



“Belrise Industries Limited

(Erstwhile known as Badve Engineering Ltd.)

Q2 & H1 FY '26 Earnings Conference Call”

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Erstwhile known as Badve Engineering Ltd.



MANAGEMENT:

- Mr. Shrikant Badve – Managing Director – Belrise Industries Limited
- Mr. Sumedh Badve – President (Strategy) – Belrise Industries Limited
- Mr. Swastid Badve – Chief of Staff (MD Office) – Belrise Industries Limited
- Mr. Rahul Ganu – Chief Financial Officer – Belrise Industries Limited

Moderator:

Ladies and gentlemen, good day and welcome to Belrise Industries Limited Q2 and H1 FY '26 Earnings Conference Call. As a reminder, all participants' 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 any 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.

Before we begin, a brief disclaimer, this conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and it may involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Shrikant Badve, Managing Director from Belrise Industries Limited. Thank you and over to you, sir.

Shrikant Badve:

Good afternoon, everyone. I would like to welcome you all to the Q2 and H1 FY '26 earnings conference call of Belrise Industries Limited. Joining me on this call are my sons, Sumedh and Swastid along with our CFO, Mr. Rahul Ganu and Investor Relations Advisors from SGA.

As we look back at the first half of FY'26, I am pleased to share that Belrise has made significant strides in strengthening the position as one of India's leading auto component manufacturers. Our focus on innovation, quality and customer integration continues to drive our growth across multiple segments. We have seen strong demand across our core business areas, leading to stronger relationships with our clients, reflecting in both new business wins and accelerated growth in existing programs.

Before we dive into the company's performance, I would like to speak on the positive impact of the recent policy changes. The domestic automotive sector saw strong demand momentum over the past couple of months, driven by the festive period and the benefits of GST 2.0. The market sentiment have been positive, and we have seen this consumer enthusiasm translate into set-up of new facilities for our key customers. This momentum, combined with our investments over the years, is increasingly paying off as we enhance our value-added offerings to OEMs, moving from being a component supplier to co-creator and full-system supplier - into a concept we call *Tier-0.5 supplier*.

This is evident in the strong relationships we have built with some of our marquee customers, where we observe higher content being supplied per vehicle and increased focus towards system assembly. We also continue to secure new orders across our premium and proprietary segments - both key growth drivers for us - which is evident across the two-wheeler, four-wheeler and commercial vehicle segments.

Coming to the results, we had a record quarter with our PAT reaching INR1,330 million. Total revenue from operations for Q2 FY '26 stood at INR23,535 million, up by 14% year-on-year, including manufacturing revenue of INR18,601 million, which grew 17% year-on-year.

Our EBITDA and manufacturing EBITDA stood at INR2,962 million and INR2,663 million respectively, with margins at 12.6% and 14.3%. As a company, there also continues to be a sharp focus on ROCE, and that has translated into ROCE going up from 14.4% to 15.3% over the past

six months. We expect to continue building on this trend to take our ROCE to a high-teens number over the next 18 to 24 months.

With that, I now hand over the call to Swastid, who will take you through our business update and key order wins. Thank you very much.

Swastid Badve:

Thank you all for joining the call. Coming to the operational highlights for this quarter.

1. Firstly, during the quarter, we received an order from a leading two-wheeler OEM for their EV platform as a single source supplier. For this program, we have won orders for the chassis and BIW components. To cater to this program, we are setting up a new manufacturing facility in Chennai, with supplies scheduled to begin in Q3 FY '26. Having this facility in Chennai will also enable strong operational synergies with our existing operations in the region. In particular, we will be able to utilize spare capacity in our ACED operations, thereby improving asset utilization and achieving better operating leverage.

While the revenue contribution from this facility will be limited in FY '26, we expect it to ramp up to approximately INR1,500 million at peak levels within the next 18 to 24 months. Given the sharp ramp-up of this EV platform over recent months, we are confident that incremental volumes from the OEM could push this peak even higher.

2. Secondly, we also recorded a key win in our proprietary product portfolio with a new suspensions order from one of the fastest growing two and three-wheeler OEM in India, specifically for the three-wheeler EV suspension program. Deliveries are planned to begin in Q4 FY '26. While our current relationship with this OEM is relatively modest, this win is especially important - it has the potential to deepen our engagement and help us transition into a larger supplier relationship over the next 8 to 12 months. This order diversifies our customer base in our proprietary portfolio and reinforces our position as a key supplier of proprietary components in the automotive domain.
3. Third, during the quarter, we also initiated production at our Bhiwadi plant. This facility caters to a large Japanese four-wheeler OEM supplying plastic-molded parts for the existing models. In addition, at the facility, we have also won an order for the chassis for a premium model from a Japanese two-wheeler OEM as a single-source supplier, with supplies expected to begin in Q3 FY '26. This premium model will be fully export-oriented, enabling Belrise to indirectly supply components to multiple global markets, and will also allow us to increase our content per vehicle, which would be approximately 1.8 to 2 times higher than that of a standard commuter two-wheeler.
4. Fourth, we also secured an order from a large Indian passenger vehicle OEM, winning over 37 BIW parts for their upcoming SUV platform. This platform is expected to be one of the highest-selling models in the segment. The content per vehicle for these parts is approximately INR 2,200, and the production will be serviced through our existing Pune facility. This win builds on the performance we demonstrated in delivering cross-car beams

for the same OEM's EV models, and our consistent quality, cost, and delivery parameters for that program has translated into this expanded business award.

5. Fifth, as discussed in our previous earnings call, we secured an order for long members, a high-tensile structural component used in the medium and heavy commercial vehicle segment (M&HCV). Again, this order was for a large commercial vehicle OEM, and again, a single source supplier. This order marked our maiden entry into the medium and heavy commercial vehicle space, which is an important step in expanding our customer portfolio. We're pleased to share that the dedicated facility for this program has been ramped up in record time, and we expect to reach peak revenues in the next two to three months. At full capacity, this facility is expected to generate revenues of approximately INR120 million per month.
6. Sixth, in our previous earnings call, we had also spoken about signing a General Purchase Agreement (GPA) with one of India's leading electrical two-wheeler OEMs. At that stage, we were still finalizing the specific orders to follow under this agreement. We're pleased to share that we have now secured our first order for plastic-molded parts under this GPA, which will be catered from our Aurangabad facility. This marks the beginning of what we expect to be a broader engagement with this OEM. Supplies for this order are expected to commence in Q2 FY 2027.
7. Seventh, in this quarter, we also initiated supplies for solar structures to a large global solar tracker manufacturer. The initial orders are for North America, and discussions are currently underway for additional orders in India and Europe. This again marks an important milestone in our diversification into the fast-growing renewable structures segment. What really excites us is that beyond the sector's strong growth trajectory, it has a significantly shorter turnaround time for execution. We therefore expect order conversions in this segment to materialize faster, all of which will be used using our current process expertise in fabrication and surface treatment.
8. Lastly, another major order win that we had in this quarter was we secured incremental orders for an armored vehicle program for a leading Indian defense OEM. This order is for indirect exports to multiple countries in Asia, all of which, as a single source. Further, our collaboration with the Israeli defense OEM has strengthened more. We're now discussing with them towards supplying larger assemblies for their global programs.

These key updates aside, for Q2 FY '26, we had expected numbers to be higher in September due to the festival season. However, there was a bit of a slowdown until the 22nd of September in anticipation of the GST rate cuts. Different OEMs followed different strategies. Some OEMs chose to reduce production during that period, while others continued at peak levels. This led to a situation where production was gradual for a few OEMs. Secondly, one of our large European four-wheeler customers faced a cyberattack, due to which deliveries in this quarter were largely subdued.

With that now, I hand over the call to Sumedh to discuss our strategy in the four-wheeler and commercial vehicle segment and the broader way forward. Thank you.

Sumedh Badve:

Thank you. Recently, we hosted a technology show for one of India's largest and most established four-wheeler OEMs at the premises, showcasing our capabilities in sheet metal, high-tensile forming, plastic molding, filtration systems, and machining. The event saw participation from over 300 representatives of the four-wheeler OEMs, including senior management and cross-functional teams. And this has led to the initiation of discussions on further engagements.

Our expertise in high-tensile steel forming was specifically recognized for its potential in lightweighting and improving component durability. We expect these capabilities to support upcoming programs for this OEM and other four-wheeler customers as well.

We continue to maintain strong momentum in the four-wheeler and commercial vehicle space and remain on track to double our revenues from FY '25 levels for four-wheeler and commercial vehicle programs over the next two years, supported by ongoing engagements with eight passenger vehicles and five commercial vehicle OEMs. Our revenues have grown 52% year-on-year in the first half of FY '26, and we're extremely positive of this sector going forward along this time.

At Belrise, we also intend to focus our investments across auto and non-auto applications, including consumer electronics, consumer durables, aerospace and defense, renewables, and other high-value engineered systems, to steadily expand our addressable market and position us for this next phase of growth.

Our operational excellence, honed through deep engagement in the highly demanding automotive industry, has enabled us to develop the process expertise necessary to expand this into new industries with greater agility and embody the strengths that we have.

Let me now hand over to Mr. Rahul Ganu, our CFO, to take you through our financial performance for Q2 and H1 FY '26.

Rahul Ganu:

Thank you, Mr. Sumedh. And good afternoon to everyone on the call. I'm happy to report a strong set of financial results for Q2 and H1 FY '26, supported by robust demand and our ongoing operational improvements.

Let me take you through the key financial highlights.

Q2 FY '26 consolidated financial highlights:

- Total revenue for Q2 FY '26 stood at INR23,535 million, up by 14% year-on-year from INR20,687 million in Q2 FY '25 last year
- Manufacturing revenue for quarter two FY '26 stood at INR18,601 million, up by 17% Y-o-Y from INR15,899 million
- EBITDA stood at INR2,962 million, up 22% year-on-year from INR2,433 million in Q2 FY '25. EBITDA margins stood at 12.6%

- Manufacturing EBITDA stood at INR2,663 million, up by 25% year-on-year from INR2,138 million and manufacturing EBITDA margins stood at 14.3%
- PAT stood at INR1,330 million, up 82% Y-o-Y from INR733 million and PAT margins stood at 5.7%. The company utilized IPO proceeds to repay debt of INR1,596 million, resulting in substantial interest cost savings
- Exports contributed 5.7% to our manufacturing revenue in Q2 FY '26 that is INR1,067 million
- Coming to the segmental performance on the manufacturing front, two-wheeler and three-wheeler contributed 81.1%, PVs contributed 4.9%, CVs contributed 8.3% for Q2 FY '26 and others would be 5.8%

Now, H1 FY '26 financial highlights:

- Total revenue for H1 FY '26 stood at INR46,157 million, up by 20% year-on-year from INR38,497 million in H1 FY '25
- Manufacturing revenue for H1 FY '26 stood at INR36,923 million, up 22% year-on-year from INR30,146 million
- EBITDA stood at INR5,767 million, up 19% year-on-year from INR4,834 million in H1 FY '25. EBITDA margins stood at 12.5%
- Manufacturing EBITDA stood at INR5,199 million, up 21% Y-o-Y from INR4,292 million and manufacturing EBITDA margins stood at 14.2%
- PAT stood at INR2,447 million, up 69% year-on-year from INR1,448 million and PAT margins at 5.3%
- Exports contributed 5.6% to our manufacturing revenue in H1 FY '26 that is in INR2,052 million
- Net debt as of 30th September 2025 stood at INR9,614 million and ROACE stood at 15.3%
- Coming to the segmental performance on manufacturing front, two-wheeler and three-wheeler contributed 81.9%, PVs contributed 4.7%, CVs contributed 8.5% for H1 FY '26 and others would be 4.8%

With this, we can open the floor for questions. Thank you very much.

Moderator:

Thank you. First question is from the line of Saurabh Jain from Sunidhi Securities. Please go ahead.

Saurabh Jain:

Hello. Congratulations to the management for the wonderful set of numbers. I have a few questions. To begin with, some color on trading business apart from that it consisted of INR920 odd crores in H1, and how it fared or weighed on your profitability during H1. Something, which can help us to value this business and your plans to hive off this business as discussed earlier?

Swastid Badve:

Thank you Saurabh for the question. So, the trading business grew steadily at around 5% to 6% for the half year. And the EBITDA margins were in line with what we had last year, close to 6%. And this business again, as we had discussed in the last call, consists of trading of commodities in metals and different alloys as well as unique lithium-ion batteries. The

perspective is that by using this commodity trading business, we are able to get deeper insights into global raw material indices.

In terms of your question of hiving off, while we have not commented on that publicly, we are still evaluating if that would be a potential option that we could consider. And we will keep you updated for any further updates on that.

Saurabh Jain:

My next question, as mentioned on the presentation slide number 10, and also you have given quite some update in your opening remarks. We have entered into SOPs of several programs during H1 and a couple of more going forward in Q3 and Q4. So, what kind of turnover these programs contributed in Q2 and in a full-fledged year, say next year FY '27, although some of these, as you mentioned, would take 18-22 months to ramp up fully. So, what kind of revenue one can expect from these new SOPs for next fiscal?

Swastid Badve:

So, we mentioned on the Chennai facility that is coming up for the large two-wheeler OEM for the EV platform, where we are a single-source supplier. As we mentioned on the call, that will be contributing around INR1,500 million at peak levels in the next 18-24 months.

When it comes to the long-member facility for the commercial vehicle OEM, again, where we are single-source and it's an extremely high-tensile component and very difficult to manufacture. Just to give you some color on that, while the average Indian industry for high-tensile strength is 600 megapascals, this component produces around 980 megapascals. So, it's 1.5 times what is the norm in the industry.

We expect, again, revenues in this facility to peak around INR1,500 million. We expect this peak to be much quicker. And we expect to reach this peak on a monthly-revenue basis in the next three months or so.

And the third facility we've spoken about was, again, another Chennai facility that we've set up for a premium two-wheeler OEM and a large commercial-vehicle OEM in Chennai. That has already ramped up. And I think in the next 12-18 months, we can enable that to get to, again, INR1,500 million and at its peak can go up to INR2,000 million as well.

Saurabh Jain:

So, overall, INR400 to INR500 crore kind of incremental turnover from all these programs can be seen next fiscal?

Swastid Badve:

That's a simplification, I would say. I think each of these programs have different ramp-up cycles and are ramping up over different periods. So, I would not be able to answer that on a point-blank basis. But I think incrementally, we have defined the incremental revenue as well as how long it will take for the business to ramp up.

Saurabh Jain:

Fair. And my other question is on borrowings, so borrowings have further gone down in September 2025. So, what kind of debt levels do you see by the end of this fiscal? And any revision in the capex guidance which we had given in the last quarter?

Swastid Badve: So, we're not guiding on the debt. That is something that we haven't done up till now and we won't be doing that going forward. In terms of our capex, we maintain our guidance of INR8,000 million over this fiscal year and the next fiscal year, so, no change in guidance over there.

Moderator: Thank you. Next question is from Aditya Jhawar from Investec. Please go ahead.

Aditya Jhawar: Yes. Hi. Thanks for the opportunity and congrats on a good set of numbers. A couple of questions, so, number one, where are we on merger of Badve Autocomp and Eximius Autocomp? And if you can show throw some timelines in terms of when the group entities will be transferred to the listed entity?

Swastid Badve: Yes. Thank you, Aditya. I think on Badve Autocomp and just to correct you, Eximius LLP, for these two entities, we would like for the merger or the acquisition to happen within this fiscal year. We still maintain that guidance as we had mentioned during the last two calls. At this point in time, we are not able to comment on the exact time period when it would happen, but we still maintain that we will be able to do it as soon as possible.

Aditya Jhawar: Sure. And is there a sequential increase in debt roughly from about INR770 crores to about INR960 odd crores on a Q-on-Q basis?

Swastid Badve: Yes. On a net debt basis, there is. But that also has to do with the fact that we had ramped up that Chennai facility and Bhiwadi facility last year where there was a portion of debt that was undisbursed. So, it has to do with that.

Since the Chennai facility and Bhiwadi facility have ramped up in this fiscal year, that's what that increase in debt correlates to. To answer your question more specifically whether any debt has been taken on from new projects or working capital? The answer would be no, so, all of this would be debt taken on before the IPO.

Moderator: Mr. Aditya. Sorry for interrupting. I would request you to please rejoin the queue. Thank you. Next question is from Radha from B&K Securities. Please go ahead.

Radha: Hi, sir. Thank you. Sir, in Sheet Metal, I believe 40% to 50% of the rough INR20,000 to INR22,000 crores market is captive. So you already have 24% market share and I believe another 25% is owned by Metalman, Indocom, etcetra. So, my question is, if my understanding is correct, then...

Swastid Badve: Sorry, we can't hear you. Your voice is echoing a little bit.

Moderator: Ms. Radha, you can rejoin the queue.

Radha: Okay.

Moderator: Next question is from Nitij Mangal from Jefferies. Please go ahead.

Nitij Mangal: Hi, good evening. Thanks for taking my question. So, two questions. Firstly, you seem to be making some good progress in the proprietary components around suspension, brakes, steering,

etcetera. So you've got some initial order events. What is the roadmap you see in terms of scaling up these components with other OEMs?

And also, it seems you've gotten some breakthrough in some of the newer OEMs as well. So how do you see that business expanding? And is there a case to supply some of your conventional components also to the new two-wheeler OEM that you have now?

Swastid Badve:

Thank you for the question, Nitij. I can answer the first part of it and maybe Sumedh can answer the second part. So when it comes to the three components you spoke about, steering column, brakes, and suspension. When it comes to steering column, we are already quite well penetrated.

So steering column is a component that is used very commonly in three-wheeler OEMs as well as scooters. So across the top three-wheeler OEMs in India, we have penetrated all of them. And we are also supplying the steering column to the highest-selling electrical two-wheeler OEMs.

So steering column is a phase where we feel we can continue gaining share of business. And as we had mentioned earlier, since it was a monopoly beforehand, we think we can get 50% or more SOB in the next 18 to 24 months. When it comes to suspension, our progress in suspension has been quite good over the past 12 to 18 months.

While we initially started with a large Italian two-wheeler OEM, we have now expanded to another two-wheeler OEM based in Pune. And now also expecting to expand into the three-wheeler suspension for an extremely fast-growing two and three-wheeler OEM. I think this win was around 12 months in the making. Since suspension, again, is a proprietary product, requires very deep validation and testing to get to a level of an LOI and a PO.

The fact that we have added a third large OEM in the suspension space is an extremely positive sign for us. And coming to the braking part of it, right now we continue to supply two two-wheeler EV OEMs, both of which seem to be doing decently well. I think the next step with braking would be, of course, to continue to innovate and potentially also look at further categories.

Right now, we're largely working on combination brake systems. We would potentially also like to explore working in the disc braking space, but that's also work in progress and we'll talk more about that as and when we can speak more about it.

Talking to your question on going to a deeper relationship with the top two-wheeler and three-wheeler OEM, I think Sumedh can talk more about that.

Sumedh Badve:

Yes, thank you, Swastid and thank you Nitij for your question. Fundamentally, cross-selling has been at the top of our priority list. The fact that we're moving towards a Tier-0.5 supplier, working closely with our OEMs across our product portfolio, and we're glad that we can offer them a wide range, not only from metals and plastics but as well in the proprietary products.

And from a strategic location of being very close to them, that is a priority and a focus area for us. And we believe that by doing so, we can actually increase content per vehicle as well and

align more closely with their volumes and their strategy as well. So, just wanted to update you on that side.

Shrikant Badve:

So, I would just like to add an overall thought process from our side. So, we are dealing with majorly all OEMs, and our approach is to have more and more strong baskets with them. And I think that is our strength. I think we will be able to make that happen.

Nitij Mangal:

Thanks for that fairly detailed answer. So, one more question. When we look at your first half EBITDA versus operating cash flow, so there is almost a 19%-20% growth in EBITDA, but that doesn't seem to have flown into operating cash flow in the first half. And there are some of these line items like other current assets, etcetera, which seem to have adverse cash flow movement. Can you explain what has happened between EBITDA to cash flow in the first half?

Swastid Badve:

Yes, sure. So, I will answer this question maybe in three points. And I will split the answer into three points. One would be the increase in inventory. The second would be the, as you mentioned, increase in other current assets. And the third would be reduction in the financial liabilities.

So, when we talk about the increase in inventory, we went from an inventory of INR7,697 million on 31st March to around INR9,600 million by 30th September. Of course, this is an increase in inventory from 20%-23%. While, if you compare our revenue from H1FY26 to H1FY25, our revenues also went up by close to 20%. So, the inventory growth was in line with our revenue growth per se.

And on top of that, there were a couple of compounding factors that added to this. Number one, as we had mentioned, one of our large four-wheeler European OEMs had a cyber-attack due to which they had low or subdued production and increased inventory levels at our end.

And secondly, as we mentioned, during the September month, there was a bit of a slowdown across a few OEMs because a lot of consumers had stopped buying until the 22nd of September. When the new GST rate cuts were coming into play. So, that kind of led to an increased inventory level for the month of September that is shown in our inventory levels for September.

In terms of the second point, in terms of increasing other current assets, I think that largely has to do with an increase in capital advances. And that is largely towards the capital expenditure for our long-member facility in Pune, which was being set up in this quarter. And hence, the advances towards that.

Secondly, also due to the tremor that was seen in the supply chain for two-wheeler OEMs, there was also supply advances to our steel and bought-out component suppliers, which is again another large supply advance that was shown in this quarter.

And thirdly, for a large European passenger vehicle OEM, we are, for some of the newer models, shifting from a domestic-based steel sourcing to an import-based steel sourcing. So, when we go from domestic to import-based sourcing, the advances are given again over a larger period of time, due to which they reflect that way in the balance sheet.

Another factor in terms of our cash flow would be the reduction in our financial liabilities. So, this year, we kind of ramped up two facilities, Chennai and Bhiwadi. And we kind of paid the creditors for those two facilities, due to which there was a capital outflow for these two reasons also.

So, largely, I would say inventory and increase in the other current assets and the reduction in the financial liabilities, these would be the three most pertinent reasons when it comes to the delta between the EBITDA and the free cash flow.

Nitij Mangal:

Okay. Thanks very much Swastid.

Moderator:

Next question is from Raman from Sequent Investments. Please go ahead.

Raman:

Hello, sir. So, as you mentioned in the earlier part of the call, that your trading business has around 6% EBITDA margin. And on the back of my hand, if I'm calculating the manufacturing EBITDA, which is 16%. And if I'm assuming that your two-wheeler business does a margin of 12% to 13%, then your three-wheeler business, which is the new vertical, which you are expanding into, the EBITDA margin is more than 20%.

So, I just want to understand, is this margin in your three-wheeler or four-wheeler business sustainable? And I just want to understand, what are the products which we are developing which gives us this margin?

Swastid Badve:

I think, just to correct a few of the fundamental assumptions, our manufacturing EBITDA is at 14.3%, as is shown in our investor deck and as we mentioned on the conference call. And I don't think we commented on the fact that the three-wheeler EBITDA margin is around 20%. We usually don't comment on EBITDA margin by segment.

But I would say that the three-wheeler EBITDA margin, of course, is not that high. We will not be able to comment more on this. We comment more on what the guidance is for the larger company. Yes.

Raman:

Okay. Can you comment on the last part of it? What are the products which we are developing in three-wheeler and four-wheeler segment?

Swastid Badve:

Yes. So I can comment on that. In four-wheelers, I think there is a large focus from our company on the high-tensile components. Again, we acquired a company called H-One, a Japanese company, on 28th March, 2025. And what H-One really gave us was a deeper expertise in high-tensile steel. Again, to give a 30-second brief on high-tensile steel.

High-tensile steel allows you to go from, say, a 2-millimeter thickness of steel to a 1-millimeter thickness of steel. So you are reducing the weight by 40% to 50%. At the same time, you are increasing durability of the steel, given that it can absorb more pressure.

So, with H-One, we can go up to 1,100 to 1,200 megapascal, while the India average in terms of megapascal is around 600 megapascal. So there will be a large focus on high-tensile steel in four-wheelers, given that it has a large application in EVs, given that a EV battery is heavier

than an ICE powertrain. So the light-weighting onus lies on the chassis manufacturers and the BIW manufacturers.

So there will be a large focus on the high-tensile steel. And the two-wheeler space, there are three key components we are working on, apart from suspensions. One would be braking, where we are doing combination braking systems. The second would be filtration systems. And the third would be steering columns, for all of which we have gotten our maiden orders from large OEMs. And now, the real play will be cross-selling these products to multiple different OEMs.

Raman: Sir, can you repeat the third product?

Swastid Badve: Steering columns.

Sumedh Badve: Yes, and Raman, sorry, just to correct, I think what you incorrectly assumed was the consolidated EBITDA at 14.3%. I think that is 12.6%, and I think that's how you incorrectly assumed a 20% EBITDA. I think if you just look at the numbers again, it will be self-clarified.

Raman: Yes, understood. Thank you, thank you, sir.

Moderator: Thank you. Next question is from Ashwin Patil from LKP Securities. Please go ahead.

Ashwin Patil: Hello. Sir, congratulations on a great set of numbers. My question is pertaining to the H-One business that we have acquired. Can you throw some light on the revenues that we have posted in this quarter, and the margins also in this quarter which we have registered? And also, going forward, an outlook on this business, as in, what kind of growth are we expecting in this business, and what kind of synergies, margins are we expecting going forward in H-One business?

Swastid Badve: So, thank you for the question. This quarter we had a revenue of close to INR600 million or INR60 crores in the H-One business. And right now, the capacity utilization in this business is not more than 40% to 45%.

So, what we expect is, with almost little or no capex, we should be able to double our revenue in this segment from what we achieved today. So we feel that this H-One subsidiary can easily go to INR400 to INR450 crores or INR4,000 to INR4,500 million revenue in the next 24 months. Beyond that, I think in terms of margins, we have had a bit of an operational turnaround in this quarter, and we are seeing margins inching towards our consolidated business.

However, since the capacity utilization is still small, it would still take time for it to get to the larger company levels, but we are fairly confident that we will be able to do it.

Ashwin Patil: Okay, that's great, really. So yes, I was just coming to the margins on the consol basis. We have reported very good growth in the margins in this quarter. So, going forward, what steady-state margins are we expecting over the next one or two years? And what would be the drivers for any kind of growth in the margins going forward?

Swastid Badve: So, we have guided for stable EBITDA margins going forward, which will be stable as compared to FY '25 figures. I think the potential thing that can lead to us having better margins in the future would be, of course, better operating leverage as we increase our capacity utilization. So, the

capacity utilization is already being seen in our numbers with our ROCE going up from 14.4% last year to around 15.3% this year. Operating leverage over there will definitely help our EBITDA margins.

Apart from that, our foray into proprietary components like steering column, suspension, braking, filtration system, all of which we own the IP for, will have slightly higher EBITDA margins. And also, four-wheeler and commercial vehicle segments are segments where we feel we can achieve better EBITDA margins, contingent, of course the industry continues to perform well in the future.

The potential downsides or offsets when it comes to our EBITDA margin going forward will be the fact that we have so many facilities ramping up simultaneously. We have a Chennai facility, now we have a Pune facility, the Bhiwadi facility, and again a new Chennai facility. So, almost four facilities are being ramped up in this fiscal year itself, apart from the two facilities that we acquired of H-One.

So, as a management group, we have got access to six new facilities, all of which will take time to ramp up, and we will not be able to create optimal EBITDA margins on day one. So, of course, during the ramp-up period, you will have less than optimal EBITDA margins, which, of course, will be an offset or a downside to the EBITDA margin going forward. That being said, we are still guiding for stable EBITDA margins going forward.

Ashwin Patil: Okay. That's great, sir. And within the H-One business, as well as...

Moderator: Mr. Ashwin, sorry for interrupting. Please rejoin for any more questions.

Ashwin Patil: Okay. Thank you, sir.

Moderator: Thank you. The next question is from Radha from B&K Securities. Please go ahead.

Radha: So, thank you again. In sheet metal, I believe that 40% to 50% of the rough INR22,000 crores market is captive. So, you already have a 24% market share, and another 25% is owned by Metalman or Indocomp, etcetera.

So, my question is, if this understanding is correct, then in order to outperform the industry growth in sheet metal, are you betting on gaining market share from the captive and non-captive players? And if yes, then what is our right to win as compared to them?

Swastid Badve: So, Radha, thank you for the question. I think we don't foresee or we don't think that the captive margin is so large as to 50% or 60%. We would imagine it would be much, much lower than the number you're quoting.

The captive market existed probably a decade ago. But as players like us, Belrise and other peers in the space have kind of migrated from a Tier 1 player to a Tier 0.5 player, a lot of these assemblies have come to us. So, we are manufacturing and assembling a large number of vehicles. For a large two-wheeler OEM, we are assembling almost 75% of the vehicle. So, we

think the 40%-50% captive production you're quoting is quite high. You would assume it would be much lower.

While we don't comment on competitors, I think we are number one in the sheet metal space by a large margin. So, that would be the second point. And when it comes to outperforming the market, I think we have continued to do that, say, over the past five to seven years. And we'll continue doing that going forward. We have a very large lead in the two-wheeler auto component segment.

I think four-wheeler would be the place where we're still quite small, where our market share will be in the lower-single-digits. That's the space where we can really have a leap of growth and can outperform. And that's visible in the H1 numbers. In H1, we have grown by 52% in four-wheelers and commercial vehicles as compared to last year. So, we expect this trend to be positive. And going forward, we want to double our revenues in this space. So, that will be the key driver for us going forward.

Radha:

All right. That's helpful, sir. Second question is, the recent product launches suggest that there is a shift in revenue mix towards suspension products in two-wheelers, as you already have launched front fork, shock absorbers, steering columns, which covers 80% of the suspension SPU in a two-wheeler. However, this remains a competitive market as there are large players like Gabriel and Endurance already in this. So, what is our right to win here and where do you see your market share in this segment in the next 3 years?

Swastid Badve:

So, I think so far we have had good verticalization in the space. So, given the fact that we already do fabrication, machining and assembly of components, we are able to vertically integrate a lot of the manufacturing process behind it.

Another product that you missed on was that we also make springs. Springs are again a very critical and proprietary component when it comes to shock absorbers. We also make the springs in-house. So, that's again a lever of growth that we have against some of our peers.

And apart from that, we also have a strategic partnership with an Italian design firm called EDI. EDI has been working in the Indian market for more than 2 decades and has designed a lot of unique vehicles across all of the top 2-wheeler OEMs in India. So, we have a technical collaboration with them through which we are able to design suspensions that are of high quality and high design capability. Maybe my brother Sumedh can add more to that.

Sumedh Badve:

Fundamentally, in the proprietary space, innovation is the name of the game. There is an opportunity to further add value and that is fundamentally what we do as a process expert in terms of identifying the end product and then doing the design for manufacturing in such a sense that you can add value to the end product and deliver to the end customer.

That is how we have been. So, we have been able to add value already and our customers have trusted us with orders there. So, I understand your perspective. There are established players. However, we are making good headway already.

Radha:

Sir, the last one on the market share. What market share are you expecting in the next 2 years?

Swastid Badve: We will not comment on the market share of a specific segment. I think we are commenting on our company-wide growth targets and we will continue doing that.

Radha: Okay, sir. Thanks, and all the best to you.

Moderator: Thank you. Thank you. Next question is from Shrinarayan from Baroda BNP Paribas. Please go ahead.

Shrinarayan: Hi, thank you for the opportunity. Sir, last quarter you had put up a target to reach a CPV of 17,300 in 2 wheelers. So, with the GST benefits coming up, do you expect to reach that target meaningfully faster and by when?

Swastid Badve: So, we have already reached that target for select OEMs. For steering column that we mentioned, we are working with 4 OEMs, for filtration system with 2 OEMs and with braking again for 2 OEMs. So, I think we have already reached that target for select OEMs. You know, this transition from 12,500 to 17,300. I think now the real opportunity is to cross sell and add more OEMs across all 3 commodities.

Shrinarayan: So, at the organization level, what was the CPV last quarter if you can comment in 2-wheelers and 4-wheelers if you can give out that?

Swastid Badve: So, we can only comment on optimal CPVs which is the peak CPVs that we could work on. So, with 2 wheelers as you mentioned 17,300 and in 4 wheelers with commercial vehicles it was around 30,000, but with H-One coming in, it has gone up to 45,000.

Shrinarayan: Okay, okay. So, that's the peak. But average, if you can give, I wanted to know the average with all the OEMs.

Swastid Badve: It's actually difficult to quantify an average because different OEMs follow different sourcing strategies. So, that is something that we don't track at a company level.

Shrinarayan: Okay, okay. And lastly, you highlighted that in last quarter that CBS will have incremental CPV of 2,500. Now, you are saying you will be moving to disc brake. So, what will be incremental CPV there?

Swastid Badve: So, we will get back to you on the exact number but it will be easily INR1,000 to INR2,000 higher.

Shrinarayan: Okay, fine, thanks.

Moderator: Thank you. Next question is from Vijay Pandey from Nuvama. Please go ahead.

Vijay Pandey: Hi sir. I have just one quick query. It's regarding JLR. So, JLR, the production was impacted this quarter. So, did you have any impact from this trade? And are we expecting to see the ramp-up from Q3 onwards?

Shrikant Badve: So, yes, there was an issue into JLR and because of the cyber attack, they kept the production on hold for some time. So, definitely, this was something new to everybody and it took some

more time. And now the issue is resolved and there has been a start of production and it will be sustained properly.

Vijay Pandey:

And so, secondly, on the margin side, since we are now ramping the two plants that are still in the start-up phase, so do we expect any incremental cost from these until the entire ramp-up is possible? And when do you expect to see the full ramp-up or like 60%, 70% utilization from these plants?

Swastid Badve:

So, I'll go one by one. The first Chennai plant that we started in Q1 FY '26; that we expect to continue ramping up close to 70% by the end of this fiscal. When it comes to the Bhiwadi plant, that has literally just started in this quarter, so that ramp-up should also take another six months or so.

When it comes to the Pune long-member facility for a large commercial vehicle OEM, that ramp-up has been particularly sharp and we've been able to make some very good progress over there where we expect to hit high capacity utilization in the next two to three months.

And lastly, coming to the new Chennai plant that we just announced, that will go into production in the third quarter of FY '26 and say that will continue ramping up over a period of 12 months to 15 months, because the models being manufactured over there are being shifted from another facility for the OEM. So, we'll be waiting for the shifting to happen completely and then we'll be able to ramp-up fast.

Vijay Pandey:

Okay, sir. That's it all from my side. All the best for upcoming projects.

Swastid Badve:

Thanks.

Moderator:

Thank you. Next question is from Kush Shah from B&K Securities. Please go ahead.

Kush Shah:

Yes, hi. Congrats on a great set of numbers. I just had a couple of questions. On the export side currently, I'll have around 6% revenue contribution, and with H-One India acquisition, so does that open our TAM to the Japanese market or will this be specific for the domestic segment?

Swastid Badve:

I think the TAM for the domestic Japanese market definitely opens up while H-One largely works with one four-wheeler Japanese OEM and one two-wheeler Japanese OEM, we are in discussions with another Japanese four-wheeler OEM and another Japanese two-wheeler OEM for the initiation of orders. So, in total, we'll be working with two Japanese four-wheeler OEMs and two Japanese two-wheeler OEMs. So, that itself will expand TAM considerably.

Beyond that, a lot of these Japanese OEMs that we're talking about are looking at India as a central production hub for supplies into Asia and the rest of the world. So, we expect them to continue exporting more from India. So, it will not be a direct export that we do, but an indirect export where we supply to the Indian facilities of these Japanese OEMs and they export outside. And maybe Sumedh can add more to that.

Sumedh Badve:

Yes. And obviously, also opens up the opportunity to look at direct exports. Now there's an increasing trend of vehicles and parts manufactured in India that are being exported to right up

to Japan and moving on the Japanese roads. So that definitely is directionally a very, very positive sign, and we stand to benefit from it, and we see that coming our way.

Kush Shah: Understood. Got it. Thanks. And my next question would be on the non-automotive segment. I think you all have touched based upon the aerospace and defense segment. So can we get some more insights on the non-auto side?

Sumedh Badve: So, all we can comment on that is there's a few things that are in the works there.

Swastid Badve: So, I think the two things that we announced right now was the increased orders for the Indian defense OEM for the armored vehicle programs. So that, again, is an indirect export order where we are a single source. And again, this order was, I think, more than 9 or 10 months in the making, and we have finally won this order. So again, while the order itself may be modest, I think important from a capability perspective, which is important to us.

And second, for the Israeli OEM, we continue working on larger assemblies. I think initially, the order that we had gotten was for some smaller BIW parts. But now we are thinking about launching and exporting larger assemblies to them and for them to make India an import hub for them in Israel.

Sumedh Badve: And if I can comment on something else, there's multiple things that are in the works, which we'll expect to share with you in due course.

Kush Shah: Sure, sure. And just one last question was, I think in the investor presentation, you mentioned that you all have started supplying for the solar structures. So incrementally on the non-automotive side, like from, let's say, it's right now at a base of 100 in the coming couple of years, how much do you all expect that to scale up?

Swastid Badve: While we can't comment on a specific number right now, I think we as a management, are fairly confident on a sharp increase in the realization and the revenues in this space. I think we would think that the automotive manufacturing industry or component manufacturing industry is probably one of the most demanding or rigorous industries in terms of manufacturing excellence.

Now that we have learned the know-how from the automotive component industry, we feel that we can conveniently use these capabilities into these adjacent domains like the solar industry or the aerospace and defense industry, where we can use all of our existing processes like robotic fabrication, like high-tensile steel forming, like coating, painting and assembly and penetrate them fairly quickly given our process expertise. So while we can't give a specific number out today, we do expect a sharp ramp up on this going forward.

Kush Shah: Understood. Got it. Alright, that's it. Thanks. And best of luck going forward.

Moderator: Thank you very much. That was the last question for the day. I would like to hand over the conference to management for closing comments.

Sumedh Badve: Right. So I would like to thank everyone for their time, interest and questions today. I hope we've been able to address most of your queries. We remain confident in our growth trajectory, both

near term and long term, driven by strategic investments and our commitment to advancing products and technologies.

For any further questions, please reach out to us or to SGA, Strategic Growth Advisors, our IR partners. Thank you once again for joining and looking forward to speaking with you again soon.

Moderator:

On behalf of Belrise Industries Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.