

Sharda Motor Inds.

11 August 2026

Operator: Ladies and gentlemen, good day and welcome to Sharda Motor Industries Ltd. Q1 FY27 earnings conference call, hosted by Equirus Securities. 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 the 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. Mihir Vora from Equirus Securities. Thank you, and over to you, sir.

Mihir Vora – Equirus Securities: Thanks, Falak. Hi, everyone. Welcome to the Q1 FY27 post-results conference call of Sharda Motor. Without any further ado, I will now hand over to the management for the opening remarks. Over to you, GD sir.

GD Thakkar: Thank you very much, Mihir. Good day, everyone. My name is GD Thakkar, and I would like to thank all of you for joining today's call. I extend a warm welcome to all the participants. I am joined today 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 Q1 FY27 results and investor presentation, which are available on the stock exchanges as well as on our website.

Before we discuss the company's financial performance, I would like to briefly touch upon the performance of the Indian automotive industry during Q1. The industry began FY27 on a very strong note, with healthy momentum visible across all vehicle categories, supported by steady consumer demand, improving rural sentiment, infrastructure-led activity, and continued traction in exports. Overall industry performance during the quarter reflected broad-based momentum, with domestic automobile production increasing by over 22% year-on-year to 93.6 lakh units, underscoring strong OEM activity and healthy demand across the automobile value chain.

During Q1 FY27, the automobile industry witnessed healthy production growth across key segments. Passenger vehicle production grew by 16.8% year-on-year to 14.53 lakh units, with the growth primarily led by utility vehicles, which increased by 21.2% year-on-year, reflecting continued consumer preference for SUVs and feature-rich models. The LCV segment also witnessed healthy momentum, with production rising by 20.8% year-on-year to 1.91 lakh units, supported by sustained demand across last-mile transportation and goods movement applications.

To sum up, demand continues to remain healthy across all vehicle categories relevant to Sharda Motor's business. Passenger vehicles, particularly utility vehicles, continue to drive momentum, and commercial vehicles are benefiting from infrastructure activity, freight movement, and logistics demand. Three-wheelers are also witnessing steady traction, supported by urban mobility and last-mile delivery requirements.

Coming now to our financial performance for Q1 FY27, we have remained focused on disciplined execution, cost control, operating efficiency, prudent capital allocation, cash generation, and maintaining balance sheet strength. As we move ahead, the operating environment remains supportive, although we remain mindful of certain risks arising from evolving geopolitical conditions. However, we believe the structural drivers for the automobile industry remain intact.

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Rising mobility needs, replacement demand, infrastructure spending, formalization of logistics, premiumization, and export opportunities should continue to support the industry over the medium to long term.

Let me now walk you through the operational and financial performance for the quarter ended June 30, 2026. For this quarter, on a consolidated basis, the company reported revenues of Rs.1,011.1 crore, representing year-on-year growth of 34%. Gross profit for this quarter stood at Rs.203.9 crore, reflecting year-on-year growth of 8%. As you know, gross profit remains a better indicator of the company's underlying operating performance. Against 8-10% growth of the addressable market that we can serve, our gross profit growth was 8% due to the production impact arising from a supplier fire at one of our key customers and a one-time impact due to premium RM procurement on account of the geopolitical situation.

EBITDA for Q1 came in at Rs.103.2 crore, reflecting year-on-year growth of 5%, with EBITDA margins standing at 10.2% for the quarter. Profit before tax before exceptional items stood at Rs.115 crore for the quarter after factoring in our share of profits from joint ventures and associates. In the corresponding quarter last year, PBT stood at Rs.107.7 crore after excluding an exceptional gain of Rs.22.4 crore. Profit after tax for this quarter stood at Rs.86.5 crore.

With this, I now hand over to Mr. Ashwani Maheshwari, Deputy Managing Director of the company, to take you through the key business updates. Thank you. Over to you.

Ashwani Maheshwari – Deputy MD: Thanks a lot, GD, for the updates. This is Ashwani Maheshwari. I extend a very warm welcome to everyone on the call. It is a pleasure to connect and share our key business and strategic updates for the quarter. As you all know, the global business environment continues to remain uncertain, with geopolitical developments, evolving trade dynamics, and macroeconomic volatility influencing markets across regions. Against this backdrop, the Indian automotive industry has demonstrated remarkable resilience and continues to offer an attractive long-term growth opportunity.

While the global industry continues to debate the pace and direction of electrification, the reality emerging in India is diverse. We are seeing simultaneous growth of conventional ICE vehicles, CNG, hybrids, flex-fuel technologies, and electric vehicles. This is being supported by rising domestic demand, new model launches, improving affordability, and India's growing relevance as a global manufacturing and supplying base. This strong underlying demand is supported by a broader manufacturing opportunity.

The auto components industry is becoming an increasingly important part of India's economic and manufacturing story. ACMA states that the sector contributes approximately 2.3% to India's GDP and 35% to manufacturing GDP, and directly employs about 1.5 million people. In FY26, the industry reached approximately US\$85.9 billion, with exports of about US\$24 billion. The sector has grown at a 5-year CAGR of around 14%, demonstrating both domestic scale and increasing global relevance.

For Sharda, this environment is particularly favorable. The future is unlikely to be defined by one winning powertrain. It will be shaped by a combination of technologies, with OEMs choosing the most appropriate solution by vehicle segment, usage pattern, cost, and regulatory environment.

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Our strategy is therefore not dependent on any single powertrain technology. Instead, it is to build capabilities that enable us to participate across this multi-powertrain landscape while simultaneously creating a powertrain-agnostic product portfolio.

Against this industry backdrop, let me explain what this transition means for Sharda and how our strategy is progressing. Over the last few years, we have been systematically diversifying Sharda along three dimensions: products, powertrain, and geography. Our objective has been to reduce dependence on any one technology or market and build multiple independent engines of growth. During our Q4 FY26 investor call, we had highlighted lightweighting, exports, emission efficiencies, regulatory resilience, and technology partnerships as our key growth priorities.

I am pleased to say that during the quarter, we made progress across these priorities. We continued to ramp up our temperature control tube business, expanded our emission order book across multiple powertrains, booked additional orders with export customers, accelerated production ramp-up in control arms, and made further progress on subframes and torsion beams. These developments demonstrate that the priorities communicated earlier are moving progressively from strategy and customer engagement towards orders, SOPs, and revenue contribution.

Moving on to lightweighting, lightweighting remains a key pillar of our powertrain-agnostic strategy. During the quarter, previously announced control arm and link programs continued to ramp up, while the order pipeline provided further visibility across FY27 and FY28.

Management: Customer engagement and RSQ activity remain encouraging, with growth linked to customer production and program ramp-up schedules. Our current control arm and link business has been built on Sharda's organic manufacturing, local R&D, and customer capabilities. We are strengthening this platform further through technology partnerships and by extending the portfolio into more engineering-intensive structural products.

Our technology licensing agreement with {? Donggi ?} expands our lightweighting portfolio beyond control arms into subframes and torsion beams. Building on the ongoing engineering collaboration with {? Donggi ?}, we jointly showcased cutting-edge products and technology to key OEM customers during the quarter. This has further strengthened ongoing technical discussions and generated RSQ opportunities across multiple product platforms.

While it is still early to comment on commercial timelines, we are encouraged by the progress we have made in building a strong foundation with {? Donggi ?}. Overall, our objective is to build a leadership position across the broader relevant lightweighting portfolio by expanding beyond control arms and links into high-value structural products.

Let me now move to exports and global business. The momentum in our global business continues to remain encouraging despite the evolving geopolitical and trade environment. Our previously announced three orders from a North American engine and genset manufacturer, with a combined annual value of approximately US\$10.7 million and a lifetime value of approximately US\$58.5 million, remain aligned with revised customer schedules. SOPs are expected across Q3 FY27 and Q4 FY27. Execution activities, including sampling, validation, and SOP readiness, are progressing in line with customer requirements.

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In addition, we are working on the execution of various SOPs for previously announced businesses and have a good RSQ pipeline across our focus areas of CV, agri and large genset emission components, temperature control tubes, small tractors, and genset exhaust systems.

Let me now share the key developments in our emissions business and adjacencies across new segments, fuel technologies, and products. In the emissions business and adjacencies, our strategy is to grow through early preparedness for regulations, including BS7; cross-sell newly developed temperature control tubes across all segments; increase participation in the domestic emission market for premium two-wheelers, commercial vehicles, construction equipment, and the genset market; and export key emission components.

We are making good progress across these areas through customer development, program execution, and technology readiness. During Q1, we secured multiple WLTP replacement business orders from leading passenger vehicle OEMs. These wins reflect our proactive preparation for evolving regulatory requirements and our ability to convert regulatory changes into business opportunities. The SOP of the previously announced temperature control tube order for a leading off-highway equipment manufacturer has commenced and is ramping up as planned.

Moving on to infrastructure and capacity, our investments remain modular and closely linked to confirmed programs and customer requirements. Our Chakan-3 lightweighting facility has commenced SOP and is ramping up in line with customer schedules. The facility has been designed with modular capacity, allowing investment to remain linked to confirmed programs and future customer demand. As the announced control arm and link orders ramp up, utilization is expected to increase progressively.

Our new Uttarakhand facility is progressing in line with the customer implementation plan. The project involves an investment of approximately 20 crores and has been planned closer to the customer's manufacturing location to improve logistics, responsiveness, and JIT alignment. In the first phase, it will support the relocation and co-location of existing business as the customer shifts production. Over time, the location can support an additional share of business and trade opportunities with other customers in North India across emission and lightweighting products.

Moving on to technology and R&D, we continue to strengthen the capabilities required for both our current portfolio and future growth areas. During Q1 FY27, we filed 2 additional patents. This takes the total number of patent filings to 24, with 4 patents awarded. Our R&D team is also supporting WLTP, Euro 7 benchmarking, hybrid solutions, flex-fuel readiness, temperature control tubes, and the localization of lightweighting technology.

Let me now provide an update on the evolving regulatory environment and the opportunities it creates. The revised CAFE III draft issued on July 16, 2026, and proposed to be implemented from April 1, 2027, for M1 passenger vehicles retains the multi-technology approach while introducing certain refinements. The revised framework sets modified targets for lighter and average-weight vehicles while reducing the compliance advantage previously available to heavier fleets. It also moderates the super-credit benefit for strong hybrids and flex-fuel vehicles while retaining the existing incentive for electric and range-extended electric vehicles.

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The likely OEM response will therefore involve a combination of EVs, hybrids, CNG, flex-fuel, and improvements in vehicle efficiency, rather than one uniform technology solution. Except for pure EVs, all these powertrains continue to require engineered emission systems. This makes CAFE III relevant to both our emission and lightweighting portfolios.

BS6.3, or BS6 with WLTP, will be effective from April 1, 2027, for M1 passenger vehicles. While WLTP may not require a complete exhaust system redesign in every case, it increases the focus on catalytic efficiency, calibration, thermal management, and durability. Our new WLTP-related orders demonstrate that we are participating in this transition.

BS7 has not yet been officially notified. Directionally, if India adopts requirements aligned with Euro 7, content is expected to increase mainly in the hot-end and after-treatment systems through higher catalyst requirements, gasoline particulate filters, and additional catalytic applications. This would, of course, depend on vehicle category and OEM architecture. Our R&D work with an existing customer on Euro 7-related solutions provides early technology exposure and preparedness.

Another area receiving increasing industry attention is the transition towards higher ethanol blends. Up to E20, changes to the emission system are relatively limited. The final content opportunity will depend on notified fuel specifications, regulatory requirements, and OEM platform design. We continue to work closely with the OEMs and remain well positioned to support this transition as the market evolves.

Let me now update you on our technology alliances and joint ventures, which are another important pillar of our growth strategy. Our JTPL joint venture continues to have stable performance and remained profitable during the quarter. China and Korea continue to be important markets for technology sourcing. Both have developed significant capabilities in lightweighting, hybrid systems, EV platforms, chassis technology, and advanced manufacturing. We continue to engage with potential partners where there is a clear technology advantage, customer relevance, localization potential, and long-term commercial viability. We will remain selective and will communicate developments once they reach a mature stage.

Moving on to acquisitions, over the last few years, we have judiciously invested in the organizational capabilities required to evaluate, execute, and integrate acquisitions successfully. We have strengthened our strategy, M&A, business development, and integration capabilities and established a disciplined framework for assessing opportunities. Having established these capabilities, we believe we are now ready to be more assertive in pursuing strategic acquisitions. However, this does not mean compromising on discipline. Any transaction must continue to meet our filters of strategic fit, customer and technology relevance, valuation, integration feasibility, and ROC. Our strong balance sheet provides us with the capacity to pursue suitable opportunities, but capital deployment will remain balanced between organic growth, technology partnerships, acquisitions, and shareholder returns.

Finally, let me briefly summarize our outlook. The key contributors to FY27 growth include the full-year benefit of previously announced lightweighting orders, ramp-up of additional lightweighting programs, temperature-controlled tube adjacencies, SOPs of North American export orders, and the supportive outlook for domestic OEM volumes. The exact quarterly trajectory will remain linked to customer production schedules, SOPs, and program ramp-up. Overall, the quarter

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reflects steady progress in converting our strategic priorities into execution. Our focus now is on timely SOPs, successful ramp-ups, conversion of the customer pipeline, and disciplined capital allocation. We remain very confident in the long-term opportunity and will continue to balance growth ambition with disciplined execution and return expectations.

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

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may please press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets 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 Preet from Incred AMC. Please proceed with your question.

Preet – Incred AMC: Thank you so much for the opportunity, sir. My first question would be on our exports or the order book that we mentioned in the presentation, and on the suspension side. On the export side, I can see from the presentation that the order which is going to flow, and for which the SOP has already started, was mentioned as a Q3 or Q4 FY26 SOP and was around US\$23.7 million. There are 2 orders which are going to start in Q3 or Q4 FY27, worth around another US\$11.85 million. If I add both of these and multiply them by the current dollar rate, it comes to around 300–350 crores. Out of that, how much can we expect in FY27 and FY28, if you could briefly comment on the same?

Management: Preet, we have enumerated the order sheet, as you said, at various points in time along with the SOP dates. The SOPs are happening as per schedule. One of the SOPs, as I announced earlier, started in Q3 FY26, one is starting in Q4 FY26, and subsequently they will ramp up. Our SOPs will remain completely aligned with customer requirements and schedules. You will progressively see this impacting or getting accreted into our top line. Classifying how much would happen in various months would completely depend on the customer schedules. Suffice it to say that the SOPs and the plan are as per the dates we mentioned.

Preet – Incred AMC: Sir, will it be safe to assume that out of all these orders, we could generate around 100 crores of top line this year and around 200 crores of top line in FY28?

Management: Again, giving an absolute number is going to be a little difficult because this would depend on the customer schedules. Our SOP and ramp-up will remain completely aligned with the customer schedule. As of date, we do not see any changes in the SOP dates.

Preet – Incred AMC: Right, sir. As a follow-up on this, how do we see the ramp-up happening? If our annual value is US\$2.3 million and the order is for around 5 years, with the lifetime value accruing over approximately 5 years, do we see full ramp-up happening in the second year, third year, or fourth year? Is there any ballpark number?

Management: We can take this question based on our experience. Normally, ramp-ups are linked to the pickup of the vehicle. If it is the pickup of a new platform, there is a pickup schedule that the OEM would formulate. Our experience says that it would take a year or a couple of years to reach

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peak volumes.

Preet – Incred AMC: Got it, sir. On the suspension side, last year, as of Q4, we had a market share of around 14%. Has there been any improvement in the current quarter? Could you bifurcate the growth into suspension and exhaust, or provide any quantitative number? Also, on gross profit growth, we achieved around 8% growth. We understand that there is a catalytic converter portion and substrate, due to which our raw material prices fluctuate. However, this quarter, apart from that, aluminium and steel prices have also risen significantly. Could you tell us how much gross profit we might have lost because of the increase in aluminium and steel costs, which we would receive in the next quarter?

Management: Sorry, I could not get your name. Can you repeat it?

Preet – Incred AMC: Preet.

Management: Preet, there are 3 questions.

Management: If I correctly understand, your first question is around the suspension, or control arm and link, lightweighting market share. We had given the market share as 14% in the last financial year. We conduct market share analysis every year. We do not conduct it every quarter. So, it was 14% at the end of the financial year. With the SOPs and the visibility that we currently have, including what we see happening in Q3, this market share will certainly increase. How much it will increase is something that we will calculate at the end of this financial year. We will be able to give you a number only at the end of this financial year, but suffice it to say that it will increase with the visibility of the orders that we have in hand. Your second question was related to gross profit, correct?

Preet – Incred AMC: Yes, sir.

Management: I will request GB to take that question.

GB: Hi, Preet. As far as gross profit is concerned, you rightly said that gross profit is the right indicator of our performance. This quarter, as we mentioned, our revenue growth was 34% because of the catalyst, which is one of the pass-through elements of our sales, and the product mix of the items that contain catalysts. This impacts overall revenues, and therefore gross profit is the right indicator of growth.

In this quarter, gross profit growth was 8%. In terms of the impact of steel or aluminium and other costs, aluminium has no relevance for us. Most of the direct materials are on a pass-through basis, and there was a small impact from premium RM procurement that is built into the 8% gross profit growth. There was some impact because of the geopolitical situation, and this is already built into the numbers.

The pass-through happens gradually. It occurs on different time scales with different customers. It is a regular activity. Therefore, you will not see anything specifically missing in any particular quarter that will be covered in the next quarter, because this is a regular feature of every quarter or half-year. There will not be any impact arising from that lag. I hope that gives you the answer.

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Preet – Incred AMC: Yes, sir, but just to make it clearer, are we saying that we receive all raw material price increases apart from substrate on a live basis and not with a quarterly lag, as is the case with other auto ancillary companies? Is my understanding correct?

GB: In terms of timelines, it differs from customer to customer, and our situation is also exactly as other ancillary companies have in the sector. However, the point I mentioned is that, for example, assuming that for a particular quarter and a particular customer I receive it on a quarterly basis, I will receive the amount for the previous quarter in the next quarter. Therefore, there will be a lag, but that lag does not create a vacuum for a particular quarter because we receive the amount for the previous quarter. Therefore, you will not see any vacuum in the numbers because of this reason.

Preet – Incred AMC: Understood, sir. But for the substrate—

GB: Sorry?

Preet – Incred AMC: For substrate, the raw material, which is very volatile, we receive it on a live basis, right? If there is a price increase in substrate this quarter—

Ashwini: Right. Let me clarify this for you, Preet, regarding substrate prices. That is a customer-directed item, and prices are determined only by the customer. Therefore, there is no sort of lag for that particular component.

Preet – Incred AMC: Yes, exactly. If there was a steel or copper price increase in this quarter, our gross profit growth would have been higher than 8%, right?

Ashwini: In terms of the substrate impact, which we have already mentioned, these are back-to-back. Therefore, there will not be any impact from the movement in steel prices at the gross profit level, because gross profit is net of raw material cost. There will not be any impact, and therefore gross profit growth will be the same irrespective of this.

Preet – Incred AMC: Sorry for taking so much time. I just do not understand this. For example, if steel prices have moved up by 20%, we would receive this 20% delta in the next quarter because we receive it with a quarterly lag, right? If steel has moved from 100 to 120, the 20 rupees delta would be received in the next quarter. Therefore, there would be an impact of gross profit or gross margin compression of 20 rupees in this quarter. Is that correct, or am I misunderstanding it?

Ashwini: You are understanding it correctly. Let me explain how the entire commodity pass-through works. For direct pass-through items such as catalysts, it is a complete pass-through; that is clear.

Preet – Incred AMC: Yes.

Ashwini: Most of the direct materials are also indexed. In this particular quarter, there was also one-time premium freight or premium-priced RM procurement, which we absorbed to ensure a smooth supply chain. There are various one-time costs paid on account of labour and the dynamic situation caused by geopolitical disruption. These costs will not recur in the next quarter, if that is your question. These one-time costs that were incurred will normalize over the coming quarter.

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As far as indexing is concerned, it is difficult for us to put a number to it. What we are talking about is a lag. I do not know what the RM prices will be this quarter. Whatever delta changes occur in RM prices this quarter will have an impact with respect to the OEMs, whether on a 3-month or 6-month basis, accordingly. Therefore, it is not possible to predict whether the RM prices are taken into account or not taken into account. Is that clear?

Preet – Incred AMC: Yes, sir. Got it. Lastly—

Operator: Sorry to interrupt, Preet. May we request that you return to the question queue for a follow-up?

Preet – Incred AMC: Sure.

Operator: Thank you, sir. Ladies and gentlemen, to ask a question, please press star and one now. Participants who wish to ask questions may please press star and one at this time. The next question is from the line of Sonal Gupta from HSBC Asset Management. Please proceed with your question.

Sonal Gupta – HSBC Asset Management: Hi. Thanks for taking my question. I hope I am clear. Sorry, I am just carrying on with the previous question. I think there is some confusion around the steel price impact. Is the steel price accounted for with a quarterly lag, or did you mean that it is back-to-back, in which case there is no lag on steel prices either?

Ashwini: Absolutely, Sonal. There is no lag in steel prices, as you rightly said. Therefore, there is no impact.

Sonal Gupta – HSBC Asset Management: So, given that catalysts and steel are largely covered back-to-back for us, there is no major under-recovery for us, right?

Ashwini: No, absolutely not. This is what I said. The only limited impact was the premium freight on RM procurement to ensure smooth supply because of the geopolitical situation. That is already included in the numbers.

Sonal Gupta – HSBC Asset Management: Got it. You also mentioned that there were some other one-time factors. Would you be able to quantify the impact of these one-time factors?

Ashwini: Sonal, it is very difficult to quantify, but there are 2 things we can say. First, these are already factored in. Second, they arose because of the geopolitical situation in April and May. In July, these had already stabilized. We are therefore hoping for the best for the future as well. Whatever limited impact we had has already been captured in the numbers, and the impact was not very significant.

Sonal Gupta – HSBC Asset Management: Got it. Thanks. Again, I think the questions have been around our gross profit growth. While the industry is growing very well, I understand the challenges with one of the OEMs this quarter, but our growth has been relatively weaker. We have been underperforming industry growth. I am trying to understand at what point we will be able to address those issues and, given our order book and other factors, when we will at least start growing in line with the industry.

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Management: I will divide the question into 2 parts, and Ashwini will take the latter part. In terms of our growth versus the industry, overall industry growth was higher at 16–17%. As you know, we are not present with Japanese OEMs. If we adjust for that, and also for the fact that one of our key customers had a supplier fire that affected production, then the growth of the industry that we can serve was close to 8–10%. Our growth is at 8%, which is also net of these premium freight adjustments. We were broadly growing, and are broadly growing, in line with the industry. I will now let Ashwini address the other point regarding how we can grow further.

Ashwini: One point is that we do not provide guidance. Having said that, there are 3 factors of growth, which I also mentioned in my opening remarks. The first factor of growth is the existing lightweighting orders and export orders that have already been announced. The SOPs of those orders and their ramp-up will happen. That is one factor.

Conversion of existing RFQs into orders will be the second area of growth. The third area of growth will be the organic growth of the industry itself. As such, we are extremely hopeful about the period ahead.

Sonal Gupta – HSBC Asset Management: Understood. Just one last question, if I may, on the Dong-hee TLA. Where do we stand? Have we been able to sign up any customers for these products? Is there anything that you can share in this area?

Management: To give some context on the TLA, as we said last time, this is a long-term technology collaboration. In this collaboration, we are focusing on capability building, technology transfer, and localization, including strengthening our control arm and link business in design and development.

During this quarter, building on our ongoing engineering collaboration, we jointly showcased physical, cutting-edge Korean products to key OEM customers. This has strengthened our discussions and generated RFQ opportunities across multiple product platforms. Strategically, our aspiration is to build a leadership position across the entire broader lightweighting portfolio that we want to address. Our internal assessment is that, around 5 years from now, this portfolio can be between 8,000 and 9,000 crores. We firmly believe that we can build a mid-teen to high-teen percentage share in that portfolio.

Sonal Gupta – HSBC Asset Management: Got it. Great. Thank you so much.

Management: Thank you.

Operator: Thank you, sir. The next question is from the line of Virat Kacharia from SIMPL. Please proceed with your question.

Virat Kacharia – SIMPL: Hi. Thanks for the opportunity. I have 2 questions. First, you talked about the transition changes from BS6 to BS6.3 capping—what—[inaudible]—

Operator: Sorry to interrupt, Virat. Your voice is breaking.

Virat Kacharia – SIMPL: Am I audible now?

Operator: Yes, please proceed.

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Virat Kacharia – SIMPL: My first question is: we talked about what kind of content change we see from BS6.3 capping until the major emission changes, such as BS7, come into play.

Management: We spoke about the upcoming phase standards. One is what is typically called BS6.3 and WLTP. WLTP is essentially a measurement norm in which the measurement is based on real-life driving conditions. There, the increase in content might not be very high because it does not require a complete exhaust system redesign in all cases. However, it focuses on delivering this through catalyst efficiency, calibration, and thermal management. That is the first norm change. The second norm change is BS7.

Ashwini: BS7 has not been officially notified, but if we follow what is happening with Euro 7, we are at an advanced stage of developing the engine with one of our customers for export requirements. This gives us a very good understanding of what the norm can be. The exact norm would depend on how much we adopt from Euro 7. Suffice it to say that there will be an increase in content. Why will that happen? Essentially, it will come through important after-treatment systems. There will be higher catalytic requirements, and there will be a GPF requirement. That is the BS7 content.

The third point you mentioned was CAFE III. The latest notification came on July 16, I believe. That notification moderates the requirements for lighter and heavier vehicles to some extent, but the essence remains the same. The essence is that it promotes all technologies in powertrain and transmission. It discusses CNG, hybrids, flex-fuel, and the overall corporate average efficiency norm. This means that, apart from EVs, all the other powertrains would require engineered emission systems.

The lightweighting portfolio also receives a boost because lightweighting is going to be one of the key criteria that OEMs will consider. Translating this into a content increase would depend on the design. However, in terms of an increase in our addressable market size and portfolio diversification, that would certainly happen.

Virat Kacharia – SIMPL: My second question is that, if we look at the global market for emission exports between now and 2030, there are different markets that will see the next level of emission upgrades. This means that, at least 2 or 3 years in advance, OEMs would have almost finalized or would be in the process of shortlisting vendors for the next-generation emission upgrade. In that context, how should we understand our pipeline developing for emission subsystems in the export market?

Ashwini: Our export market strategy is essentially focused on CV emission components, temperature control tubes, genset emission components, and small {? agri ?} genset exhaust systems. How have we selected these areas? This is based essentially on our core strengths and diversification.

There would be various component orders and various orders that would depend on the strategies followed by OEMs in those areas. There can be organic growth. For example, the genset market is growing significantly in India as well as in the US because of various requirements. Organic growth leads to opportunities. The transition from one regulatory norm to another will lead to growth opportunities. A China Plus One strategy will also lead to growth opportunities.

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Therefore, it will not be only one opportunity around the regulatory norm on which we would be relying, or on which we are relying. We are focusing on a very specific product set and a very specific segment. The requirement will come from various inputs or various triggers.

Virat Kacharia – SIMPL: I understand. What I was trying to understand is how we should understand the pipeline developing for us when it comes to exports of emission components and subsystems. Can you provide any color on our pipeline? If we look at the order book, while we have seen some wins in emissions, I think the larger momentum or traction is in control arms and lightweighting. In that context, I am trying to understand the pipeline, especially for export emission components. How should we understand its development? Can you provide any color in terms of numbers or inquiries?

Ashwini: I do not know where you picked up the data suggesting that we are essentially doing only emission systems. If you look at our export data, the orders we have announced are in various areas. We have announced orders in emission adjacencies, including an order for a large heavy-industry emission company. We have announced orders in emission components. We have also announced orders in agri components, which are essentially in either adjacencies or tubes. There are various areas in which we have been announcing orders.

Virat Kacharia – SIMPL: I was asking more about the pipeline in terms of customer traction. [overlap]

Operator: [overlap] Sorry to interrupt you, Raj sir. We request that you return to the question queue for a follow-up. Thank you, sir. The next question is from the line of Manpreet Arora from Arora Wealth Advisor. Please proceed with your question.

Manpreet Arora – Arora Wealth Advisor: Thank you. Ashwini, just a clarification before I ask my question. In the opening remarks, did I hear correctly that we are also exploring opportunities in premium two-wheelers in emissions? Did I hear that correctly?

Ashwini: Yes, Manpreet, you heard it absolutely correctly.

Manpreet Arora – Arora Wealth Advisor: Interesting. When you say premium two-wheelers, should I understand that you are referring mostly to high-end motorbikes? Would that be a fair understanding?

Ashwini: Yes, it could be above a particular CC.

Manpreet Arora – Arora Wealth Advisor: Interesting. Is that space also meaningful in terms of the capabilities that are required, the content, and the patent knowledge that we have built over the last several years? Is it a differentiated space?

Ashwini: Yes, absolutely, Manpreet. That is what I said in the opening remarks: we are looking for areas where our differentiated capability set in engineered emission systems is applicable and where we can add value.

During that analysis, we analyzed the premium two-wheeler segment and found that there is a capability set that is directly applicable. One might ask what the difference is between premium

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two-wheelers and lower-CC systems, and why we want to participate in a particular segment. That is the strategic call we have taken, based on our capabilities, customer requirements, and the long-term future visibility that we see. That is how we have decided to also explore the premium two-wheeler market.

Manpreet Arora – Arora Wealth Advisor: Is this only for the domestic market or also for international markets? Some of our two-wheeler players from India have now acquired companies in Europe and elsewhere. Are you looking at—

Ashwini: As of now, Manpreet, we are looking at the domestic market. If, as with tractors, domestic production is exported, that is the OEM's choice. However, as of now, we are looking at supplying the domestic market.

Manpreet Arora – Arora Wealth Advisor: Okay, great. Thanks for the clarification. Now my question—no, sorry. Hello? Hello?

Ashwini: There is a follow-up. Go ahead.

Manpreet Arora – Arora Wealth Advisor: No, I was just clarifying your opening remarks. My first question is actually on the Purem JV. A few calls ago, you mentioned that we had won a new program in the Purem JV. I wanted to understand the SOP for that program. When does it start? Also, as a follow-up, when do we really start seeing an inflection in the Purem JV? Would it be only when new standards come in, such as BS7, when we would start having discussions with customers and working on their engines and perhaps gain a foothold in some of the newer programs? Is that the right way to think about this JV?

Ashwini: As far as the program we mentioned last time is concerned, it started in Q4 last year and will gradually ramp up during FY27. It is very much on track.

As for the JV itself, as you would know, this JV is for the CV segment above 4 liters, where we are not directly present. However, since we are a partner, we get access to advanced technologies and the global landscape, which helps us in many ways to strengthen our position as well as our offering.

As such, I think we have also mentioned this previously. We receive very little from the joint venture because we do not have management control. We receive only 50% of the PAT left after various deductions. That is what we receive. However, this industry is very lucrative, and the unit economics are also very good. We are evaluating many options to participate more deeply.

When will that happen? We will definitely update all of you in due course as things progress in this regard. This sector, this industry, and this part of the industry are very lucrative, and we would definitely like to explore more and do more in the near future. We will update all of you as we progress.

Manpreet Arora – Arora Wealth Advisor: Would BS7 be a point in time when we would see some of these discussions happening, or is it a continuous process?

Ashwini: It is a continuous process. It is a continuous process, and as and when something develops, we will update you.

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Manpreet Arora – Arora Wealth Advisor: One small question, if I can ask, is on the integrated muffler side. Ashwini, you had mentioned that this is something that would happen because of the TREM 3S changes that have now been announced. Have any discussions started on the integrated muffler side with potential customers? Also, can you give a range for the content per vehicle for such an integrated muffler? I do not want an exact figure. A range such as 1k–3k or 3k–5k would be good enough.

Ashwini: As I mentioned last time, and I must compliment your memory, which is quite sharp, we did talk about the only opportunity arising out of TREM 3S being integrated mufflers. However, it is a very small market. Our estimate of the total market size would be between {? 60–100 crores ?}. That is about it. Therefore, this is part of our normal course of business development rather than an opportunity arising specifically from TREM 3S that we track individually.

Manpreet Arora – Arora Wealth Advisor: Okay. Thank you very much.

Ashwini: Thanks so much.

Operator: Thank you, sir. Ladies and gentlemen, in the interest of time, that was the last question for today. I would now like to hand the conference over to management for closing comments.

Ashwini: Thank you very much, everyone, for your participation. I hope you were able to get answers to your queries. If you have any further queries, you can reach out to our investor advisor, Ernst & Young. Thank you again, and I wish you a pleasant evening. Thank you very much.

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

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.

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