



Sharda Motor Industries Ltd.

SMIL: LISTING/25-26/1911/01

November 19, 2025

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 September 30, 2025

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/25-26/0711/01** dated **November 07, 2025** with respect to the convening of Investors / Analyst conference call "Earning Call" on **Wednesday, November 12, 2025 at 16.00 Hours (IST)** onwards, for discussing the financial performance of the Company for first quarter ended September 30, 2025 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

Regd. Office : D-188, Okhla Industrial Area, Phase-I, New Delhi - 110 020 (INDIA)

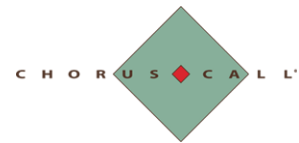
Tel.: 91-11-47334100, Fax : 91-11-26811676

E-mail : smil@shardamotor.com, Website : www.shardamotor.com

CIN NO-L74899DL1986PLC023202



“Sharda Motor Industries Limited
Q2 FY '26 Earnings Conference Call”
November 12, 2025



MANAGEMENT: **MR. AASHIM RELAN – 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
ERNST & YOUNG – INVESTOR RELATIONS ADVISORS – SHARDA MOTOR INDUSTRIES LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to the Sharda Motor Industries Limited Q2 FY '26 Conference Call, hosted by Equirus Securities Private Limited. 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mihir Vora. Thank you, and over to you, sir.

Mihir Vora: Thank you. Good afternoon, everyone. On behalf of Equirus Securities, I welcome you all to the Q2 FY '26 post results conference call of Sharda Motors. From the management side, we have with us Mr. Aashim Relan, CEO; Mr. Ashwani Maheshwari, Deputy MD; and Mr. GD Takkar, Group CFO.

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

GD Takkar: Thank you. Thank you very much, Mihir. Thank you, everyone, for joining today. I extend a warm welcome to all the participants on today's call. I'm joined by our Group CEO, Mr. Aashim Relan and Deputy Managing Director, Mr. Ashwani Maheshwari. I trust you have had the opportunity to review our quarter 2 and H1FY26 results and investor presentation, which are available on the stock exchanges as well as on the company's website.

Before I move to the financials, let me briefly touch upon the Indian automotive industry's performance during Q2 FY26. During this quarter, the Indian automobile industry continued to post healthy growth across all vehicle categories, supported by, steady demand momentum, GST relaxation, easing supply chain constraints and festive season tailwinds.

Passenger vehicle production rose by 4.2% year-on-year to 13.26 lakh units, light commercial vehicle production grew by 12.9%, reaching 1.71 lakh units. Three-wheeler segment witnessed a strong over 18.3% Y-o-Y increase with production rising to 3.58 lakh units. Two-wheeler production expanded by 10.6% to 69.26 lakh units, while tractor production registered a robust 14.6% growth to 3.24 lakh units.

The Indian automobile industry maintained its strong growth trajectory in Q2 FY26, underpinned by robust consumer demand, a favorable festive season and continued improvement in supply chain conditions. The industry's broad-based performance across passenger vehicles, commercial vehicles, 2-wheelers, 3-wheelers and tractors reflects a healthy mix of urban and rural demand drivers.

Structural factors such as rising disposable incomes, sustained infrastructure investments and the growing penetration of electric mobility continues to support medium-term growth prospects. With macroeconomic stability, improving financial conditions and government focus

on manufacturing and green mobility, the industry outlook remains positive for the coming quarters.

Let me now move to the operational and financial performance for the quarter and half year ended 30th September 2025. For the quarter ended Q2 FY26, on a consolidated basis, we reported revenues of INR787.2 crores, reflecting a Y-o-Y growth of 11%. Gross profit, which is a better indicator of our performance for the quarter came in at INR194.9 crores, up 4% Y-o-Y, which is in line with the industry growth for the same period.

EBITDA for Q2 FY26 stood at INR101 crore, translating to a Y-o-Y degrowth of 4% and EBITDA margin stood at 12.8%. Profit before tax for the quarter stood at INR101.9 crores after accounting for our share of profit from joint ventures and associates. Same quarter last year, PBT stood at INR106.1 crores. Profit after tax, PAT, was INR74.7 crores for Q2 FY26. For the half year ended September 30, 2025, our total revenue stood at INR1,543.5 crores, a growth of 11% over the corresponding period last year.

Gross profit came in at INR384.4 crores, up 4% Y-o-Y, in line with industry growth. EBITDA stood at INR199.4 crores, largely in line with last year same period and EBITDA margin of 12.9%. Profit before tax stood at INR232 crores after accounting for exceptional gain of INR22.4 crores on sale of one of the idle industrial parcel located at Haridwar, Uttarakhand and our share in profits from joint ventures and associates. H1 last year PBT stood at INR208.6 crores.

PAT for this half year stood at INR174.6 crores versus INR155.5 crores in the corresponding period last year. In October 2025, that is last month, we entered into a technology license agreement with Donghee Industrial Company Limited, Republic of Korea, to further strengthen our advanced suspension portfolio. Under this collaboration, Donghee will transfer its proven chassis and suspension technologies, particularly of control arm and subframes, enabling Sharda Motors to manufacture these critical components locally for Indian and global OEM platforms in India.

We are happy to announce 2 new orders in lightweighting vertical for control arms and links having combined annual value of US\$14 million and lifetime value of US\$70 million with SOP expected in Q1FY28. These orders are a significant milestone and a testament to our strategy of growing the lightweighting vertical.

Our global business vertical established last year also continues to gain traction with another order with annual value of US\$4.8 million and lifetime value of US\$24 million from a customer added in quarter 1. SOP expected in Q4 FY27 with gradual ramp-up over 2 years post SOP.

Additionally, we have further strengthened our innovation pipeline by filing one more patent during Q2FY26, taking the total to 16 patents filed to date. With that, we can open the floor for Q&A. Thank you very much.

- Moderator:** Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Amit Hiranandani from Phillip Capital.
- Amit Hiranandani:** Sir, the first question is basically in this quarter, the input cost looks to have inched up a lot. So I wanted to understand any one-offs or delay in getting price revisions?
- Aashim Relan:** So maybe GD sir, you can take this question.
- GD Takkar:** Yes. So thank you sir. Thanks, Amit, for this question. So basically, you are referring to the overall gross margins. So input cost has gone up. So if you see, the top line is made up of catalyst which also reflects in the RMC and the prices of catalyst have gone up due to the increase in prices of the underlying metals, which is the primary reason for increase in input cost. Having said that, as previously also shared, that we should look at the growth of gross profit in absolute number, that is the right indicator of our performance.
- Amit Hiranandani:** Sure, sir. And sir, secondly, I wanted to understand how is the traction with your top 3 key clients? And how do you see the demand momentum in the near term? Also, if you can let us know which models we are winning in the passenger vehicles and small commercial vehicle, please?
- Aashim Relan:** Good evening, everyone. So we can't give specific models as well as customer-related information because of confidentiality. But in general, after the GST cuts and this festive season, the momentum looks very good and the sentiment in the market is very positive, especially after the festival season. Specific models and specific customer-related information, we don't give.
- Amit Hiranandani:** Sure. Sir, just wanted to -- if you can give a flavor basically where do you see major traction like the PV, CVs, if you can broadly split that thing?
- Aashim Relan:** Yes. So our stand-alone results would have PV and LCV only because CV goes into the joint venture. However, we see across segments that there is a good positivity in the market.
- Amit Hiranandani:** Noted. Sir, lastly, where do you see the new businesses revenue, say, by next 5 years, by FY '30? And how are the margin profiles into this?
- Aashim Relan:** Sure. On the business side, on our growth areas, I'll pass it to Ashwani sir for the next 5 years and margin profiles is something which we keep for later. But Ashwani sir, over to you.
- Moderator:** Mr. Amit, are you on the line?
- Ashwani Maheshwari:** Sorry, can you hear me?
- Aashim Relan:** Yes, we can hear you now. We can hear you now. I think you were on mute. We can hear you now.

- Ashwani Maheshwari:** Okay. For the next 5 years, our strategy is going to be scaling up the lightweighting vertical, of which we have spoken about earlier. Essentially, it will come through market share plus customer gains in the various products we have launched. We'll also look at M&A for localization of powertrain agnostic components and entry into some exponential markets. There's an export growth. The team is already set up, and we are already seeing some traction, which will happen in not only emission components, but also in adjacencies such as temperature controlled tubes and heat shields.
- And there's going to be growth in the domestic emission adjacencies, temperature controlled pipes and heat shields. The related growth on the norms, which would increase the content in some fashion, that would also guide for our next 5 years. Margin profile, it's too early for -- some of the components, it is too early to say how the margin will pan out. But as said, we are going to be maximizing the margins. And also, we are going to be staying in a healthy ROCE margin.
- Amit Hiranandani:** Sir, basically, my question was in the new business vertical like lightweighting, export and other things, now presently, what is the contribution to total revenue? And how do you see it growing by FY '30, next 5 years?
- Aashim Relan:** Maybe I'll take this one. So exports, as we speak today, is a very small percentage of overall revenue. And the lightweighting part of it is roughly 10% of revenues. As you'll see from the order wins that we've already had now in exports, the previously announced plus the one announced right now in this quarter, plus lightweighting, both would become more significant as a percentage of sales. Exact number in terms of guidance, I think it's too early to share at what proportion they would be.
- Amit Hiranandani:** But how are the margin profile on these new businesses?
- Aashim Relan:** It's -- on the export side, the margin profiles are definitely very good. At the same time, exports is also going to have a lot of working capital involved, right? So on a gross level, it should be neutral. And on the lightweighting side, I think, we're just getting going. It's too early to indicate yet. As the business matures, we'll indicate on the lightweighting side.
- Amit Hiranandani:** Just quick one question, if I can squeeze in. Just update on the TREM5 and anything on the table for M&A, that's it.
- Aashim Relan:** Sorry, your voice is a little bit distorted. If you can just repeat the question, please?
- Amit Hiranandani:** Yes. Any update you want to give on the TREM5 regulations? And anything on the table for M&A opportunities?
- Aashim Relan:** Sure. So TREM5, the notification remains to be 1st April '26 by the government. However, a change seems very likely given that we are less than a quarter or maybe 4 months away from

that. So I think a change is very likely. The nature of the change is very difficult to guide right now because there's no formal communication, and even we are awaiting on the communication.

Amit Hiranandani: And on the M&A, sir?

Aashim Relan: M&A, maybe Ashwani, sir, you can take the M&A guidance.

Ashwani Maheshwari: So as we stated in terms of -- we are always -- we are open towards M&A. And specifically, as I said, for the next 5 years we spoke about, we are talking about a preferential M&A in the lightweighting vertical. That is where we would be. But we are going to be very mindful of the ROCE and the margin percentages, which we get into.

Amit Hiranandani: But anything on the table at the moment?

Ashwani Maheshwari: There are multiple conversations which are happening. But since these conversations are not at a stage of maturity, which we can disclose for confidentiality purposes, we would stay away from making a comment, but there are multiple conversations which are going on.

Aashim Relan: I'll just add to this point as well -- I'll just add to the point and then we can move to the next question that as we have already made our first significant technical agreement. Very similarly, there are various other conversations, and it's best to update once it gets concluded, given that sometimes it takes time, but similar conversations going on.

Moderator: We take the next question from the line of Rakesh from Axis AMC.

Rakesh: So my question is regarding the Donghee tech transfer. I just want to understand how are we looking at the value-add proportion? I understand we have highlighted that there's a 3x jump in the content per vehicle for the suspension business from the existing scale where we are. If you can a little bit highlight beyond that tech transfer, how Sharda will enable value add for the customer in India in terms of the -- be it manufacturing or premiumization or the content addition, if you can just highlight one point over there.

And a subpart to this question is, how will we be accounting for this particular revenues? Will this go directly on a stand-alone business or we will have as a form of a share of JV, if you have figured out that till now? I'll come back for next question.

Aashim Relan: Sure. So I'll take the latter part first. So in terms of revenues, this will all come into the stand-alone. So this is a technical agreement. This is not a joint venture. So all the revenues that we gain from this agreement will be in the stand-alone business. And now I think a brief about the Donghee agreement and the value proposition for the customers, that's something -- Ashwani sir, maybe if you can just take through the brief on the Donghee.

Ashwani Maheshwari: Sure, Aashim. Thanks. Just to give a brief on Donghee. So Donghee is a global Tier 1 auto component player. They specialize in chassis suspension systems amongst others. Now the TLA,

which we have will essentially strengthen our existing control arm and links business with quite cutting-edge technology and will also add subframes and torsion beams in our product portfolio. Donghee is a \$2 billion revenue, worldwide presence and has strong R&D capability in all powertrains.

It supplies to many leading global OEMs. It has technological expertise and also is successful in China with new age OEMs. So what Donghee brings on to the table is this cutting-edge technology and a vast global experience. We at SMIL have a deep customer relationship our ability to localize R&D and a strong local manufacturing print. So this put together, we are going to provide to customers a product portfolio spanning from control arm, links, subframes, torsion beams with Donghee technology localized in India and with our manufacturing expertise wherein we have the capabilities spread across and customer relationship.

Aashim Relan:

Maybe I'll just add to this also. So I think one part of your question, what's the overall opportunity and what's happening in the market. So one trend that we are seeing -- and I think all of us are seeing maybe that. The market is moving towards a multi-powertrain environment. That means ICE, hybrid, EVs, all of them will coexist and the mix will keep changing.

So one priority by all our customers is to standardize and commonize as much as they can across these platforms and powertrains. And that requires a lot of technology and experience. In addition to that, lightweighting has become a key priority for all our customers because, one, it drives total cost of ownership reduction. And second, because of the various forms such as CAFE as well as safety, it's become a very strong requirement.

In ICE vehicles, it's as simple that if the car is lighter, the mileage becomes better. And in EVs and hybrids, it supports in range extension and/or by cost reduction because the lower the weight of the structure, the smaller the battery that's required. So there's a very big opportunity to bring in technology into this traditional space because OEMs in India are looking to commonize, standardize as well as lightweight all the suspension systems, and that's where Donghee has a very key strength where it's been successful, not only in South Korea but the rest of the world and especially with a lot of these new age OEMs in China as well.

Rakesh:

That's helpful. And a subpart question over there. When you look at your overall capex number now, with this coming into the picture, where do you see your overall capex movement to shape up? And just one more thing on what you said that there is a powertrain agnostic approach, which is required and hence, the technology comes into the picture. So are we right now able to categorize the order which we have in hand? Is it more ICE focused today? Or is it a mix of ICE and EV for us?

Aashim Relan:

Yes. So first, on the capex side, that capex will be dependent and linked to new order wins, right? So as we win new orders, we keep updating and we'll update the capex figure. Currently, what we've guided for capex is INR70 crores to INR75 crores. That's, of course, excluding any

further new order wins. So as -- maybe it's too early right now to guide on an additional capex number. Your second question, if you can repeat again, the second part of the question?

Rakesh: No, as we have highlighted the order value and the lifetime value and what we are co-joining is that it's a multi-powertrain approach where this -- it's a strategic business which we are winning. So what is the current order book content? Is it purely ICE focus or it's a mix of ICE and EV or hybrid if you can highlight that.

Aashim Relan: Yes. So in the lightweighting vertical, whatever we have shared is powertrain agnostic, right? So they sometimes use the same parts for ICE, EV and that's interchangeable. And that strategy at the OEM end is also evolving. But whatever we have in this product portfolio of lightweighting, that's all powertrain agnostic.

Rakesh: Okay. And just one last thing. I mean, you have been in the suspension side of the business for an existing customer also, right? So how is this going to differentiate from your existing business? I mean is just the subparts are different? Or from the customer standpoint of view, how does this change in terms of our capability?

Aashim Relan: Yes. So we have -- and suspension, first of all, to clarify is very broad, very broad term. So it's best to talk about the subparts within suspension. So our current business is control arms and links. That is the business which we have with 3 customers now in India. That business was mostly build-to-print. Maybe last 1 or 2 years, we augmented our R&D to put in some R&D capabilities into that. And a little bit of augmentation of our R&D also has given us terrific results, right?

So if you see our market share is increasing, and it will continue to increase that. In this part of the business, now there is a big technology gap that existed that we did not have global level technology. With Donghee coming in, we would have global level technology into control arms and links. In addition to that, currently, we have no subframe or torsion beam business, right?

And these are new products which get added to our product portfolio, and now we can offer that to the OEMs. And the technology as well as the manufacturing know-how, processes, experience, etcetera, we get as part of this agreement. So we strengthen our links and control arm business, plus we add more products and more content products as a result of this agreement.

Rakesh: Got it. And if you can throw some color on the...

Moderator: Sorry to interrupt, Mr. Rakesh. I would request you to join back in queue. We take the next question from the line of Sanket Kelaskar from Ashika Stock Service Limited Institutional Desk.

Sanket Kelaskar: So my first question is on basic financials. So in this quarter, our GP growth for the company is 3.5%, whereas production growth for passenger vehicle as well as light commercial vehicle have exceeded 4% to 5%. So I want to understand where the growth has been lagging. Also, if you

can shed us light like how the content per vehicle is shaping in this quarter in comparison to the last quarter? And at the same time, if you can explain us like how the EBITDA margin contraction had happened and what are the factors which have led to this? So that's my first question.

Aashim Relan:

Thank you for the question. I think GD sir will be able to take this question.

GD Takkar:

Yes. Thank you, Aashim sir. Thanks, Sanket, for your question. So first, on the gross profit growth, so first of all, one individual quarter is not the right indicator. Having said that, if you look at the overall growth in gross profit, that is broadly in line with the industry at 4% put together. So this is broadly moving in line with the industry. However, overall sales is on higher side due to the catalyst element, which I just explained in response to one of the other questions.

In terms of EBITDA margins, these are broadly in the range of 13% to 14%. In Q2, these were at 12.8%. And in first half, if you look at, these were 12.9%. Now this appears slightly lower primarily due to product mix and higher prices of brick which were as a result of upward movement in the prices of the noble metals, which are the underlying content of these catalysts. Therefore, overall margin percentage gets impacted due to higher denominator. And therefore, you would see top line growth, 11%; gross profit growth, 4%.

And additionally, we have also augmented our global business development team and team for lightweighting, plus there were marginal increments also, which have resulted in rise in the overall employee costs. And other expenses also went up slightly with the investments done in M&A teams and strategy teams and also business development consultants besides increases in various other items, which are part of other expenses, which are partly -- variable partly fixed. So these put together are contributing to the compression in the margins. I hope that gives you the response to your questions.

Sanket Kelaskar:

Sure. Sir, from what I understand regarding this company, so the catalyst part is often passed through. So it doesn't come into the EBITDA margin. And secondly if you can quantify the one-offs which are there in this quarter?

GD Takkar:

So first of all, you are absolutely right. Catalyst is a pass-through element. It doesn't affect our profitability. However, it affects the margin percentage. So if you have a higher denominator, because of higher catalyst sale, either as a result of those products which have catalysts with them or if the price of the catalyst goes up, as a percentage, purely mathematically, the margin percentage appears lower. So that is one clarification. And what was your second question? Can you come back? What was the other part of the question, Sanket?

Moderator:

Mr. Sanket, I would request you to unmute yourself and then speak.

Sanket Kelaskar:

Sir, it was regarding the margin contraction and one-offs. If you can quantify the number of -- I mean, in rupees, what is the one-off in quarter 2?

- GD Takkar:** No. So it is very difficult, Sanket, to quantify a particular number for a particular quarter because this is a combination of many cost heads, which are fixed as well as variable and some are semi-variable. So it is very difficult to quantify. But primarily, these were on account of expenses in the areas of M&A strategy, business development for the growth of the business. So broadly -- probably you see the overall long-term data for these expenses, you will get the fair idea. Very difficult to carve out any specific item because each quarter is different from the other quarter.
- Sanket Kelaskar:** Sure, sir. Sir, my second question is on our technology partnership with Donghee. So I wanted to know like where are we planning to manufacture these products. And what are the financial terms as in any royalties do we plan to give to that company? And also at the same time, do we have any territorial restrictions with respect to the technological partnership we have with Donghee because there are some existing customers which are there in India as well.
- Aashim Relan:** Yes, I'll take that question. So thanks. Regarding the terms, it's a general TLA, which has a royalty percentage and a onetime payment, right? The exact numbers of course, we can't share. Coming to the manufacturing, we want to really look at our entire manufacturing footprint wherever we can co-use the facility. And if an order win which is significant requires a new facility, we can look at it based on the customer that we win from. These products are very heavy, so you need to be close to the customer.
- The good part is we are close to -- our manufacturing facilities are close to most of our target customers. In terms of restrictions, there are no restrictions. It's an India-based agreement, of course. So the focus is on India and on the PV market.
- Moderator:** We take the next question from the line of Mihir Vora from Equirus Securities Private Limited.
- Mihir Vora:** Just one question from my side. So basically, in terms of exports, we have -- we had mentioned in our previous PPT that we have a new order, which will be ramping up from Q4 FY '26, basically the North American engine manufacturer. So I just wanted to know where are we on that ramp-up part. And do we expect it to start on time? Or because of tariffs, we are seeing some challenges there?
- Aashim Relan:** Yes. So regarding the order, which is the previous big win that we had in the export segment, we expect that order to start 2 quarters after previously announced. So there should be around a 2-quarter delay, and that is not much to do with tariffs. The end product SOP is going to start 2 quarters later than planned by the end customer, and that could be because of prebuying in the U.S. for old model inventory, and they've indicated that they have to dilute that before they start the SOP for the model where our products will go.
- Mihir Vora:** But the overall traction in terms of export continues to be decent in terms of the RFQ side and how we are seeing...

- Aashim Relan:** It is surprisingly good. And that is indicative that we just got another big order, which we announced as part of this call. And even we have gotten confirmation for the previous order that the customer is going ahead and a lot of good traction as well in terms of RFQs and so on. And this is of course, not limited just to the U.S. market, also the Europe market. And now Middle Eastern market, there is a lot of interest also that has started coming.
- Moderator:** We take the next question from the line of Ankur Poddar from Svan Investments.
- Ankur Poddar:** My question is related to our partnership with Donghee. So the 2 new products that we are developing with them, the subframes and the torsion beams. So can you share the time line by when will the products be developed, number one? Number two, could you also tell us what would be the opportunity size in India? And who are our main competitors for these products?
- Aashim Relan:** Sure. So the 2 products in terms of technology, now we have accelerated the time line to get the technology, of course, as part of this agreement. So we are already offering it to our customers and are in the process of the business development cycle. As it's too early, it just happened maybe a couple of weeks ago only the Donghee agreement. So it's too early to indicate on a time line right now. However, the process of business development has already started, and we have the capability technology already with us as a result of this agreement. And the second part of your question, if you can just repeat this?
- Ankur Poddar:** What is the total opportunity size and who are our competitors for this?
- Aashim Relan:** Yes. So the opportunity size, now the kit value from these newer products is INR4,000 to INR10,000 and if you add in the previous products, which was our links and control arm, so the total kit value of content per vehicle is between INR6,000 to INR18,000 per car in India. And the target is, of course, the PV market. So that would be the opportunity.
- Ankur Poddar:** Okay. And are you also looking at exports for these products? Or as of now, it's only for domestic market?
- Aashim Relan:** The focus is on the domestic market. At the same time, with this technology partnership, we get much more confidence, especially on control arms and links because we already have a decent-sized business from control arms and links before, plus this partnership gives us much more confidence. So we could approach for control arms and links, some export opportunities. However, this TLA is fully focused on the Indian market. At this stage, it would be for the domestic market.
- Moderator:** We take the next question from the line of Ganeshram from Unifi Capital.
- Ganeshram:** Apologies, I'm not very familiar with the company. So I have 2 broader questions. The first is to understand that your strategy, you've outlined, is to increase the contribution of CVs and also reduce the dependence on the emission systems, right? So over the next 3 to 5 years, if you have

to double that share, exactly how much would be the opportunity size from these new products and how you're addressing the export market, right? So that's the first question.

Aashim Relan:

If you can just repeat your question, your voice is coming very muffled. If you can just repeat the question, please?

Ganeshram:

Yes, just a minute. So I was just stating that when I looked at your filings, you indicate that you want to increase the contribution come from commercial vehicles in your business and also that you're focusing on exports incrementally. And on the product side, lightweighting seems to be a critical focus of yours. The sense I'm trying to develop from you is what would be the quantity of the opportunities that you're pursuing in the next 3 to 5 years? And where would be the source of these opportunities?

Aashim Relan:

Sure, sure. Thanks for the question. So for the next 5 years, the focus is first to scale up the lightweighting vertical. And within that is to gain market share plus customers in the existing business that we have both control arms and links. And now with the further strengthening with the Donghee TLA, we've added more products to the portfolio, and we are hopeful to gain business from these products.

Plus within this vertical only, we are in talks for various other additions in terms of offering. This is a very vast space, lightweighting, and we want to keep adding content to our offering, and this would be a big growth engine for us. In addition to that, we are also actively looking at M&A opportunities in the powertrain agnostic components area and specifically in areas where OEMs may need some support in localization. So this would be another lever of growth in the next 5 years.

On the export side, export, we are focused on the U.S. market, the Europe market and now even the Middle East market, as there is a lot of traction coming out of the Middle East, especially in the last 6 months. Within exports, we have a focus on CV emission components, temperature-controlled tubes, heat shields, tractor and genset emission components.

The individual size of the export market or our serviceable addressable market -- at the end, I'll request GD sir if he can share the numbers. But before that, I'll just go to the next growth lever, which is within domestic emissions, we see a very good opportunity on the adjacencies, which is, again, temperature-controlled pipes and heat shields.

And then as we move forward within domestic emission norms, there will be new norms coming up in the future, which will keep adding content and some of those norms like BS7, which we've already spoken about. Now coming to the export opportunity that GD sir, if you can just share the serviceable addressable market for our products.

GD Takkar:

Sure. Thank you. So in terms of global opportunities, so if you look at the investor presentation, we have summarized the target addressable market for various product categories. CV emission

components, we have assessed that opportunity to the tune of US\$1.1 billion, then tractor emission and muffler systems, \$85 million; genset emission and muffler systems, \$225 million; heat shields, \$100 million; and temperature control pipes, \$310 million. So this adds up to roughly \$2 billion coming both from U.S. and European markets. So these are the select product categories being targeted for the growth of the global business.

Ganeshram:

That is a very clear answer. And if I may just follow up on the same, right? So when it comes to this new lightweighting technology that you've gotten through a technological agreement, currently, what is the supply chain for it in India? And what is the pitch that we're making to customers? And the same question for exports as well. When we're going to Europe, U.S., Middle East and we are focusing on machine components, what is the pitch that we're making to customers?

Aashim Relan:

Sure. So first, I'll go with the lightweighting opportunity, right? And lightweighting is such a vast area that there would be many, many players in it. So I'll go into the subsections of lightweighting. And in the subsection right now, the field that we are playing in is control arms, links and now we've added subframes and torsion beams and torsion beams, in fact, there are many kinds of beams also. So that is the field we are currently playing in.

What is happening is that this market is evolving very quickly. This market and these products had very traditional players and very traditional stamping kind of businesses, which were build-to-print. But as I mentioned before in one of the questions that with the market in general shifting to multi-powertrains, lightweighting becoming a huge priority because of reducing the TCO as well as various norms just CAFE that are coming up, there is a need for technology in these products.

So with Donghee, we are able to now provide the technology that is required to make these products lighter, stronger as well as commonize and standardize them across powertrains to the OEM locally. And that's our clear pitch that we are able to bridge this gap, which exists in the market due to the evolving dynamics of the PV industry in India.

Now coming to the export side. So export side, if you see the subsections that we have highlighted in terms of our target areas, these are places where we already have a lot of strengths, right? We are one of the very few companies in the world, which has experience as well as global level technology for emissions. So in CV emissions, we are very comfortable, and we are very used to these products, and that is our pitch to the customers.

Similarly, in temperature-controlled pipes, we've already now started temperature-controlled tubes, pipes for the Indian market. And we are the second company in India and probably the third or fourth globally that is now having experience in these products. And for things like heat shields as well as genset emissions, etcetera, we have already been manufacturing them for a very long time in India, part of our backward integration when it comes to heat shields. And with genset, that already we have some exports, right? And that is a pitch that we know these

products very well. And we are one of the few companies which has their own technology as well as experience on this.

Ganeshram: That was very clear. If I can just ask 1 or 2 clarifications. This market breakdown...

Moderator: Sorry to interrupt, Mr. Ganeshram. Sir, could you please repeat -- could you go back to the queue as there are several participants waiting for their turn. We take the next question from the line of Preet from InCred AMC.

Preet: Sir, I would like to ask on the control arms. Like this quarter, our gross profit growth was like around 4%. But last year, we had around 10% market share of control arms, which has currently grown to 12.5%. So if you can just highlight why this growth is not reflecting in Q2 numbers? Was this quarter -- we had less control arm business? Or what was the exact -- if you could mention something on this?

Aashim Relan: Sure. So the Control Arm business one is still just about 10% of our sales. In terms of the growth in Q2, last year also, we indicated that the businesses that we won are coming in Q3 and Q4, not in Q2. So the SOPs are in Q3 and Q4. These businesses, maybe GD sir will share the exact numbers, are also starting in these quarters. And today, the new business wins that we have announced, those will move on to Q1 FY '28. So this will gradually start becoming a larger part of the revenues and will also then positively show as well.

Preet: Got it, sir. Sir, on this technology arrangement which we have with Donghee, you mentioned that we are targeting the PV market. On the other side, we are focusing to double our revenues in CV side. And we are continuously -- we have done such a great collaboration, which will add a lot of revenue for us. Our kit value is getting expanded. So just wanted to understand what exactly it.

And also that you mentioned the market size, but if you could mention something about the competitor, who would be our competitors, from whom we will be gaining this market share across on control arm side as well as the new products which we are getting from them?

Aashim Relan: Sure. I think there are many parts to your question if you can just repeat the parts to your question as your voice is muffled.

Preet: I'm asking about the control arms business, like who -- we are gaining market share in that. Who would be the competitors from whom we are gaining market share? And other on the side that now we have a technology agreement with Donghee, so the product which we will be manufacturing now, who are the competitors in that particular product like torsion beams, which you mentioned? Who would be the competitor for us in that particular segment?

Aashim Relan: Okay. Okay. Understood. Understood. So first, we don't directly name competitors. And in this case, the market itself is evolving. So a lot of the control arms and links from being completely

traditional steel are moving into high-tensile strength steel. And these are new products. So new products, we are gaining business. The existing products, we are not taking away because they are generally in traditional steel. However, if the existing product is also shifting and some OEMs are doing that, then we gain market.

And there are a lot of players. On the traditional steel side, stamping, there would be a lot of players. However, in the high-strength steel side, there would be fewer players. We wouldn't be able to name competition, of course, at this stage. And similarly, for subframes as well as beams, there is a different set of competitors. And that is a combination of traditional players, wherever this traditional steel is being used. And there are some multinationals who are also present in India. So we'll be competing with them.

Preet: Got it, sir. Sir, first question was on control arm. My second question is in the JV side. We have booked a loss in the current quarter. And also, how to read the order book which you have given? It is showing that annual -- every order you have given annual revenue and lifetime value. So is it something that we have a 5-year agreement with the particular customer and every year, we will be supplying same amount, same revenue? Or how is it? How to read that particular thing?

Aashim Relan: Sure. So first, the JV question, I think the JV that you're mentioning is the commercial vehicle emission, the ETPL JV, right? This is not -- the Donghee is not a JV. Donghee is a technical agreement. So on that front, maybe GD sir, if you can just share the answer for that, and then I'll come back to the balance question.

GD Takkar: Yes. So thanks, Aashim sir. So you are absolutely right. There is a marginally negative contribution from the JV for this particular quarter. That was primarily on account of certain delays in in-warding by the end customers towards the end of the quarter. This was marginal only. But otherwise, overall, this is positively contributing to the results of the company. And as such, this is a very small amount, either way, doesn't really impact us much.

Preet: But this is one-off, right? This is for the...

GD Takkar: This is one-off, of course, based on the business situation. We would know the exact results going forward. But given its size, with respect to Sharda Motors numbers, it's a very small number.

Preet: Other was on order book.

Aashim Relan: Yes. The order book question. So the way to read the order book is annual business -- is the projected annual business based on the order we have won. And generally, there is a ramp-up and then there is a peak and then there is a ramp down. However, you can look at it that on an average, the annual business would be for what has been indicated.

- Preet:** And sir, you missed my one question on CV. We are targeting to increase our CV share, but this new suspension products, new technology collaboration, everything is on the PV side. So just wanted to understand something -- some light on this.
- Aashim Relan:** Yes. So a clarification that when we are looking for CV, that is from the emission control vertical, right? And what we are doing in lightweighting has nothing to do with the CV market. That is focused on the PV market for the time being, right? So in CV, we are looking to gain market share via our JV because our JV is above 4 liters on commercial vehicle emission controls. That's the emission control product, and that is our goal over there to gain market share. Now coming to lightweighting, it's a separate product. And in that product, of course, we are looking first at the PV market, as it is the largest part of the market.
- Preet:** Okay. So sir, just to get my understanding clear...
- Moderator:** Sorry to interrupt...
- Preet:** No, I do not have any question. Just wanted to clear. I just wanted to have my understanding clear. Our CV share would substantially increase only after new regulations, right?
- Aashim Relan:** Okay. No, the CV share would not -- there are no new regulations per se that would come in CV immediately, right? However, the CV emission share is something above 4 liters, we are working with our joint partner -- joint venture partner to gain market share and 3 to 4 liters is something that we are doing independently. And that is, again, on the emission control side for the lightweighting vertical. The first focus is on the PV market.
- Preet:** Yes. But what understanding I have is on emission side, no one changes its suppliers regularly. Only when there is an upgradation of the regulation or when there is a new regulation update, then only the OEM changes their supplier. Is my understanding correct?
- Aashim Relan:** Not exactly. Not exactly, right? However, it is a sticky product, right, and it's based on new models and instillations.
- Moderator:** We take the next question from the line of Devarsh Shah, an Individual Investor.
- Devarsh Shah:** So could you give a revenue bifurcation for the emission control and lightweight segment? And also, if you could give the capacity utilization for this year?
- Aashim Relan:** Sure. So we give it on an annual basis. So for the last FY '25, I think the numbers are regularly -- readily available that GD sir, you can share as well as the capacity utilization.
- GD Takkar:** Sure. So overall, in FY '25, if you see the overall contribution of emissions business was to the tune of 88%, 9% came from suspensions, 2% from supply chain management and 1% from other miscellaneous. Now in terms of sharing more details with respect to either the sales or the verticals, as shared in last call, we are currently implementing SAP in the company.

And in due course of time, once we have implemented it, we will have some more clarity in terms of what additional data inputs we can share with the wider audience, and we will accordingly update you. So till that time, we will continue sharing the details as we are sharing. And as we said previously as well, the right way until then will be to look at our gross profit growth versus the industry.

Devarsh Shah: Okay, sir. And the capacity utilization for this quarter?

GD Takkar: So capacity utilization this quarter was around 80%.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question for the day. I would now like to hand the conference over to the management for closing comments.

GD Takkar: Thank you very much, everyone, for your participation today. We hope we have answered all your questions. If you still have any other questions, you can reach out to our Investor Relations Advisors, Ernst & Young. Thank you very much again for your participation and have a pleasant evening. Thanks a lot.

Aashim Relan: Thank you so much. Thank you, everybody.

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