

Rane (Madras)

21 August 2026

Operator: Ladies and gentlemen, good day and welcome to Rane Group Q1 FY27 earnings conference call. As a reminder, all participant lines will be in 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 and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Divakar Pingle from EY. Thank you, and over to you, sir.

Divakar Pingle: Thank you. Good afternoon, everyone, and welcome to the Q1 FY27 earnings call of Rane Group to discuss the announcements and answer your questions today. We have the management team from Rane Group, represented by Mr. P.A. Padmanabhan, President Finance and Group CFO; Mr. J. Anand, Executive Vice President Finance and CFO, Rane Holdings; and Mr. S. Prasad, Vice President Corporate Planning, Rane Holdings.

Please note that the results presentation has already been mailed to you, and you can also view it on the company's website. In case anyone does not have a copy of the presentation or is not on our mailing list, please write to us, and we will be happy to send it to you.

Before we start, I would like to say that everything said on this call that reflects any outlook for the future or that can be construed as a forward-looking statement must be viewed in conjunction with the risks and uncertainties that we face. These uncertainties and risks include, but are not limited to, those mentioned in the prospectus and subsequently in the annual reports, which you can find on our website.

With that said, I will now hand over the call to Mr. P.A. Padmanabhan. Over to you, Pappa.

P.A. Padmanabhan – President Finance & Group CFO: Thank you, Divakar. Good afternoon, ladies and gentlemen. Thank you for dialing in. I would like to welcome you all to this teleconference.

I would like to start with a few comments on the industry. The Indian automobile industry began financial year 2027 on a positive note, with several vehicle segments recording their highest-ever first-quarter sales. Exports across major vehicle segments also reached record levels despite the geopolitical uncertainties in West Asia.

The strong performance during the quarter was supported by resilient domestic demand, lower GST rates, relatively softer financing costs, a favorable base effect, and continued new model launches. The passenger vehicle segment recorded strong growth, led by sustained demand for SUVs, which continued to be the primary growth driver. New model launches, lower financing costs, and a favorable base further supported the segment.

The commercial vehicle segment recorded healthy growth, driven by growth in goods carriers, supported by continued replacement demand and sustained demand from the mining and cement sectors. Infrastructure-led activities and improving logistics demand also continued to support the segment.

The farm tractor segment recorded healthy growth, supported by continued government infrastructure spending and sustained rural demand. The two-wheeler segment also performed

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well, driven by robust domestic demand, improving export volumes, and healthy entry-level sales. The continued increase in electric two-wheeler adoption also contributed to the segment's growth.

Overall, Q1 FY27 reflects the contrasting dynamics shaping the automotive sector: healthy volume and revenue growth alongside continued supply chain challenges and elevated input costs driven by the West Asian crisis.

Now for the key highlights. RML's total revenue for Q1 FY27 stood at rupees 1,050.6 crores, compared with rupees 884.4 crores in Q1 FY26, representing growth of 18.8%. During the quarter, the company secured new business with a lifetime value of about 2,040 crores, reflecting continued customer confidence across the company's product portfolio.

I would also like to update you on the acquisition of the friction business of Hindustan Composites Limited. As communicated earlier, Rane (Madras) Ltd. entered into a business transfer agreement with Hindustan Composites Limited to acquire its friction business on a slump-sale basis. The transaction agreement was signed on June 30, 2026, and was subject to customary regulatory approval and other closing conditions.

We are happy to inform you that all conditions have now been fulfilled and the transaction has been successfully completed. The acquisition strengthens RML's position in the friction business and provides an opportunity to build further scale and capabilities in this segment. The integration of the business will proceed in a phased manner to maximize value for our customers and stakeholders, driving operational synergies while leveraging the complementary strengths of both businesses.

The near-term outlook for the automotive industry remains positive, supported by the onset of the festive season, which is expected to sustain demand momentum following the strong performance in Q1 FY27. At the same time, the industry is navigating a more challenging cost environment. The sharp increase in commodity prices has emerged as a key area of concern, with elevated input costs being closely monitored by the automakers.

Geopolitical tensions, particularly in West Asia, continue to place pressure on the supply chains for key commodities while also impacting energy and logistics costs. Against this backdrop, our focus will remain on sustaining growth momentum while continuing to strengthen operational efficiency, manage costs, and maintain a disciplined approach to profitability.

With these remarks, we will now open the session for any questions that you may have.

Operator: Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use a handset while asking a question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Nirmal from Unique PMS. Please go ahead.

Nirmal – Unique PMS: Thank you for the opportunity. I have two questions on Rane (Madras) Ltd. One is that we had stated a target net debt-to-equity ratio of less than 0.5. But with our capex

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plans and the recent acquisition, is this target delayed? Are we doing anything or accelerating plans to divest other land parcels as well?

Management: Do you want us to answer this question or wait for the second one as well?

Nirmal – Unique PMS: Yes, if you could answer this one first.

P.A. Padmanabhan – President Finance & Group CFO: We still maintain our path to reach that 0.5 debt-to-equity ratio, as we had mentioned. But as we have mentioned earlier, the timeframe we are expecting for this to happen is March 2028. We expect that within 18 months we will reach this position.

As you know, we have already embarked on the Velachery property sale, which is in process, and we are receiving the amounts in a phased manner. We will take up the sale of other land parcels as and when we get the right value for those land parcels.

As you know, we have taken approval from the shareholders for these land parcels, but we are exploring the market, and as and when we get the right value, we will dispose of them. We remain committed to bringing down our debt levels in the next 12–18 months and reaching the desired level by March 2028.

Nirmal – Unique PMS: Okay, sir. The second question is that our exports have been doing well, and the mix of exports is increasing. Even in the new business wins, export programs now account for about 54% of LTV. Again, our LMG business has also picked up operationally; that was a drag. With these two doing well, why are the margins still not picking up? Currency has also depreciated if you look at the past 1–1.5 years. So what is wrong with our margins?

Management: There is good momentum in terms of the export orders that we have received. The LTV that we have indicated is for future business, which would probably commence 18–24 months from now.

If you look at the current quarter, as I indicated in the opening remarks, we, as an industry, have faced significant cost increases across various elements, including material costs, logistics, and other elements. That is the main reason for this kind of margin performance.

However, we continue to work on various initiatives to improve our profitability. The mix is one element of that, along with increasing our cost-reduction initiatives, which will mature over a period of time. We also have some commodity pass-through lead-lag.

Management: There are back-to-back arrangements with most of the customers, but we are also having a lead-lag in terms of recovering the costs from the customers. That should also happen over the next couple of quarters.

These are broadly the reasons for the margin performance, and it is not necessarily due to the mix alone. The mix is improving in a better manner; exports are also improving, and the aftermarket is also improving. With that, we hope to have better margins in the upcoming quarters.

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Nirmal – Unique PMS: So, with this cost pass-through, the improved mix, and other initiatives, do you expect double-digit margins this year?

Management: Given the current dynamics, we are definitely aspiring to reach a double-digit number.

Nirmal – Unique PMS: Okay. Thank you. That is it from my side.

Operator: Thank you. The next question is from the line of Rajkumar Vaidyanathan from RK Invest. Please go ahead.

Rajkumar Vaidyanathan – RK Invest: Good afternoon. Thank you for the opportunity. First of all, congratulations on this new acquisition from Hindustan Composites. It is good to see that Rane is taking a lot of initiative to grow in this space.

My first question is on Rane Steering. I just want to know what happened this quarter because the margins have come down, and PAT has also become negative. I wanted to understand what is causing this.

Management: One second, Rajkumar. As far as Rane Steering Systems is concerned, as we had already mentioned earlier, for the next 12 months or so, EBITDA margins are going to remain muted because of legacy reasons related to the earlier orders that were taken at a low price.

In the corresponding period of last year, there were some one-time price increases with retrospective effect that we received, which helped in the same quarter of last year. This is the normal steady-state basis, and that advantage was not there in this quarter.

However, all efforts are being made to bring down costs as much as possible, and we are hopeful that from the coming financial year, the margins will improve significantly from where they are right now.

Rajkumar Vaidyanathan – RK Invest: For the current financial year, are the numbers going to remain at the level we have seen in Q1? Is that what you are saying?

Management: Yes, for the current financial year, it is going to be somewhat muted, but from the coming financial year, we will see some improvement.

Rajkumar Vaidyanathan – RK Invest: Okay, understood. The second question is on your tax rate for Rane Holdings. This quarter, you have shown an effective tax rate of almost 25%. What is happening there? If I compare it with previous quarters, the tax rate used to be very low. Why is it almost 25% this time?

Management: One minute, Rajkumar. You are referring to Rane Holdings consolidated?

Rajkumar Vaidyanathan – RK Invest: Yes.

Management: Regarding deferred tax, there was deferred tax from Rane (Madras) Ltd. in the last quarter, which is not present in the current quarter. On this tax point, in the corresponding period of last year, some deferred tax was utilized, which is not the case in the current period. That is why

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there is a difference.

The rate is at 25%, which is normal under the new regime. Whatever rate is applicable is the normal rate of tax applicable for RML.

Rajkumar Vaidyanathan – RK Invest: No, I am not asking for RML. I am asking for RHL.

Management: RHL consolidated is also at 25%.

Rajkumar Vaidyanathan – RK Invest: So, going forward, we will see a tax rate of 25%. That is what you are saying, correct?

Management: Yes, it will be 25%. If there are any loss recoveries in those quarters or periods, there will be a lower tax rate. Otherwise, the standard applicable rate is 25%.

Rajkumar Vaidyanathan – RK Invest: Okay, understood. The last question is on the warranty provision for the {? [unclear] ?} JV. I want to know the closing provision that we are carrying as of June 30, and whether we utilized any provision since December 25, when we made this provision.

Management: The provision by and large remains the same as what we provided in December 2025, except for the increase due to forex changes. That alone has increased it; otherwise, the provision in terms of dollars remains the same.

We are still in discussions, and as of now, we do not have any updates. As and when there are updates, we will inform you.

Rajkumar Vaidyanathan – RK Invest: What is the dollar value? Do you have the dollar value of the provision?

Management: The dollar value is around 23 million dollars.

Rajkumar Vaidyanathan – RK Invest: Okay, sir. Is there any update on the recoverability of this amount with respect to the vendor and the insurance that we had taken?

Management: It is too early to comment. We are taking all necessary steps to mitigate the costs. As and when there is any development, we will keep you posted.

Rajkumar Vaidyanathan – RK Invest: Okay. Thank you very much, sir. All the best.

Operator: Thank you. Before we move to the next question, a reminder to participants: to ask a question, you may press star and one. The next question is from the line of Sunil Kothari from Unique PMS. Please go ahead.

Sunil Kothari – Unique PMS: Hi, thank you for the opportunity. Thank you, team.

Management: Sunil, one second. Regarding the previous question, it is 23 million euros, not dollars. The provision is 23 million euros, not 23 million dollars. Please move on. Sunil, please continue.

Sunil Kothari – Unique PMS: Thank you. Over the last 3–4 quarters, if you look at the domestic industry, it has been growing by more than 15%, almost {? 20% nearby ?}, and we are part of every

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segment, mainly passenger vehicles. But if you look at our growth rate, it is below the industry level.

I would like to understand whether we are losing market share or foregoing some low-margin business. What is happening? A qualitative explanation would be helpful.

Management: There are two or three different factors. When we look at the addressable market from a technology standpoint, there is a migration of technology within steering.

If you look at the LCV or M&HCV segments, some minor changes take place. So, broadly, we are in line with the market growth, both in terms of the markets served from a technology perspective and the customers served.

However, there are a few customers and vehicle models that are growing somewhat faster than the industry growth. What we have seen with some customers, such as Mahindra and a few others, is slightly higher growth at the OEM and vehicle-model levels. That could also have an impact when you look at the overall level, depending on whether we are present in a particular model.

There has been no loss of share in any of the segments that we have supplied. There could be some changes here and there in terms of technology. Also, if you look at some of the models within heavy and medium-heavy commercial vehicles, the pack values will change.

If you look at a tractor-trailer, the pack value will be slightly higher. If you look at a tipper, the pack value will be different. From a value perspective, those kinds of differences will always be there, depending on which part of the segment grows faster or slower.

These are the only changes reflected in our overall value number. Otherwise, our market share and the new business that we continue to win remain the same.

Sunil Kothari – Unique PMS: So, basically, what you are saying is that there are some different technologies or models where we are not present, and those are growing faster. Are we trying to pursue those new technologies, new vehicles, new customers, and new products, or are we remaining in the segments where we were present?

Management: We are in the segments where we were present. The technology migration is very small. It is particularly in the LCV segment, where mechanical systems are moving to electric and hydraulic systems. Otherwise, there is no major change in that technology.

Even in tractors, hydraulic technology penetration in steering has reached a reasonable level, where we are also in a steady market-share position. The change is not mainly because of technology; it is because of changes within the vehicle segments.

Within a vehicle segment, there could be changes in which portion grows faster. Based on that, our pack value for that segment will also be different. The second reason is the passenger vehicle segment, where a particular model and OEM combination may grow much better than other vehicles and models. These are the two broad reasons.

Sunil Kothari – Unique PMS: One more question, Prasad. Last year's professional fees were roughly 49-50 crores, compared with 35 crores in the previous year. My understanding is that we are also

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taking the help of consultants to reduce costs and for other initiatives.

Could you elaborate on the type of charges we paid? Are they one-time charges? Up to which year are we going to pay them? What are the benefits, and by when will they be realized? A little explanation would be helpful.

Management: These are general professional services that we take from an external agency. They have helped us in one area related to the merger of 3 companies, and another area related to reimagining the structure for the aftermarket products team.

There are also some areas where we are taking help with cost reduction and cost-transformation-related initiatives. So, there are multiple initiatives where we are taking support from external agencies.

Sunil Kothari – Unique PMS: What type of benefits are we seeing in the short to medium term?

Management: The aftermarket project is one benefit. You would have seen that our growth rate there is somewhat better, and we have a strong aspiration to increase sales in the aftermarket. There are also synergies from integrating the multiple aftermarket businesses.

The second benefit is cost reduction. We have many new ideas that we are pursuing in terms of identifying direct and indirect costs, logistics costs, packing costs, and every other cost element. Each element is being examined more closely and at a more granular level to generate benefits.

These are some of the pathways that will take us to double-digit profitability in the coming year.

Sunil Kothari – Unique PMS: Will this cost continue in the current year as well? This is my last question, and I am concluding on the same point.

Management: This year, the expenses will continue. The benefits of this on a full-year basis will be realized in the following year, which would be FY28.

Sunil Kothari – Unique PMS: Okay. Thank you very much.

Operator: Thank you. The next question is from the line of Pragyam Ladda from Omni Management LLP. Please go ahead.

Pragyam Ladda – Omni Management LLP: Good evening, sir. Congratulations on the merger. I would like you to throw some more light on the merger and explain how it would be margin-accretive. What is the EBITDA margin of the current business, and what kind of revenue growth do you see in this business?

Management: The acquisition of the friction business of Hindustan Composites is highly complementary to the existing brake component division. The brake component division has a very strong share in both passenger vehicles and two-wheelers, whereas the friction business of Hindustan Composites has a strong share in commercial vehicles and railways.

This will definitely help us scale up our business much faster. That is one benefit. The second benefit is that we see a lot of synergies. We are getting a new footprint with 2 new plant locations in

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Maharashtra.

We see good opportunities to grow in railways as a segment, which will further help us expand and penetrate the railway market. From a margin perspective, the acquired business is margin-accretive. It has a higher EBITDA margin than our business, and that will help us once we start planning for the integration.

There are other avenues, including bringing their brand into the aftermarket and evaluating the synergies from new formulations that we can take from that business. There are multiple things that we can potentially do as we evaluate the synergies.

The direct benefit is the immediate growth that comes in. Over a period of time, we will plan to absorb these synergies as part of the integration plan, which will be implemented over a 12-18-month window.

Pragyam Ladda – Omni Management LLP: For the business we are acquiring, what is the share of railways in its current revenue?

Management: The share of railways is—just a minute.

Pragyam Ladda – Omni Management LLP: Yes, sure.

Management: About 40% of the friction business of Hindustan Composites is in railways.

Pragyam Ladda – Omni Management LLP: Even after having such a large railway business, the company appears to have EBITDA margins of around 11-12% if I back-calculate them. Do you think these margins would be sustainable for the company?

Management: I did not understand your comment on the EBITDA margin. The EBITDA margin is healthy in the Hindustan Composites friction business.

Pragyam Ladda – Omni Management LLP: I mean, what would be the approximate margin level for this business? Around 11-12%?

Management: Yes, it will be in the range of 11-12%, and we intend to run it as an independent activity and an independent division. We are hopeful of sustaining the same margin going forward as well.

Pragyam Ladda – Omni Management LLP: Okay, sir. Thank you. Those were my questions.

Operator: Thank you. The next question is from the line of Manish Goyal from Thinkwise Wealth Managers LLP. Please go ahead.

Manish Goyal – Thinkwise Wealth Managers LLP: Thank you very much. I have a few questions. First, coming back to the margin issue, you said that there was a material cost increase, and energy costs and various other costs have increased.

If you have passed through the increase in Q1, by when do you think we will be able to recover or receive the price increases? Will they start reflecting from Q2, and will you be able to pass on the full cost increase? Has this happened across all 3 companies?

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Management: We have already started passing on the price increases. Some amount of that is already reflected in Q1, and some amount will be recognized in Q2. However, it is an ongoing activity.

Whenever there is an increase in raw materials that are indexed and clearly agreed upon with the customers, we will lodge a claim. The customers will then provide the price correction, and that will flow into our results. This is an ongoing exercise.

The lag occurs only where we are doing this toward the end of the quarter, which moves the impact to the next quarter. That is where the lag arises.

Manish, to the extent of commodity prices, we will be able to recover the increase with a lag. But when it comes to certain operating expenses, such as premium freight and overtime, we are evaluating how we can reduce them. Hopefully, these expenses should come down as we move forward.

Part of the increase in expenses is also due to these operating expenses.

Manish Goyal – Thinkwise Wealth Managers LLP: If there is an increase in energy costs, is it possible to pass that on?

Management: Yes, some customers are agreeing to it. For example, because of the West Asian crisis, we had a situation involving LPG, and many customers have agreed to that increase.

These changes vary from customer to customer and from element to element. Our intention is to recover as much as possible from the customers.

Manish Goyal – Thinkwise Wealth Managers LLP: The reason I ask is that in Q4, at the EBITDA level, we were at a 9.5% margin, or 9.3% if I remove other income, whereas this quarter it is 8.4%, which is a 90-basis-point decline.

Is it possible to recover the entire decline in the coming quarters? Also, is the lag on a monthly basis or a quarterly basis?

Management: It varies from customer to customer. For some, it is monthly, and for others, it is quarterly.

There are operational expenses that we will not be able to recover. For example, if there is an increase in minimum wages, we will not be able to recover it. We will have to work internally on various initiatives to mitigate that cost.

Manish Goyal – Thinkwise Wealth Managers LLP: When you said that RML aspires to achieve a double-digit margin, are we looking at Q3 or Q4 as the period in which we could possibly post those numbers?

Management: The aspiration is for the full-year margin to be a double-digit number. Based on the volume and demand that we are currently seeing for Q2, I think we should be able to try to achieve it in Q3.

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Manish Goyal – Thinkwise Wealth Managers LLP: This factors in the merger of Hindustan Composites, correct?

Management: Yes. Since this is a slump sale, the business will start being reflected in Rane (Madras) Ltd. from now until the end of the year. Since it operates at a slightly better margin, we are hopeful that it will also help us reach the targeted number.

Manish Goyal – Thinkwise Wealth Managers LLP: Can you please tell us about the capex plan for each company for the current year? What is the approximate capacity utilization? Also, what is the capacity utilization for Hindustan Composites?

Management: The capex for Rane (Madras) Ltd. for this year will be around 270–300 crores.

Manish Goyal – Thinkwise Wealth Managers LLP: Okay.

Management: For RBSL, the subsidiary company, it will be around 70 crores.

Manish Goyal – Thinkwise Wealth Managers LLP: Sorry, your voice was breaking.

Management: For RBSL, the subsidiary company, it will be around 70 crores.

Manish Goyal – Thinkwise Wealth Managers LLP: And for ZF Group, sir?

Management: For ZF Group, it will be around 250–280 crores.

Manish Goyal – Thinkwise Wealth Managers LLP: At Hindustan Composites, what would be the capacity utilization for the friction business?

Manish Goyal – Thinkwise Wealth Managers LLP: Regarding Hindustan Composites, the business we are acquiring—probably the assets we are acquiring—what is the capacity utilization at the 2 plants in Maharashtra? Also, is the railway business tender-driven, and how does the railway business operate? These are the two questions, sir.

Management: Railways is a tender-driven business with visibility of about 12–14 months. We do not have the capacity utilization of the Hindustan Composites business readily available with us.

Manish Goyal – Thinkwise Wealth Managers LLP: Okay. The last question is on ZF Rane. The sequential margin decline is quite sharp. Is it again due to a similar cost increase, or what is the reason?

Management: This is mainly driven by the adverse product mix.

Manish Goyal – Thinkwise Wealth Managers LLP: Can you specify that? In what terms?

Management: As you know, we manufacture 2 products in the joint venture. One is steering, and the other is occupant safety. In occupant safety, we have steering wheels, seat belts, and airbags.

Within that mix, there is a challenge, which is why we have seen this decline.

Manish Goyal – Thinkwise Wealth Managers LLP: I will come back in the queue. I have a couple of more questions. Thank you very much.

Management: Sure.

Operator: Thank you. The next question is from the line of Munjal from NSFO. Please go ahead.

Munjal – NSFO: Good evening, gentlemen. I have one clarification regarding the capex of RML. You mentioned 270–300 crores.

Management: Yes.

Munjal – NSFO: For financial year 2027?

Management: Correct.

Munjal – NSFO: Earlier, if I remember correctly, it was close to 200 crores. Now we have increased RML's capex, and we are also going to pay 370 crores for the Hindustan Composites acquisition in this year.

Management: Yes.

Munjal – NSFO: So, it will be close to 600 crores of outflow from the company's balance sheet. We are also yet to receive approximately 150–170 crores from the Velachery land.

Management: Yes.

Munjal – NSFO: Is it fair to assume that the balance will be funded by debt?

Management: It will be funded partially by debt and partially by our own internal accruals. Our internal accruals for the current financial year will be used for this, along with the amount received from the Velachery land. The balance will be met through debt.

Munjal – NSFO: What is the peak debt that you are assuming after all these outflows, in rupees crores?

Management: It should be around {? 1,100 crores ?} for a brief period of time, but by year-end we should come below {? 1,000 crores ?}.

Munjal – NSFO: You are expecting this to result in a 0.5 debt-to-equity ratio by the end of financial year 2028?

Management: Yes, correct.

Munjal – NSFO: I have a couple of questions, if I may. Why has RML's capex increased by almost 70–100 crores in financial year 2027? What is the capex for financial year 2028?

Management: There was an advancement of an order, due to which we had to bring forward some capex that was otherwise to be spent in the next financial year. We advanced it to the current financial year, and that is why this year's capex has increased somewhat compared with the

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previous estimates.

Munjal – NSFO: You mentioned that the EBITDA margin of the Hindustan Composites friction business is 11–12%.

Management: Yes.

Munjal – NSFO: But if I look at the numbers, you have reported turnover of 315 crores and PBT of 40 crores. That itself implies a PBIT margin of 13%. So what is this?

Management: This number is from the company's annual report for the last financial year, FY25–26. When they prepare the segment reporting, there are some unallocated costs. There is some direct cost relating to the respective business segments, and then there is some element of unallocated costs.

Management: That also needs to be allocated to this business to arrive at the EBITDA and profit margin of this business. We believe the current EBITDA margin of this business is around 13–14%.

Munjal – NSFO: One of the competitors of Hindustan Composites is reporting an EBITDA margin of almost, if I remember correctly, more than 20%. Do we have similar aspirations for this business?

Management: We will constantly endeavor to keep improving the margins. That is also a different entity, so the comparison is not directly applicable. To some extent, the margins will depend on the product profile as well.

Here, there is a mix of railway and commercial vehicle friction products, as well as aftermarket products. We will continue to focus on improving the margins, but they can vary from company to company depending on the product profile.

Munjal – NSFO: Just one last clarification. For this year, are you expecting the EBITDA margins to be close to double-digit in financial year 2027?

Management: For the year as a whole, yes.

Operator: Thank you. The next follow-up question is from the line of Rajakumar Vaidyanathan from RK Invest. Please go ahead.

Rajakumar Vaidyanathan – RK Invest: Thank you for the follow-up. I have 2 more questions. The first question is on the merger at the Rane Holdings level. I want to know where we stand on that. Are we looking at merging all the entities up to Rane Holdings?

Management: As of now, we do not have any such plans. We will undertake this restructuring in the interest of all the stakeholders at the appropriate time, if it is required. As of now, we do not have any such plans.

Rajakumar Vaidyanathan – RK Invest: The second question is about the recent ZF conference. They mentioned that they have shelved the plans to hive off the LifeVest division, which is somewhat capital-intensive. Given this new decision by ZF, will there be any change in the capex plan of ZF?

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Management: As you know, even when both the steering gear division and the occupant safety division were housed under a single entity, ZF Rane, they operated as independent businesses and met their capex requirements on a need basis.

Now, those 2 independent businesses within one entity have become 2 separate entities. From a capex investment standpoint, I believe there is no change. It is only that, instead of being part of a larger entity, they are individual companies.

As and when there is a need for capex, these individual companies will approach lenders for any debt requirement that may be necessary.

Operator: Thank you. The next question is from the line of Sunil Kothari from Unique PMS. Please go ahead.

Sunil Kothari – Unique PMS: Thank you for the opportunity again. I have 2 questions. You said that there was an order advancement from the next financial year to the current year. Is that related to exports or domestic business?

What type of order was it? Exports are growing very well, so how do you see the sustainability of exports in the steering division and the new orders that you have secured?

The second question is on our Rane Brake Lining segment, excluding Hindustan Composites. We have remained almost static at around 135 crores, plus or minus 3–5 crores, for the last 3–4 quarters. What is stopping us from growing? The two-wheeler and other industries are also growing. Please explain why this segment is not growing.

Management: I am not very clear on the second question. Which division are you referring to?

Sunil Kothari – Unique PMS: Rane Brake Lining, the Rane Brake braking division.

Management: Rane Brake Lining has a lot of growth opportunities. Two-wheelers will be a growth area. With the Hindustan Composites friction business, we see progress in both railways and commercial vehicles.

On top of that, the aftermarket is a sizeable portion of the manufacturing entity. We see growth in friction-related products there as well. We are definitely positive on the overall growth of that division over the next 2–3 years.

Regarding the first question, the order advancement is related to steering products. We have some advancement in the timeline, which is why we have increased the capex.

When it comes to exports, we have a strong aspiration to grow our steering products, particularly rack-and-pinion systems as well as ball joints. Many of the programs that we refer to as exports also have an element of deemed exports, where the billing is in Indian rupees. Therefore, we do not receive the benefit of forex movements.

Sunil Kothari – Unique PMS: Manish had asked about the Rane Holdings JV. The margin has fallen from its normal level, which was almost always between 11.5% and 12%. Last quarter, in Q4, we reached 13.5–14%, but it has fallen again.

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Rane (Madras)

You explained it, but I was not able to understand it fully. Could you provide a little more clarity on the fall in the margin in the first quarter for this JV?

Management: We had already addressed this point in the previous question. It is basically related to the product mix.

Within occupant safety, we have seat belts and airbags. Seat belts have comparatively lower margins than airbags. If there are higher sales of seat belts, the poorer product mix impacts the margin.

Sunil Kothari – Unique PMS: Understood. If I can stretch this by one more question, after a long time we have seen the light-metal segment growing well. Exports have grown almost 50%, and domestic business has also grown by more than 20%.

Is there any new order, new product, or new customer? What is happening? Could you say something more about this aluminum casting division?

Management: Structurally, lightweighting as a theme is very favorable. The metal price, which is the aluminum price, has also increased.

Some portion of the growth is related to the increase in aluminum prices. Volume growth is also reasonably good, and the metal price is higher. That is why you are seeing this kind of growth.

Operator: Thank you. Before we move to the next question, a reminder to participants: to ask a question, you may press star and one. The next question is from the line of Pratik Kothari from Unique PMS. Please go ahead.

Pratik Kothari – Unique PMS: Good afternoon, sir. I have one clarification. Until last quarter, we used to provide order wins, and from this quarter we have mentioned lifetime value. Could you explain what this is and how we should compare it with what was reported earlier?

Management: This is similar to what we have been providing. Earlier, we reported it as an annual value. However, when we benchmarked ourselves against other peer companies, both in India and globally, we found that they reported it as lifetime value.

This reflects the fact that most of the projects we have run for more than 6–6.5 years. To reflect that, we have moved to reporting lifetime value.

Pratik Kothari – Unique PMS: So, would this be approximately 5–6 years for each project?

Management: If you look at it from the current revenue perspective, this lifetime value will be 6.2–6.4 times the current revenue.

Operator: Thank you. The next follow-up question is from the line of Manish Goyal from Thinkwise Wealth Managers LLP. Please go ahead.

Manish Goyal – Thinkwise Wealth Managers LLP: Thank you very much. Regarding the aftermarket, have we taken price increases in the current quarter, or are we planning to take them?

Rane (Madras)

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Management: We have taken a price increase.

Manish Goyal – Thinkwise Wealth Managers LLP: With the revenue contribution from the aftermarket increasing, how much of those sales would be from in-house manufacturing, and how much would be outsourced? That would also have an impact on gross margins or raw material cost content.

Management: Approximately 20–22% would be outsourced.

Manish Goyal – Thinkwise Wealth Managers LLP: So, it will have some impact on gross margins. Also, this quarter, we do not see the revenue breakup or the group sales number and revenue breakup for Q1 in Rane Holdings. Is there any particular reason for not sharing that?

Management: We have provided this in Rane Holdings. We have included the revenue breakup.

Manish Goyal – Thinkwise Wealth Managers LLP: That presentation refers to FY26. It does not refer to Q1 FY27.

Management: That is a static slide, so it is updated once every year. It is only a group positioning of the sales number. The respective quarter-wise numbers are provided in the subsequent slides.

We have subsequently provided the numbers for Rane (Madras) Ltd., Rane Steering, and the joint ventures.

Manish Goyal – Thinkwise Wealth Managers LLP: I agree, sir. What I am saying is that, at the group level, the revenue breakup by vehicle and by business—

Management: In this format, we thought this was a more appropriate representation because we are not discussing group sales using any other metric.

Group sales is only intended to indicate the group size and position. We will update that part once a year.

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

Management: Thank you all for joining today. As committed, we will do our best to keep improving our margins as we move forward, and we look forward to the next call after the half-yearly performance. Thank you.

Operator: Thank you, sir. On behalf of Rane Group, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.