuel, lightweighting and other fuel efficiency technologies. Now our view is, therefore, the response to CAFE III would most likely be a combination of EVs, hybrids, CNG, flex fuel and other vehicle efficiency improvement. Now except for pure EVs, all of the powertrains continue to require engineered emission systems.

Ankur Poddar: Exactly, sir.

Ashwani Maheshwari: Yes, absolutely. So our growth engine for lightweighting and powertrain agnostic products is what would be leveraging on the CAFE III norms. We are already supplying lightweighting products on EV platforms of key OEMs and CAFE III is further strengthening this team because OEM will essentially have to focus on weight reduction, efficiency and platform optimization. So this norm is a very strong tailwind for our new lightweighting portfolio as OEMs would require to make their platform lighter and standardize design across these multiple powertrains.

So hence, to summarize, this would not only lead to multi-fuel, which would require engineered emission systems. This will also lead to lightweighting, which is in line with our strategy of lightweighting of our portfolio expansion.

Ankur Poddar: Okay. So sir, is my understanding right, as the OEM would prepare for this norm from 6 months or 8 months, 1 year prior of their products, our content or value per vehicle will gradually increase, so starting from FY27 itself, right?

Ashwani Maheshwari: Yes. Content per vehicle would depend upon, as we said, would depend upon the platform standardization. And we are adding in lightweighting portfolio apart from control arms and links. We are also adding Torsion beam and subframes. This entire portfolio will lead to a content increase. We intend to approximately add almost INR 4,000 to INR 10,000 in content per vehicle increase because the portfolio enhancement.

Ankur Poddar: Okay. Okay. Sir, in terms of -- again, coming back to our gross profit question, repeating the earlier participant, which he asked, in last -- in fact, not this quarter, last 2, 3 quarters, we have been underperforming the volumes in the passenger vehicle industry, if you consider anyways like Y-o-Y growth or if not underperforming, we are on par with the volume growth.

So we are not seeing any kind of value addition there because we are constantly adding new products in lightweighting and other than emission products. So -- that is why the question is being raised that is there some dilution in the market share, which is happening in our products?

So if you can throw some light, more clear on this or maybe share some presentation where you bifurcate what kind of growth in each segment and what kind of value addition minus the value of each segment. So that will give us a very clear picture how our company is performing on a quarter-on-quarter basis vis-a-vis the industry.

GD Takkar: Thank you very much. There are a couple of parts to the question. I will take them one by one.

Moderator: I'm sorry to interrupt. Mr. Ankur, I would request you to please come back in the queue for further questions. The next question comes from the line of Mihir Vora with Equirus Securities.

Mihir Vora: GD sir, you can just complete the previous participant's question. I think it was left. So maybe you can answer.

GD Takkar: Right. Sure. So basically, the growth, as rightly mentioned, has been broadly in line with the industry growth. All of you would have seen a lot of orders being announced in FY25 as well as FY26, particularly in the new areas of growth, which are lightweighting as well as exports.

Now you would have also noticed some of the SOPs have taken place towards the second half of FY26 and good number of orders will see SOPs this financial year and next financial year. And as a result, the real impact of these orders will be visible in our growth as we move along.

So, so far, absolutely right, this is not clearly visible because impact is limited as these have gone into SOPs recently only. As the ramp-up takes place, as new orders see SOPs, we will start seeing the growth. And on the other disclosures, as we mentioned earlier as well, we are in the process of implementing SAP.

And gradually, we would know what more we can share to give a better idea about our growth in due course of time. We will keep updating all the stakeholders in our quarterly calls, maybe in the next couple of quarters, we would get back on that as well.

Mihir Vora: Okay. So going ahead with my question here. So, sir, basically, I got a lot of orders in terms of emission component systems for export business. So just one thing here. Does this also have an element of catalyst or this is ex-of-catalyst kind of orders?

Ashwani Maheshwari: So yes, thanks, Mihir. As we explained that in export, our focus is on CV emission components, temperature control tubes, genset emission components and small agri genset exhaust systems. Specifically, to your point, whatever we have announced till now does not have a catalyst component in the export orders.

Mihir Vora: Okay. All right. So this will be something which will be pure revenue, which will come through. And yes. So this is one. Apart from that, sir, my question was on to the capex outlook, which you are looking at. So till now, I think we have the suspension plant, which is up and running now.

But seeing the good order intake, which is coming into that segment. And apart from that, we'll be also going through into other lightweighting components. So what kind of capex strategy do you have here or some number here, what can we see in terms of capex spend for the next 2 years?

GD Takkar: Thank you, Mihir. So as far as FY27 is concerned, our broad capex guidance is around INR90 crores to INR110 crores. And we are increasing this because we are augmenting R&D capabilities in lightweighting and readiness for new emission norms and a lot of SOPs of new programs are also taking place this year. Now investments in new facilities to expand the footprint as per customer needs will be definitely over and above this yearly capex range, which I just mentioned.

And besides this additional capex, we will do in due course of time for growing lightweighting and powertrain agnostic component business. Investment definitely, as we have said earlier as well, will remain linked to customer schedules and order visibility.

Mihir Vora: Okay. Okay. And in terms of emission side, we don't require any further capex to deliver the export orders as well, like no major capex, except for the Uttarakhand plant?

GD Takkar: Yes. So I think in emissions, the capacity augmentation is relatively straightforward, and capex involved is also very limited. So it's not very sizable. You rightly mentioned about this facility, depending on the customer needs, whatever we have to incur in line with their requirements we will always be engaging with the customer.

Moderator: The next question comes from the line of Manpreet Arora with Arora Wealth Advisors.

Manpreet Arora: Am I audible?

GD Takkar: Yes.

Manpreet Arora: So I have two questions. One is around the TREM5 regulation. The other is around the Purem JV. So, on the TREM5, sir, you mentioned that the new notification, draft notification limits our opportunity to mufflers, etcetera. So, if you can expand a bit more on that?

I believe that from October, less than 25 horsepower are probably included and then the 25 to 50 will get into 2032. If you can explain a bit on the notification and how -- if there is something that we can still serve in this market and what would be that opportunity size for those?

Ashwani Maheshwari: Okay. Yes. Sorry, I couldn't get your first name, so I would address Mr. Arora. So your question is around TREM5. I think you broke in between, but I broadly understood your question. So one is around what TREM5 notification says and then what would be the opportunity size for us. So there's a revised draft gazette notification. Now this notification now proposes a power mode-

wise basis with different norms and time lines for different kilowatt categories. If I have to go mode-wise, there is one mode which is below 19 kilowatt. The TREM5 is applicable from October '26. This is a very limited small market.

The key relevant segment is 19 to 37 kilowatts in which the revised TREM3 AA notification is valid. Now this is roughly 75% to 80% of the market. Because the revised notification, the opportunity is likely to be around muffler and integrated muffler design. Now this will be a very small, much smaller niche segment. And what we are awaiting is further design finalization to estimate the actual opportunity size.

The next kilowatt is 37 to 56 in which the TREM4 is already applicable. This is again a small volume business and at Sharda, we are already present in this business. Then there is about 56 kilowatts in which TREM5 is applicable from October '26. Now this is not material again for domestic tractors.

So for us, there are 2 impacts, 19 to 37 kilowatt, the new TREM3 AA, which will be around integrated mufflers. We await the design confirmation to get the opportunity size. It's a niche small size. The second advantage which we have got by TREM5 is there is a lot of -- while we have not done any capex, but there's a lot of R&D capability, which we have built around TREM5, which is helping us engage with the customers. And as we announced, there is a new export order which we have got from one of the top 3 agri equipment manufacturer, which will start the SOP from Q1 FY28.

Manpreet Arora: All right. So this mufflers and integrated muffler market, is that something we are already present in or supplying to? Or this is a new market and once we get the design...

Ashwani Maheshwari: So as a capability, we have very deep capability in this particular segment because of the products which we make and the business which we do. Now the specific design, which is this 19 to 37-kilowatt segment would need for which we are engaging now with the customers.

Now this would essentially be a combination of design capability and manufacturing capability, both of them which we have. So we have now engaged with the customer, which we are in the process now and leverage the opportunity. But as I said, it's a smaller niche opportunity now.

Manpreet Arora: Yes. What I was trying to get at was that this will be over and above what we do today, right?

Ashwani Maheshwari: Absolutely right. Absolutely right. We have spoken about the growth. This particular aspect, we have not spoken about. So this is over and above.

Manpreet Arora: Okay. So let's say, INR2,000 crores was the TREM5 potential market with catalyst and everything. With mufflers and integrated mufflers, will it be like a 10% of that market, 20% of the market? Any...

GD Takkar: No, I do not know about this INR2,000 crores market. I guess this is sort of your estimate. But in the muffler integrated muffler, as I said, at this point of time, it's a much smaller market, very difficult for us to say what the market size would be and what the percentage would be. This would -- essentially, when we get the final notification and start engaging with the customer,

you will get to know the size. Suffice to say that this is almost 75% to 80% of the tractor market, 19 to 37 kilowatt is what we are talking about.

Moderator: I request you to please come back in the queue for further questions. The next question comes from the line of Darshil with Rikhav. Please go head.

Darshil: Am I audible?

Ashwani Maheshwari: Yes, **Darshil. Darshil**, right?

Darshil: Yes. So, I had a few questions. So firstly, as you have mentioned that lightweighting vertical is being a megatrend in the future. So currently, it comprises about 10%, right? So how much do we aim it being as a percentage of total revenue in the future?

Ashwani Maheshwari: Now as we explained that the percentage revenue, for example, this year itself, we were last year 9%, and we continue to be 9%. Now this percentage on the overall sales is dependent upon top line, mathematically denominator/numerator. It is dependent on the top line. So while in terms of value, there is a very decent growth in lightweighting, but our percentage revenue has to remain 9% because the top line has got impacted, as GD explained, by the catalyst price increase.

So it is difficult for us to say as to what percentage we would aim at. But if I put the FY27 orders and if I put the FY28 orders, we would almost be 3x from what we were last year in FY28. So that's the kind of increase which is going to happen.

Darshil: Okay. That's helpful. And also, if you could give a little clarity on how much margins would be in the lightweighting vertical?

Ashwani Maheshwari: So lightweighting vertical has a very good margin. And while this is obviously a very new segment for us, steadily growing for us. And gradually, as it stabilizes, the margins will also stabilize further. At the vertical level, obviously, we don't share the margins. However, these will continue to be decent margins. Emissions definitely, as we have said previously also, will be relatively higher, but margins in this business also will be quite good.

Darshil: Okay. And one last question I have is that we had a good amount of orders in the last quarter, as you have mentioned in the presentation as well. But the inventories have risen quite rapidly from around INR10 crores to INR75 crores. So is there any supply chain disruptions or anything? If you could give a little bit of clarification on that?

Ashwani Maheshwari: Which number again, sorry, where do you pick up this data of inventory increase?

Darshil: Sir, this is in the cash flow statement.

Ashwani Maheshwari: Two parts of the question. One is, are we facing any supply chain disruption? The market -- as of now, there is no supply chain disruption. The volatility continue. We are keeping an extremely close watch on this entire development. But as on today, as we speak, there is no supply chain disruption. On the inventory, I will request GD to pick that.

GD Takkar: Yes. So Darshan, I got your point. So you have looked at the inventory levels. So if you see, there has been steep growth in revenues this year, 30%. So obviously, inventories have moved in line with that. If you look at it on a number of days basis, these have rather improved. So this is purely on account of overall increase in scale of operations. So this is nothing unusual there.

Moderator: We have a follow-up question. It's from the line of Preet Pitani.

Preet Pitani: First question, like you mentioned that we have a higher margin emission and a little bit less than emission in suspension business. And I understand that you cannot get the exact -- you cannot give the exact breakup of the margin. But if you could just mention the differential of the margin, like it will be 100 basis points or 200 basis points or 300 basis points for full year of FY26?

GD Takkar: No, Preet, we -- as a policy, we do not share the vertical level margins. So I cannot share them indirectly as well. However, as I said, there are good margins in this vertical. And this vertical is still growing and will grow a lot in the next couple of years on the back of the orders which we already have -- and we expect the margins to improve further from here and which will be visible in the as we will see all along. I think that is all I can share at this stage.

Preet Pitani: And apart from this, all the orders which we have mentioned in the export, I believe export, we will be requiring a higher working capital for the export. So will export margins be better than our company's margin or it will be also on the same level?

GD Takkar: Yes. So broadly, you're right, export margins relatively are going to be higher. And as you rightly said, there will be an increased working capital requirement. So on a net basis, these will broadly be in line with the domestic business margin. So at net level, these will be broadly in line.

Preet Pitani: And the annual value which you have mentioned in the PPT for export, for example, just taking an example, if we take any customer in which you have mentioned that it will be starting from quarter 3 or quarter 4 of FY26. So will we see on FY27 entire basis, the annual value which you have reported in PPT or it will take 1 or 2 years to gradually ramp up and then we will see 2 years later that this number?

GD Takkar: So obviously, at order level, as a policy, we don't share any specific numbers. However, whatever is the outcome against any particular order, this will be strictly in line with the customer requirements. The annual value is based on the customer guidance and accordingly, that is arrived at.

Precisely what will be the revenue will entirely depend on the customer schedules and their requirement, and we will abide by that. So annual value is just a projection, which ideally should be the case, but this can move either way based on ultimate requirement of the customer.

Moderator: The next follow-up comes from Ankur Poddar.

Ankur Poddar: Sir, can you share some thought on your -- or your vision behind your association with Donghee and what kind of industry will we cater, CV or PV? And what kind of market size will we cater in these kind of products? If you can share some thoughts.

Ashwani Maheshwari: Okay. So there are 2, 3 parts again to your question. So let me explain the Donghee association. So with Donghee, the association is of a technology licensing agreement that enables us to expand our suspension lightweighting portfolio from our existing control arms, and it will include subframes and torsion beams. So this essentially deepens our participation in powertrain agnostic products.

In lightweighting, we have already increased our market share in control arm and link to 14%. And based on FY27, FY28 order book, we are going to grow it further. This will strengthen our capability in the segment. And we also have localized R&D, manufacturing expertise. And Donghee will give us the global access to global technology and benchmarks.

Now Donghee Association, as I said, will help us add torsion beam subframe to the portfolio. This will help not only penetration but also help in content per vehicle, which would depend upon the architecture and the product scope. And this is where our lightweighting vertical portfolio will grow further.

We are already engaged with Donghee and focusing on knowledge transfer, manufacturing and design technology, improvement of existing products and the operational efficiency improvement. The subframe torsion beam will essentially supplement and add to the portfolio and content increase. And as we are talking about CAFE III, the norms -- these norms will also accelerate the platform standardization. Customers are already talking about platform standardization across multi-fuel technology.

Ankur Poddar: Okay. Okay. And do we export market for these products also? Will we be able to export under this agreement?

Ashwani Maheshwari: So as of now, the agreement TLA is for India. However, India-based exports are included in the TLA, which means I manufacture in India and export, that's part of TLA. But this TLA is valid only for India geography, If you're talking about only this TLA. But in our exports, as I explained to you in the product segment, we are targeting emission components, we are targeting temperature-controlled tubes, we are targeting heat shields, and we are targeting small agri and ginseng components.

Ankur Poddar: When do you envisage the SOP will start under this agreement?

Ashwani Maheshwari: So as I explained, there are two parts which we are talking about. We are talking about our operational efficiency improvement, improvement of our existing product portfolio. And the second part is the adding the subframe and torsion beams. Now subframe and torsion beams, the discussions have already started with the OEMs. These are a little long gestation period. So over a period of few quarters, we anticipate to see success in this area.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

GD Takkar: Thank you very much. Thanks a lot. We appreciate your participation in today's earnings call. We trust that we have addressed all your queries. Should you have any further questions, please



feel free to reach out to our Investor Relations Advisor, Ernst & Young. Thank you and have a pleasant evening. Thanks a lot.

Ashwani Maheshwari: Thanks so much, everybody, on the call. Appreciate it. Thank you so much.

Moderator: Thank you. On behalf of Equirus Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.