

Ref: STL/SE/ 2025-26/Investor Call Transcript /70

Dated: 20th November, 2025

To,
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai- 400001

To,
Listing Department
National Stock Exchange of India Limited
C-1, G Block, Bandra Kurla Complex
Bandra, (E), Mumbai- 400051

BSE Code: 541163, NSE: SANDHAR

Sub: Transcript of Investor's Conference Call held for Q2 FY 2025-2026

Ref: Regulation 30 read with part A of schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

Dear Sir/Madam,

With reference to our letter dated 10th November, 2025 related to the Investor Conference Call and pursuant to Regulations 30 and 46(2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the transcript of the Investor's Conference Call held on 17th November, 2025 to discuss the Un-Audited Financial results for the 02nd quarter ended 30th September, 2025.

The above information will be made available on the Company's website www.sandhargroup.com.

Further an Audio Recording regarding the Investor Conference Call is submitted to the Stock Exchange vide letter dated 17th November, 2025.

We request you to take the same on record.

Yours faithfully,

For SANDHAR TECHNOLOGIES LIMITED

Yashpal Jain
Chief Financial Officer & Company Secretary
M. No. A13981

Encl. as above

Sandhar Technologies Limited



“Sandhar Technologies Limited
Q2 FY '26 Earnings Conference Call”
November 17, 2025



MANAGEMENT: **MR. JAYANT DAVAR – CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER– SANDHAR TECHNOLOGIES LIMITED**
MR. NEEL JAY DAVAR – NON-EXECUTIVE NON-INDEPENDENT DIRECTOR – SANDHAR TECHNOLOGIES LIMITED
MR. GURVINDER JEET SINGH – WHOLE TIME DIRECTOR AND HEAD, CORPORATE STRATEGY – SANDHAR TECHNOLOGIES LIMITED
MR. YASHPAL JAIN – CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY – SANDHAR TECHNOLOGIES LIMITED

MODERATOR: **MR. CHIRAG JAIN – EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Sandhar Technologies Limited Q2 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Chirag Jain from Emkay Global Financial Services Limited. Thank you, and over to you, sir.

Chirag Jain: Thank you, Hamshad. Good morning, everyone. On behalf of Emkay Global Financial Services, I would like to welcome you all to the 2Q FY '26 Earnings Conference Call of Sandhar Technologies Limited.

Today, we have with us from the management team, Mr. Jayant Davar, Chairman, Managing Director and CEO; Mr. Neel Jay Davar, Director; Mr. Gurvinder Jeet Singh, Whole Time Director and Head of Corporate Strategy; and Mr. Yashpal Jain, Chief Financial Officer and Company Secretary. We'll begin the call with opening comments from the management team, followed by a Q&A session.

Over to you, Mr. Davar.

Jayant Davar: Thank you, Chirag, and thank you, Hamshad, for putting this call together. Thank you to all the investors who've joined early this morning.

Let me begin by first of all, saying that the auto industry, the domestic auto industry grew by about 6.1% in quarter 2 of 2026, out of which the 2-wheeler segment has grown by 7.4%. The passenger vehicle segment growth -- actually witnessed a degrowth of 1.5%.

In terms of how Sandhar has built on this, if you look at -- I'm going to divide this into three different parts. One is the Sandhar India business growth, where our revenue from operations have grown by 33%. The operational EBITDA grew by 24%, operational EBT grew by 33% and operational PAT grew by 28%.

In terms of our overseas business, if I look at it from quarter-to-quarter, the revenue of operations grew by 2%. Operational EBITDA is down by 12%. Operational EBT is down by 29%. But you have to keep into context. This was actually, as I had mentioned in the previous calls in the last quarter, if you compare it on quarter 1 basis, our losses have dropped by half, and we are very, very confident that the next half of the year we'll bring it back on its own two feet, the way we had promised it would be.

If you look at Sandhar's consolidated business growth, our revenue from operations grew by 29%, operational EBITDA by 19%, EBT by 32% and operational PAT by 15%. In terms of our joint venture, I'm very happy to announce, as I had in the past as well, all the 5 joint ventures have performed satisfactorily, registering a revenue of 68.57%, which is, of course, calculated on the basis of 50% of our partnership.

And all of them are now PAT positive, and they are on a strong growth in recovery path. We are constantly watching the performance and taking all necessary steps in collaboration with our joint venture partners for sustained growth and profitability.

In terms of EVs, the company started commercial invoicing of battery chargers and motor controllers. While the pilot of DC-DC converters is getting positive response from the market, the customer base is gradually increasing with more customers being added and we generated a revenue of INR6.94 crores in the first half of the current financial year. And we expect to do a business of around INR15 crores for this financial year.

What I'm also happy to announce is that the auto industry per se, seems to be on a good trend right now. I do believe that the second half of the year, as always, will be stronger. The lucky thing is that even in the case of December, November and December, because of the festive season, the elongated festive season, our order books are extremely strong. So, we do expect a strong third quarter. And of course, as always, a very, very strong quarter 4.

With that, let me open it up for questions. We have on the call, like Chirag mentioned, we have GJ, Neel and Mr. Yashpal Jain, our CFO, who will answer all your questions from the financial perspective in a more detailed manner than it possibly can.

So, thank you. With that, I'm open to question and answer. Thank you all very much once again for joining.

Moderator: Thank you very much. The first question is from the line of AM Lodha from Sanmati Consultant. Please go ahead.

AM Lodha: Sir, my question is that sir, in first half, you kindly referred to your presentation table number 5. First half sales have grown from 25% -- 24% from INR 1,896 crores to INR2,360 crores, INR2,350 crores, whereas EBITDA is down from -- EBITDA has been down from 9.7% to 8.5%. EBITDA also down -- EBITDA is down from 9.7% to 8.5%. And the PAT also down from 3.2% to 2.3%. In spite of increasing sales by 24%, what may be the reason for the volume EBITDA and PAT percentage?

Jayant Davar: Okay. Thank you, Mr. Lodha for that question. I'm glad you asked that question. If you -- if I compare quarter 2 of '26 with quarter 2 of '25, there are some exceptional items. One is the impact of the new projects. You know that we had bought over the unit of Sundaram Clayton, and we had put up Pune and South India new projects, which have resulted in a negative case scenario or impact of 8.07% on EBITDA margin.

And the other thing is the machining business, which also cost us INR3.14 crores. In all, the total impact on the profitability has been INR11.21 crores. And if you were to normalize this, then our EBITDA margin is 10.44% compared to what you see. So, if I look at it, the new businesses of -- you are aware that Sundaram-Clayton is the business, which is -- which we've just taken over.

We are in the process of moving it into our new facility. And obviously, it is not generating a normalized EBITDA as of right now. Also, another thing I want to -- you mentioned half year, which is H1. H1, sir, you know, that the first quarter was extremely tough on us, but the second quarter has been relatively much stronger.

And the H1 figures are only taking into account the impact of that first quarter, which is being generated into the second quarter as well. In terms of when you compare it from H1 to H1. So those are my comments sir. I'm happy to take on any supplementary questions in this regard.

AM Lodha: Sir, in this -- continue in this question, sir. But in second quarter, you had other income of that INR34 crores, total 45 something crore, other income.

Jayant Davar: No, no, no, Lodha ji.

AM Lodha: That has elevated your EBITDA to 10%.

Jayant Davar: No, no, no, no, no, no, no, no, no, no, sir. Our EBITDA -- see, I'm talking of the India business normalized revenue. Our normalized India business revenue is INR1,153 versus INR868 in quarter 2 versus quarter 2. Operational EBITDA is INR109 crores versus INR84 crores, which is 9.47% versus 10.06%. If I was to look at this, then the EBITDA margin is exactly the same as 5.5% to 5.5%.

If I look at the impact that I gave you of 11.21%, our EBITDA is 10.44% versus 10.16%. In fact, higher than the quarter 2 of 2025. I'll ask Yashpal ji to please explain this a little further. Yashpal ji, if you can come in and explain this, please?

Yashpal Jain: Sure, sir. Good morning, sir. So, basically, may I answer the question? Other income, sir, while during the presentation for investors, we haven't included other income for calculating the effective EBITDA and margins, sir. Although in the published accounts, it's together because the SEBI format is combined on the total PAT level and EBITDA level.

But the reason -- the exact reason for the downfall is because of the INR11.21 crores that we have analysed, and that is out of the five major projects internally that we identified. Out of them, three are totally new projects, sir. Relating to two of them for the die casting and one for the sheet metal one, which will -- which are going to turn around from April '26. Before that, they will continue with the same, I would say, margin base.

But yes, quarter 2 would be more better for them and we are reviewing them. So, quarter -- sorry, quarter 3 and half year 2. They are going to be better compared to this half 1 and quarter 2 of the current year. But we have not included the same into calculations. We have removed.

If you see Slide number 4 of our investor presentation, there we have shown on the top side of the left-hand side is operational performance, then there is other income breakup. If you add together both of them, they will simply tally with the results that we have submitted to the stock exchanges.

Right side is the major reason why we have seen a downfall in the margins. And we are just trying to reflect that these are the five projects which are hitting. Had they not been in the place, we would have been on the same trajectory that we -- I mean, at the beginning of the year that we have presented before the investor community, yes.

Jayant Davar: So, Lodha ji, I think Yashpal ji has explained it. We haven't taken those extraordinary incomes into the presentations that have been given. We've only taken the operational, side. For clarity for all of you. Thank you.

Yashpal Jain: That's the reason in the Slide number 5, also the margins are shown as down with a red marker.

Moderator: Thank you. The next question is from the line Abhishek Kumar Jain from Alfa Accurate. Please go ahead.

Abhishek Kumar Jain: Thanks for the opportunity and congrats for a strong set of numbers, sir. Sir, in overseas business, we have seen a very strong recovery in this quarter despite that muted growth in the top line. So, if you can throw some light on the -- what are the reasons behind this? And the second that how the growth will start to come in overseas business?

Jayant Davar: Can you repeat that question? One second? Can you repeat it second time?

Abhishek Kumar Jain: Sir, my question is on that overseas business, what is the reason for the expansion in the margin in the quarter-on-quarter basis? And what would be the key growth leverage in the top line growth in the coming quarter?

Jayant Davar: Okay. My quick answers to this is, one, the European market has gone down dramatically. It has become very volatile with whatever was happening with the Trump administration and the overall industry going down. So, Europe was actually losing its orders. We, in the meantime, got orders for newer products. Those have started to ramp up, and we are very, very hopeful that the second half of the year, while we put a major control on our expenses in quarter 2 compared to quarter 1.

We do believe that now, with that having been taken care of, both in terms of financial cost and operational costs, where optimization has been brought in, with new orders kicking in and production starts, we do believe that, as we have said, we will try and remove the losses that we've had so far in the second part of the year. Yashpal ji, do you want to come in and add something to this?

Yashpal Jain: Yes, sir. So, Abhishek, like as we discussed in the earlier quarters during the con call, that we are striving our best to turn around the overseas operations. And if you see the Slide number 6 of the investor presentation, we have given a comparison of the 4 quarters, starting with quarter 2 of FY '25, which happens to be the corresponding quarter.

Although you can see a downfall in the revenue. But exactly if you see the margins, they are substantially improving compared to quarter 1 of the current year. And I think quarter 3 and 3 and quarter 4 will be more better. Because as sir has told, the operational cost also we have tried

to plug in and as well as the financial decisions, some of the new financial decisions we have taken, which will effectively bring down the borrowing cost also.

Abhishek Kumar Jain: Okay. Got it. And sir, in this quarter, we have seen a very high employee expenses. So, what are the key reasons of the -- that? Is there any one-offs in employee expense?

Yashpal Jain: Can you repeat, employee?

Abhishek Kumar Jain: Expenses. Employee expenses may be high. So, is there any one-offs in employee expenses?

Yashpal Jain: Actually, the increments of the staff was finalized during this quarter. Although we have been taking provisions in the first quarter itself, but when the actual increments are finalized, then only we are in a position to know what has been the actual cost.

And secondly, if you see this time we had an all-time high production also in the revenue in terms of our core businesses like the die casting and the sheet metal, which happens to be a capital as well as labour-intensive in some reasons. So that is the reason the cost of labour has also gone up because we have to supply, and there was all of a sudden demand from the customer side.

So, the more manpower was deployed and the machines are also running for all the three shifts in many of the months. That's the reason. Otherwise, it's going to be normalized in the coming quarter 3. But yes, the increments are finalized in quarter 2. So always, there is a gap between the actual performance based and the provisioning that we are carrying in the books.

Abhishek Kumar Jain: Okay. Got it. And the depreciation has gone down in this quarter versus the last quarter. So, what is the reason of that fall in depreciation?

Yashpal Jain: Yes. So -- exactly. If you remember, like we have said in earlier calls also, we regularly revisit our depreciation policy and the effective life of the assets. And the reasons like the intangibles, etcetera, which we have projected earlier, now they have started going out of the books, in the sense, they have depreciated to the full extent. So that is the reason in the coming period of time, the depreciation will be in the similar pattern.

Initially, we have provided higher because we assume because normally for intangibles, we amortize over a period of 3 to 5 years, depending on their effective -- effectiveness and the product penetration in the market. So, gradually, once the intangibles are written off, the depreciation will be in the normal course. That's the reason.

And we are regularly revisiting the effective life of the assets in consultation with the technical valuers and the statutory auditors. And basis that, we are revaluating the life of the assets. So, that is the only change. Apart from that, it continues to be the same.

Abhishek Kumar Jain: Got it. And sir, in ADC revenue growth in this quarter, that remain strong in the domestic side. So, how is the review trajectory of the Sundaram-Clayton and basically, what is the EBITDA margin in this quarter and how that margin will improve in the coming quarter?

Yashpal Jain: So, like Abhishek, if you see the ADC share has gone up, even in the overseas and domestic. So overseas, if we negate from the half year, the last remains to be the domestic share. So roughly in this quarter, the ADC business has been about 32%, right? So, yes, which includes a revenue of INR198 crores from Sundaram-Clayton business despite that India business standalone quarter 2 has given INR177 crores of revenue to us, which is up versus INR130 crores in the corresponding Q2 of FY '25.

So, this growth will continue to come as we expand our lines. But as for the margin profile, the Sundaram business has given us a margin of 4.48% only for the half year. But it was -- near to 5% for quarter 2, which means the improvement over quarter 1. So -- but as we shared our plans earlier, like along with the machining, we expect something 11%, 12%. And in terms of S-cost, the margins are expected to be around 9.5% to 10%, 10.15%, that's all.

Abhishek Kumar Jain: So, this is INR198 crores in the first half or in the second quarter?

Yashpal Jain: It is half year. 198 is half year. So, second quarter is INR102 crores remaining was quarter 1. But the margins have improved. We are close to 5% in quarter 2 for the Sundaram business.

Abhishek Kumar Jain: Okay. And how will be the margin in the coming quarter, sir?

Yashpal Jain: So, coming quarter, we had a discussion with the business head. But yes, the relocation cost of the plant will also be coming in the coming half year. Also, our premises rental will be coming up. Our new premises are a much bigger one compared to the existing because new set of machines are going to be deployed.

So, this year, we expect it to be around 5%. But yes, from the next year onwards, as the business team has indicated, they will be going back to around 9% or something. So that we are generating from other businesses or other parallel businesses.

Abhishek Kumar Jain: Thank you, sir. That's all from my side.

Yashpal Jain: Thank you.

Moderator: Thank you. The next question is from the line of Sailesh Raja from B&K Securities. Please go ahead.

Sailesh Raja: Yes, thanks for the opportunity, sir. Sir, this quarter, on the absolute amount basis, we witnessed significant drop in assembly business on both Y-o-Y and Q-o-Q. Is there any reclassification here? Or any other reason for drop in sales?

Yashpal Jain: Assembly business, Sailesh ji?

Sailesh Raja: Yes, yes, correct. Yes, sir.

Yashpal Jain: Yes. So, assembly business, if you recall, we are into the spokes wheel. We are not into the alloy wheels. And one of the reasons is that the premium segment is now being replaced by the alloy wheels. So, there's not much reclassification. It continues to be the same. If we see the

assembly's volume in half year against 10.5%, it is 9.6%, right, sir? That's what we have -- yes. So, it's a normal 1%, something down 0.9%, I would say because...

Sailesh Raja: Absolute amount, it has come down a lot, actually. If you look at...

Yashpal Jain: Yes, absolute, it has come down a lot.

Sailesh Raja: Yes. Last quarter, it was INR104 crores. Now this quarter, it is INR64 crores.

Yashpal Jain: Exactly. But we have not done any reclassification because likely you say, if you see the assembly business, major of the components are coming from the customer side itself. So, while everything is dependent on how the volume will be performing.

Otherwise, I mean with the passage of time, the spokes will be largely replaced by the alloy wheels in the coming period of time. As of now, the mopeds and some segment of the bikes are being run on the spokes wheel. So that's the reason it is going down.

But nevertheless, we are not idle space because we have combined the assembly and sheet metal businesses. So, everything will be, I would say, adjusted with the sheet metal business in place of assembly business in the coming period of time.

Sailesh Raja: Okay, okay. Sir, for the past year, we have been waiting for quarterly revenue run rate to reach around INR1,200 crores and we have touched that number. But if you see the margins only, again, bottom line, still we have not achieved it.

With this high scale, still we have not crossed 10%. Can you help us understand what specific costs continue to crop up? And by when should we expect the margins to improve meaningfully? Again, you are saying there will be a rental cost. Some of the costs are coming, keep cropping up. So, can you please explain on that by when we can start seeing 11% EBITDA that we have guided earlier?

And also, can you please discuss about the overseas business? Which geography is currently dragging the overall performance and what are all the measures we are taking to turn around the operation? And also, recently, I came across an article highlighting a sharp increase in power cost in Romania. So, how is the company planning to mitigate these challenges and start supporting 11% plus of EBITDA at this INR1,200 plus crores of top line?

Jayant Davar: Sailesh ji, like...

Yashpal Jain: Yes, sir, you want to answer?

Jayant Davar: No, no, I just want to answer -- I'm not going to answer on the numbers, I think Mr. Raja would -- you would be able to answer the numbers better. I just wanted to give the supplement of a comment that was made in Romania and for the overseas business. The overseas business, Mr. Raja, is now in a mode of consolidation.

I don't know where we've got this information about power costs going up in Romania. Actually, the European power cost has started to come down during the time of the pandemic. And post that, power cost has gone up dramatically. In fact, gas costs have gone up 8x, 800%, especially with the war between Russia and Ukraine. Gradually, it started to come down.

It is still not at the level as what was there before the war, but it has come down dramatically because of operations in Romania are lower than those in Spain by a significant margin. We do want to take advantage of the new facility that has been set up there. You are aware that the regular production there also got suffered on it out of the war.

But I think the worst is behind us. It has now been established gradually by the month, Romania is going up. We are trying to shift some business. In fact, some of the new projects that are coming in into the overseas business are being routed through Romania. And it's on that basis that we do believe that margins will go up, as was projected.

In fact, if you look at our overseas business in the past, our margins there are higher than those of the Indian business. They were at about 12.5%-13% of margins. We expect those margins to come back very, very shortly. I don't see that margins are going to be an issue.

The European business, you also have to consider the fact that with the depreciation of the rupee and the euro becoming stronger, we have had translation losses. And when the overall business is in a loss, in the Indian context and in translation to the Indian rupee, that has a double whammy impact. And that's what has happened.

But going forward, I do believe that the overseas business will come back to its normal feet. And we are very, very hopeful that in the second half of the year, we will be able to mitigate any losses that have been there in the previous quarters. So that is the impact on the margins in the overseas business.

In terms of the Indian business, you did mention. But I think if you actually calculate the Indian business on a normalized revenue, then on an EBT platform, we are exactly the same margin as we were in quarter 2 of financial year '25.

But if you were add to it, the impact on profit on account of the new business that has been taken in, which is the Sundaram-Clayton business and two new plants in Pune and South India, we are actually at a margin of 10.44% vis-a-vis 10.16%, which was there in the last year. So, if you ask me, we are on a very, very health scenario.

Now obviously, growth sometimes does mitigate and take away some of the margin growth, and that has happened with the growth coming in from the acquisition, whereas Mr. Yashpal ji said, our margins are about 4.5% right now. We do believe by the end of the year, despite the rentals and despite all of that and during the year translation and transition that has happened, we will still end up at 4.5%, 5%.

But from next year onwards, we will go back to being a normalized diecasting business that we run with margins in the other businesses that we have. So, we are very hopeful and very happy

that things will normalize very, very quickly. And therefore, that's the reason we have subjugated and have given you a feed on the normalized versus the revenue that would have been impacted or affected otherwise. I hope that answers your question.

Sailesh Raja: Yes, sir. Clear, sir. Yes, yes, very clear, sir. Sir, actually, with improvement in second half in India business, margin improvement, and also you are guiding overseas also, there will be improvement in margins. So, by year-end, what ROC that you are targeting, sir, this year and next year consolidated?

Jayant Davar: Sir, again in terms of ROC -- yes, yes, you asked me about the ROC. If you look at sir, the India business, if you look at as on 30th September, if I was to look at adjusted capital employed in ROCE, we are on an annualized number this year at 16.09%.

Now -- so this is compared to 15.5% of last year. We have given a call, and we have mentioned in the past that our aspiration is to reach a level of 18% as soon as possible. So, we're working hard, and that is our target. Yashpal ji, do you want to say more on this?

Yashpal Jain: Yes. Absolutely, sir, I echo what you have said, because initially in the first phase, we have given a target of 15% going to 18%. This will be pretax and subsequently for the post-tax one, sir. So, bearing three projects, as we discussed earlier also, two of the die casting businesses and one of the cabins and fabrication, these three are the new projects, which are giving us a little tough time this year.

But as we have discussed with the business teams, they are expecting to start full production in this by April 26. In the Pune die casting, we have received now the customer consent also. And from next year, April, the volumes will gradually start. So, that's the reason this new business, which is dragging us down, would again be in the same profit trajectory. So, hopefully, we will be able to achieve what we have promised to the market.

Sailesh Raja: Okay. Great, sir. Thank you, sir. All the best.

Yashpal Jain: Thank you, Sailesh ji.

Moderator: Thank you. The next question is from the line of Rajit Aggarwal from Nilgiri Investment Managers. Please go ahead.

Rajit Aggarwal: Good morning, sir, and congratulations for a good set of results in this tough environment. I have a few questions. Some of the questions pertain to some of the things we discussed in the Q1 call. So, one was, we had mentioned that the smart locks production will begin in Q2. Has that started and what is the kind of volumes we are seeing there?

Jayant Davar: Okay. Smart locks has started, sir. The volumes are small. So, we did get a review from some of the customers. We have two main customers. One project has been delayed a little bit, so they are in a stage where we've shipped out some.

But we do expect that the last quarter, there will be a little bit of smoothening of operations there where we will be supplying smart locks more on a daily basis than a weekly kind of basis which is being done now. But yes, to answer your question, yes, we've started smart locks already.

Rajit Aggarwal: Okay. Wonderful, sir. And we have taken an approval for a QIP of INR500 crores. Can you update the status? And in the same context, there is a news of a sheet metal fabrication company being put up for acquisition. It's an Italian group. I don't know if you have heard of it, but are we considering any such possibility in near future?

Jayant Davar: Well, you know that Rajit, all I want to say here is that there are various opportunities that are brought up on the table. We are much more careful with any kind of inorganic growth. We would want to pursue it. In fact, the point that you mentioned, the QIP was to be kept as Voucher (Backup) in case any such opportunities were to arise. We still haven't finalized on any so far. There are several that one keeps on looking.

But we are very, very mindful that any inorganic growth that we consider, whether from M&A or from any new project, has the potential in the medium term to be able to reward the stakeholders with an appropriate return on capital employed.

I think Yashpalji also mentioned that we are looking at an 18% pre-tax to begin with and then post-tax return to the shareholder. Keeping that in mind, if we come across opportunities where we can deliver and it's a part of our strategy and core competence, we will go ahead for that.

At this point of time, I do not have anything to report. As and when, if something were to come about, obviously, you will be among all the investors who will be the first ones to know.

Rajit Aggarwal: Wonderful, sir. Thank you. So, may I ask a few more questions? If you permit.

Jayant Davar: Yes, yes.

Rajit Aggarwal: Yes, okay. Sir, do we have HMSI as a customer and what is their share of business? How has the performance been of that business in Q2?

Jayant Davar: So, Rajit, we were -- you are aware that a few years ago, HMSI was not a part of the business, was not a customer, largely on account of the fact that we were at one point of time associated as being a Hero supplier and there were some tensions between the two of them. But for the past few years, we have started business.

We have now started in every category of their supply and what we hold a core competence in. So, whether it is sheet metal, whether it is castings, whether it is locks, whether it is mirrors, we are in all those businesses now. You are aware that the latest technologies in terms of smart locks and so on have been awarded to us.

They have become a strong customer for us going forward. I do believe that that number or a percentage of our revenue will grow dramatically with HMSI. In front of me, I don't know if

Yashpal ji has a number of what percentage we do right now. But it has been growing constantly and it has been growing quite aggressively.

There are some new projects that are starting with HMSI as we speak. In fact, HMSI also is a customer for our helmet. So, they cover a large part of the dimensions of all that we do. Yashpalji, if you have the number of percentage as to what we did last year?

Yashpal Jain: Sure, sir. Yes, for the current quarter, I mean quarter 2, the HMSI share is 4.2%. And for half year also, it is 4.2%. Whereas in the corresponding year, it was 3.7%. So, 0.5% we have gained. But as sir has said, the new projects are in the pipeline. So, in the coming period of time, especially in FY26-27, the HMSI share will go up with the new products giving us a revenue.

Jayant Davar: So, Rajit, just to answer that and add to this, it was 3.7%, it is 4.2%. If you look at pure revenue, obviously that number is much higher on account of the fact that the overall company has grown by 30%. So, if the 30% growth in the company means 3.7% to 4.2%, adds and supplements to even that growth that has happened. I hope you understand that, right?

Rajit Aggarwal: Right, absolutely. Thank you, sir. Sir, just one clarification on Sundaram-Clayton's numbers. So, last quarter, I think during the call it was mentioned we did INR103 crores of sales. And this quarter is same. Is it correct or did I get the numbers wrong?

Jayant Davar: Yashpal ji, can you answer?

Yashpal Jain: Yes, I'll just answer, sir. So, Sundaram-Clayton, the effective sale is now INR198 crores for the half year.

Rajit Aggarwal: Okay.

Yashpal Jain: So, yes, it was around INR95 crores last quarter. 102-103, roughly, I mean 92.5 and 102.5. This is how the breakup is quarter 1 and quarter 2 between.

Rajit Aggarwal: Okay. Okay. So, I think there was some miscommunication in the Q1 numbers. Maybe I'll get back to you on that.

Yashpal Jain: Yes, no issues.

Rajit Aggarwal: Have you added any customer in Europe in the last one or two quarters? Any new customers?

Yashpal Jain: Yes, in the new -- I mean, there's a process to add a customer like RFQs, then the quotes, etcetera. That process started. There are 4-5 new customers coming in the pipeline. So, as sir has also answered previously in this session, we are going to see a new customer base also starting might be quarter 4 of our financial year and quarter 1 of their financial year, which is effective Jan '27 -- '26.

Rajit Aggarwal: Okay. Okay. Wonderful. Thank you, sir. Thanks, sir.

Yashpal Jain: Thank you.

Moderator: Thank you. The next question is from the line of Chirag Jain from Emkay Global Financial Services Limited. Please go ahead.

Chirag Jain: Yes. Sir, just a few questions. I think you did touch upon the JV performance which has improved significantly over the past few years. Any thoughts you want to share in terms of over the next 2-3 years, how we should see all JVs put together or maybe any one or two JVs which you would like to highlight in terms of, let's say, which can contribute significantly.

As of now, I think PAT contribution is about 6%-7% in terms of our overall contribution. How do we see, let's say, over the next 2, 3 years, JV is doing for us in terms of numbers?

Jayant Davar: Well, Chirag, thank you for that question. It's a good question in terms of JV performance. Obviously, the JV revenues don't show up in a consolidation on a stand-alone and therefore, we reported separately. The JVs are a way for us to keep relevant in terms of newer technologies. And it keeps us in the international domain of customers who want to buy and set up things in India where we become the local suppliers also. So that is the large intent.

What we are interested in is that the operations of these JVs give a good return in terms of aggregate to the investments that have been put in. So, if you look at it from a perspective of return on capital employed, if you look at it in terms of return on equity, of course, the capital employed has become larger with the previous losses.

But going forward, like I said, all our joint ventures are profitable. Each one of them gives us an opportunity of breaking into newer technologies that are still not being used in India. But as and when they become a significant part of the component pack in India, we would be way ahead with our joint venture partners to be able to operate through the industry.

So, there is a strategic intent to these joint ventures. But at the same time, we are also very conscious that whatever investments there are in the joint ventures give us an adequate return that justifies the financial impact of what we are doing. I do believe that each one of the five joint ventures that you see here are important. Each one of them have a new take.

If you look at our joint ventures, whether they be in the area of rear parking sensors, whether they be in the area of shark fin antennas, whether they be in the area of new kind of cables, whether you look at special electronic small componentry, I think each one of them has a much higher level of potential not only in terms of the auto industry, but in some cases, even the non-auto industry which could become very important into the future. Thank you.

Chirag Jain: Thank you, sir. Just a couple of more questions. So, I think in two of our businesses, so one is Vision Systems, we have more or less doubled our revenues. In fact, even in the first quarter, we had almost 30% sort of growth. Can you please elaborate in terms of what is driving this and how do we see the outlook for second half and probably going ahead?

Jayant Davar: I do believe, I will not give any special outlook for the Vision Systems in the second half. I do believe that the growth that you are seeing will continue even in the second half and beyond.

Some of it is coming from features that have been added into these mirrors. Some of it is do coming from volumes.

And in the next quarter, we do see some growth on account of addition of new customers. So, if I look at it, the entire wallet from market share to premiumization will take impact and growth which will then help us in a faster growth in the Vision Systems business.

Chirag Jain:

Thank you. And just lastly on the cabins and fabrication business. I think this business has been somewhat subdued for the past three quarters largely because of the emission norm changes in the construction equipment industry.

So, what are the, let's say, outlook for this business now going ahead? Are we largely through with the emission norm changes on the ground and the price increases has been largely absorbed? Any thoughts on that and then I will come back in the queue.

Jayant Davar:

Yes, to a large extent, yes. We have started green shoots of new orders coming in. The cabin and fabrication business, like you said, was affected a lot. With the change in the emission norms, there was a lot of inventory lying with the customers.

I do believe that the new orders that I see in quarter 3 and quarter 4 of this financial year seem to be much more solid compared to what we had in the first half of the year. Fingers crossed. But that's the information that I have. So, we ourselves are conservative in our approach even for the second half of the year. But I do believe it was definitely better than what was there in the first half. Okay. Thank you. Thank you so much, sir. Hamshad, we can go back to the question queue.

Moderator:

Thank you. The next question is from the line of Disha from Sapphire Capital. Please go ahead.

Disha:

Okay. So, sir, we've seen like other income go up very sharply in Q1 and Q2. So, what is the kind of trajectory we expect for other income to stay going ahead?

Jayant Davar:

Yashpal ji, do you want to comment? I don't know if he's been disconnected, so let me answer this question.

Yashpal Jain:

Am I audible, sir?

Jayant Davar:

Yes, you are audible.

Yashpal Jain:

So, I will just answer the question. So, other income has been exceptional in nature. That's the reason we have presented it separately in our investor presentation on Slide number 4. And the biggest other income came from one of the plants that we did the consolidation in cabins and fabrication in Bangalore. There we got a profit of INR34 crores in the disposal of the land. That's the reason.

Otherwise, there is no as such planning to increase other income. More or less, it will continue as a casual income coming exceptionally. That's all. Because we are more focused on the operational business. So, there is no other source of other income.

Disha: All right, all right. And sir, we just mentioned that we started smart locks production has just started. So, what sort of EBITDA margins do we see for that segment?

Jayant Davar: I do believe that, Disha, smart locks business is as appropriate as any other locks business. At this point of time, we do believe that the margins will be probably better because the volumes are smaller.

But as the volumes go up, there will be shrinkage in terms of the overall price of these smart locks. But at any point of time, as our locks business is, that gives us a margin of 12%-14%. That's the kind of an EBITDA margin that we consider also in the smart locks business.

Disha: All right. All right. And sir, going ahead, just like a bit of your comment on the product mix because we have seen the segment of ADC rise up very sharply. So, what are, like, the two, three major products that we see dominating the product mix going ahead?

Jayant Davar: Well, Disha, the way I look at it, we look at ourselves as four basic verticals. There are times when one is kicked up ahead of the others. You saw casting business grow. In the last year and a half, you have seen that our business of sheet metal has grown significantly.

And that is on a very, very aggressive path as well where we set up new businesses. From a business only a few years ago, which was less than INR200 crores, we are now looking at crossing INR1,000 crores of the same business in sheet metal. The same aggressiveness has been in die casting.

At this point of time, I think Chirag has asked this question and I said that the cabin fabrication is a business which is muted for the moment. But I think going ahead and in the next few years, that could also take an aggressive shift. Let's not forget the main business which has been the automotive business of locks and mirrors and so on and so forth.

I think with smart locks and with a few other technologies that are in the pipeline, that will have a dramatic impact of growth in the coming years to come. So, I am not saying what is happening. I do believe that each one of these verticals has a strong momentum coming ahead.

Some years we will see one racing ahead, some years we will see the other racing ahead. But our belief is in all these four businesses, keeping up to the level of growth that we have anticipated for the entire company. Which is, like I have said in the past, we would want to grow at least double of what the industry is growing at.

Disha: All right, all right. That's it from my side. Thank you.

- Moderator:** Thank you. The next question is from the line of Aryan Jain from Ary Capital. Please go ahead. We seem to have lost the participant. The next question is from the line of Vidhi Shah from CRK. Please go ahead.
- Vidhi Shah:** Hello, sir. I wanted to know what kind of margin trends can we expect in Sundaram and what is the timeline that we can expect?
- Yashpal Jain:** So, Sundaram-Clayton, as we discussed earlier during the call also, we are expecting the margins to be in the normal die-casting, I mean at par with our other die casting business, which runs around a margin of 9%-10% in between Ascast.
- So, the same margin we are expecting for Sundaram-Clayton going forward. But yes, that will start coming up from April '26 once we are into our own premises and also, we add two new machines that we have set up the entire plant. So, that's going to come from April '26 only.
- Vidhi Shah:** Okay. And for the overall business, what is the kind of margin trend that we can expect ahead and what will be the growth levels for the same?
- Yashpal Jain:** So, basically, as we promised and we discussed with the market in earlier calls, we want to go up to a margin of 11% in the next 2 years of time with the improvement of around 50 bps, I mean 10-50 bps every year. Unfortunately, quarter 1, as we discussed earlier, was not so well for us. That is the reason in overall half year the margins have been down.
- But we expect to go around 11% of a healthy margin from operations. And the growth drivers would be all business segments because sometimes, as sir has just said, some businesses are up, some are down. So, that's how it goes like a family, all the business verticals. If one of the verticals is facing a tough time, other one supports it.
- But as the driving expectations, as we mentioned that we want all the four business verticals to be a big business vertical with average profit margin of -- EBITDA margin of 11%. And ROCE, we intend to achieve 18% pre-tax in the first phase and then later on followed by 18% post-tax in the coming period of time.
- Vidhi Shah:** Okay, sir. And just one last question. As you mentioned, the Europe, the sales were down because of the volatile market. So, what is your outlook on that?
- Yashpal Jain:** So, basically, -- yes, overseas we are working on three different legs. One is increasing the operational efficiency over there. At the same time, cutting down the operational costs. Second is we are trying to increase the customer base also from a traditional set of customers. We are moving to new customers also. And just trying to tie up them from our existing facilities itself. And the third one is that we are doing a financial re-engineering also in terms of borrowings and other product mix also.
- So, these are three set of -- I mean, the areas where we are concentrating. So, even though the revenues might be in the same range, because till the time we see a final arrangement between the European Union and US markets and other markets. But at least plan is that we should not

incur the losses and we turn around to a breakeven in the first phase and go back to our earlier margins in the coming period of time.

So, in overseas, what is important for us to sustain our business, to have margins in the business, despite the volumes might remain constant if the market condition doesn't improve, but the thing is that the return should come and there should not be any losses in the project. This is our first and prime task over there.

Vidhi Shah: Okay, sir. And by how much time do you think you can move in that direction? Near breakeven?

Yashpal Jain: Yes. So, like in Europe, they are following the calendar year as the financial year. I mean, the update that we are getting from the overseas businesses, quarter 3 will be better compared to quarter 2. As you have seen in the presentation also, the quarter 2 was better than quarter 1 of the current financial year.

So, we are expecting our quarter 3 to be better, followed by quarter 4 to be neutral in terms of margins and losses. We expect to be in greener. This is our prime desire.

Vidhi Shah: All right. Thank you for answering my questions. All the best to you, sir.

Yashpal Jain: Thank you.

Moderator: Thank you. The next question is from the line of Shiladitya, an Individual Investor. Please go ahead.

Shiladitya: So, a question on the margin side, right? You mentioned that there were costs associated with new businesses. We understand. But at a consolidated level for FY '26 and, let's say, FY '27, what sort of overall margins we can expect? Can we expect to hit 11% margins by FY '27?

Yashpal Jain: Well, if you see the guidance that we have been giving to the market was that the current year, we would like to something between 9.9 to 10.40 and another 50 bps in FY '26-'27. So, going by that, it is around 10.90 or I mean sub-11. But since in the current year, the quarter one, as you all know, we have given the reasons also has not fared well.

But yes, for the next year, we intend to be about 10.5%. That's how we are working. And all these three new projects as expected to go live in the full volumes, which happens to be two die casting businesses and one is the cabins. And plus the overseas business going into the old flair. Eventually, we should go to that margin in the coming period of time.

Shiladitya: Okay. So, for the current financial year, will we be able to hit at least a double-digit margin?

Yashpal Jain: Yes, our efforts are to a double-digit margin. At least we close a double-digit margin by March '26. So, as sir has said in the beginning of the call, quarter 3 and 4 would have a, I mean, backup of a strong demand.

So, proportionately, we are working on the same that at least these two quarters run about 10%. So, that our average margin should land something beyond 10%. That is the prime task. But let's

see how quarter three goes. Everything will be dependent on quarter 3. And that time, we'll come back to the all-investor community how we are going to do in this current financial year.

Shiladitya: Okay. And from a growth outlook perspective, consolidated basis for this year and coming couple of years, like do you want to share some outlook there?

Yashpal Jain: So, like in terms of revenues and volumes, the market is going well and the customer base that we are having in terms of the ways they are also performing well. So, keeping their growth in line, I think our growth should continue the guidance that we gave in the beginning of the year, that at least 15% of the normal business and the rest is a Sundaram guidance also, the additional revenues. I think we should be able to meet that by the end of this year. Because quarter 2 this year is a...

Shiladitya: Sorry, Sundaram is around INR400 crores annual business?

Yashpal Jain: Yes, annual is INR400 crores, it is 198 for the half year. So, we have given up to 15% of the revenue growth in the existing business plus 400 of the Sundaram. So, that's the reason we are on the track. I think we should be able to because 23-70 something, 23-60 is the revenue that we have played in the half year.

So, we are well on the track and the quarter 2 has been good in terms of volumes because of festival also there, then there was a GST realignment by the government also, which helped to push the demand. So, I think 3 and 4 should also be good, especially in the fourth quarter with the new models coming in. So, now we are trying our best to increase the volumes. So, let's see how it goes.

Shiladitya: Okay. And anything on the capex side, like -- and also the debt position and the plans to reduce and all, can you share some view?

Yashpal Jain: Yes, sure. So, like on the capex side, in the beginning of the year, we have said that around INR300 crores of capex would be there, including the Sundaram one also. So, and the debt is around 858 in the month of September. But yes, our working capital requirement has increased. There is a reason that that has gone up.

Earlier, we were having some favorable payment terms from some of the customers, which has been now rolled back to the earlier levels. But it's a part of the business, a part of the arrangement that we already factored. And in terms of the debt, I think it should be around 850 to 900 something, keeping in view the working capital requirements as our business is going up, we need to maintain inventories also and the receivables also.

The collection period is 45 days, while suppliers in some of the cases is 30 days also or 45 days also. This is how we need to maintain capex. Hello. Yes, can you hear me?

Shiladitya: Yes, yes. We can hear you.

Yashpal Jain: Yes. Sure. So the INR300 crores of capex we have planned for this year, including some overseas and remaining for the end year.

Shiladitya: So, are you planning to reduce or continue at this kind of level?

Yashpal Jain: So, basically, like for that, like three of the unfinished projects are in the pipeline that we have mentioned. The Sundaram, and also, we are doing some additional capex of INR40 crores to INR50 crores. So, majority of the same will be coming up in by the month of March while we shift to our premises.

And then there's another die casting coming up in Pune and the cabins and fabrication again in Pune. So, we have to complete the same. With this, we will be through with all the capex in terms of new projects. So, that's the reason repayment is going continuously in terms of term loans.

So, if you see term loans, we have already repaid around an instalment of INR45 crores in the first half. The similar will be coming in the next half also. As I said, the requirement of working capital is going on. So, the debt portion, the breakup of working capital is going up in the overall debt compared to the term borrowing. So, working capital is directly dependent on the business. So, nothing to worry about that. That's what I can say.

Shiladitya: Right. So, if we are turning to capex, will it be less? Because we have been doing a lot of capex something like in the last few years, right? So, is it like going to reduce the capex intensity going forward?

Yashpal Jain: So, like we have done a capex in the last 3 years, there has been a huge, because you see, we had a very negligible presence in die casting and sheet metal. So, the revenues are also now started coming up from those businesses. As far as those businesses are concerned, I think they are through the same, but yes, you know, the business expansion, it is a continuous process.

The customers are reaching out and we don't have the capacities or the facilities that obviously the capex will be coming. But last 4 years has been a major capex because we did a major expansion in these two of the verticals. Now, going forward, we have a presence, we have the facilities. If something will be coming, that will be in the sub-range of INR40 crores to INR50 crores per project.

If something new comes up, that too at the customer requirement with assured volumes and margin base to us. And I think this year we are through with the major capex's, but yes, we are now focusing on increasing our base in our main property, I would say the automotive business, which is the Vision and Locking system.

So, you could see something coming up over there, I mean new over there with new technologies coming in, we might have to seek a new technology partner and all those sorts of investment might come in the coming period of time.

And safety and environmental capex's are also there, which government is putting. So, all these things, I mean, INR150 crores to INR200 crores is a normal capex for an industry like us. Which includes the environmental norms also, the safety capex's also, the growth capex's also, and there is a replacement, renovation of our old manufacturing facilities also. So, this is all.

Jayant Davar:

Well, just to supplement and clarify, I don't see anything which is happening on the basis of inorganic right now. What will be required will be incremental capex on incremental growth basis. Right now, with the additions that have been done in capex in the last couple of years, we do have a lot of capacity that will be utilized.

So, in short, there doesn't seem to be any major requirement of capex in the next 12 months at least. We are well within our framework to grow at the rate at what you've been seeing us grow without further capex required on a large basis. Like Yashpal ji said, there is always incremental and maintenance capex that is required. But beyond that, nothing. Thank you.

Shiladitya:

All right. Thank you.

Moderator:

Thank you. Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to the management for closing comments.

Jayant Davar:

Well, let me once again thank all the investors who took out time to meet us this morning. I want to thank Emkay, Chirag, Hamshad, who put this entire thing together. Thank you for your patience, ladies and gentlemen.

All I can say is that your company seems to be on a good growth path with a team that's working very, very hard to ensure that our stakeholders are kept happy. I'm also happy to report that your customers, both new and old, are happy. I'm also happy to report that the quality products that we supply are very well accepted, and I look forward to in terms of new developments of similar part.

We are also very happy to report that we have a good set of energetic employees who are working also extremely hard to deliver what is required in the market. We are guided by a very good set of Board of Directors and our senior leadership teams and management group teams.

Once again, thank you all. And although a little early, let me take this opportunity of wishing each one of you a very, very happy new year and God bless in every way. Thank you all very much.

Moderator:

Thank you. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.