



Sharda Motor Industries Ltd.

SMIL: LISTING/25-26/1602/01

February 16, 2026

BSE Limited

Department of Corporate Services

Pheroze Jeejeebhoy Towers

Dalal Street, Mumbai - 400 001

(SCRIP CODE - 535602)

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor

Plot No. C/1, G Block

Bandra - Kurla Complex, Mumbai - 400 051

(Symbol - SHARDAMOTR) (Series - EQ)

Sub: Submission of Transcript of Conference Call held to discuss the Operational & financial performance for quarter ended December 31, 2025

Ref: Regulation 30 read with Part A to Schedule III of SEBI (Listing Obligations and Disclosure Requirement), Regulations, 2015

Dear Sir / Madam,

In pursuant to the applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 and in furtherance to our letter no. **SMIL: LISTING/26-27/0302/01** dated **February 03, 2026** with respect to the convening of Investors / Analyst conference call "Earning Call" on **Monday, February 09, 2026 at 05:00 P.M. (IST)** onwards, for discussing the financial performance of the Company for third quarter ended December 31, 2025 for the financial year 2025-26, in this regard please find enclosed herewith the transcript of the earning call.

Further the same is also being available on the website of the Company at www.shardamotor.com.

This is for your information and record.

Thanking You,

Your's Faithfully

Iti Goyal
Asst. Company Secretary &
Compliance Officer
Encl. as above

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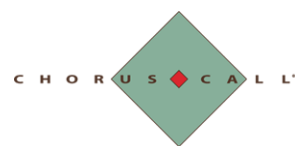
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“Sharda Motor Industries Limited
Q3 FY '26 Post Earnings Conference Call”
February 09, 2026



MANAGEMENT: **MR. AASHIM RELAN – GROUP CHIEF EXECUTIVE OFFICER – SHARDA MOTOR INDUSTRIES LIMITED**
MR. ASHWANI MAHESHWARI – DEPUTY MANAGING DIRECTOR – SHARDA MOTOR INDUSTRIES LIMITED
MR. GD TAKKAR – GROUP CHIEF FINANCIAL OFFICER – SHARDA MOTOR INDUSTRIES LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to Q3 FY '26 Sharda Motors Limited Post-Earnings Conference Call hosted by Equirus Securities. As a reminder, all participant lines will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded.

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

Mihir Vora: Yes. Thank you, Muskan. Welcome, everyone, to the Q3 FY '26 Post Results Conference Call of Sharda Motor Industries Limited. From the management team, we have Mr. Aashim Relan, Group CEO; Mr. Ashwani Maheshwari, Deputy Managing Director; Mr. GD Takkar, Group CFO.

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

GD Takkar: Thank you very much, Mihir. My name is GD Takkar and I thank everyone for joining today. I extend a warm welcome to all the participants on today's call. I'm joined by our Group CEO, Mr. Aashim Relan, and Deputy Managing Director, Mr. Ashwani Maheshwari, as Mihir just mentioned.

I trust you have had the opportunity to review our quarter 3 and 9 monthly results and investor presentation, which are available on the stock exchanges as well as on our website. Before I move to the financials, let me briefly touch upon the Indian automobile industries performance during quarter 3 FY '26.

During the quarter, The Indian automobile industry continued to witness broad-based growth across all major vehicle categories, supported by strong festive demand, improving affordability and a favorable macroeconomic environment.

Demand momentum remained healthy across all major vehicle categories, reflecting a balanced mix of urban and rural consumption. Passenger vehicle production rose by over 19% year-on-year to 13.97 lakh units. While light commercial vehicle production grew by over 16%, reaching 1.75 lakh units this quarter.

The three-wheeler segment witnessed strong momentum, with production increasing by close to 35% year-on-year to 3.41 lakh units. 2-wheeler production expanded by 15% to 68.06 lakh units, and tractor production registered a robust 31.5% growth to 2.88 lakh units.

Across segments, industry performance during the quarter was supported by a combination of strong festive demand, improved affordability and favourable policy support. GST rationalization, personal income tax relief and successive repo rate cuts helped ease financing costs and lifted consumer sentiment while easing supply side constraints supported by smoother production and deliveries.

Demand strengthened was visible across both domestic and export markets, reflecting improving economic activity, rising mobility needs and a gradual recovery in key overseas markets. Urban demand remained a key driver during the quarter, with improving discretionary spending, Increased freight movement, higher last mile connectivity requirements and continued infrastructure-led activity further supported overall industry momentum.

Looking ahead, the industry enters final quarter of FY'2025-26 with a firm momentum, A healthy order pipeline, year-end sales push and the full transmission of earlier interest rate cuts into lending rates are expected to support demand. Supported by macroeconomic stability, continued policy focus on manufacturing and improving financial conditions the industry outlook remains positive, while remaining mindful of evolving global and geopolitical risk.

Union budget February 2026 is also supportive for Sharda Motor industries. The continued push on domestic manufacturing strengthens localization theme, Rationalization of customs duties on capital goods and inputs supports cost competitiveness, while sustained infrastructure spending should drive demand for commercial vehicles and tractors, benefiting component suppliers. Besides this, stable tax regime, export-friendly measures and focus on technology upgrades, including AI create a positive medium to long-term operating environment for the company.

Let me now walk you through the operational and financial performance for the quarter and 9 months ended 31st December 2025.

For Q3FY 2026, on a consolidated basis, the company reported revenues of INR881.6 crores, representing a Y-o-Y growth of 28%.

Gross profit for the quarter stood at INR202.3 crores, a growth of 12% Y-o-Y, gross profit remains the better indicator of underlying operating performance and growth was broadly in line with industry trends.

EBITDA for Q3FY26 came in at INR106.4 crores, reflecting Y-o-Y growth of 13% with EBITDA margins at 12.1%.

Profit before tax (before exceptional items) for the quarter stood at INR111.6 crores, after factoring in our share of profit from joint ventures and associates. In the corresponding quarter last year, PBT was INR100.8 crores. During the quarter, the company recorded INR4.5 crores towards the impact of New Labour Codes as per guidelines issued by the Institute of Chartered Accountants of India. Profit after tax for quarter 3 FY '26 was INR81.4 crores.

For the 9 months ended 31st December 2025, total revenue stood at INR2,425 crores, marking a growth of 16% over the same period last year.

Gross profit for the period was INR586.7 crores, up 7% Y-o-Y, again, largely in line with industry growth. EBITDA for the 9-month period stood at INR305.9 crores, up 3% Y-o-Y.

Profit before tax for the 9 months was INR339.1 crores, which included exceptional gain of INR 22.4 crores on sale of one of the idle industrial parcels in Q1FY26 and an exceptional loss of INR4.5 crores towards impact of New Labour codes in Q3FY '26. Compared to this profit before tax was INR309.3 crores in the 9 months last year. Profit after tax for the 9-month period stood at INR256 crores as against INR 231 crores in the corresponding period last year.

Now I hand over to Mr. Ashwani Maheshwari, Deputy Managing Director of the company for key business updates.

Ashwani Maheshwari:

Thanks a lot, GD, for the updates. This is Ashwani Maheshwari. I extend a very warm welcome to everyone on the call. It's a pleasure to connect with you and provide the business updates. So let me begin with the news on trade deal, which brings an encouragement for all of us in the industry.

The India U.S. trade deal is a positive structural development for Indian auto component manufacturers. For Sharda, it's a reinforcement of our strategy and positions us as a manufacturing base for emission system components, light weighting components, temperature-controlled tubes and heat shields. It improves long-term sourcing confidence among global OEMs and Tier 1 suppliers.

While our business development in the region has been yielding positive results, this increases the customers' confidence in sourcing from India and would provide good tailwinds to our efforts.

European OEMs are also actively diversifying supply chains to reduce single region dependence. India is increasingly being viewed as a reliable manufacturing partner including for emission and thermal management systems. The India-EU trade deal supports this by improving predictability and increasing market access for India-based suppliers. This aligns well with Sharda's product portfolio and capabilities. We have a lot of business development activities going on for the European market and have multiple RFQs in hand. And with the trade deal, we are hopeful that this is going to be a tailwind.

Moving on to our lightweighting vertical. In line with our strategy, we have made good progress. Happy to announce that during the quarter, we have bagged significant wins as well. There is an order win of control arms of USD3 million annual and USD15 million lifetime value from a leading PV OEM. The SOP for this order is in Q3 FY '27.

We have also bagged 2 orders for increase in volumes on existing programs for control arms and links from 2 leading PV OEMs. This is with a combined value of USD5 million and a lifetime value of USD25 million. The SOP of one of this has already happened Q3 and another one is in Q4 FY '26.

To recap on the previous announced wins, in Q2, we had announced 2 significant orders for control arm and links from existing customers with a combined revenue of USD approximately USD14 million and lifetime value of approximately USD70 million, with the SOP scheduled in Q1 FY '28.

So the momentum in lightweighting vertical is strong. With the multiple order wins in the last 2 years, we'll be gaining further market share in FY '27 and FY '28. Coming to our previously announced association with Donghee, the association offers technology licensing agreement that enables us to expand our suspension and light weighting portfolio and participate in powertrain agnostic products.

In addition, the partnership with Donghee will strengthen our R&D capabilities in controll arms and links and add Subframes and Torsion beams to our product offering. There has been a good appreciation in response to Donghee's global experience and new age technology. We have started the business development and engagement process with the customers. We'll keep you posted on the developments as they happen.

Moving on to exports. We are again happy to announce that we have bagged a couple of export orders with an aggregate value of USD3.7 million and an aggregate lifetime value of USD18.5 million. This is from a North American largest engine and genset manufacturer. The SOPs for the new orders are scheduled to gradually commence from Q3 of FY '27 and Q4 of FY '27. As regards to the previously announced export order, with annual value of USD7 million and lifetime value of USD40 million. From North American largest engine and genset manufacturers we have already shipped the samples in Q3 FY '26. SOP is expected to start from Q2 FY '27. We continue to see a healthy RFQ pipeline, supported by a dedicated export-focused team and expect new customer additions over the coming quarters.

Our Emission business continues to be on a steady growth trajectory. We continue to be strong in our quality and delivery. Our Emission adjacency business is also showing traction. SOP for CEV, temperature control pipe order, from the largest off-highway manufacturer in India commenced in Q3 FY '26 and is expected to ramp up from Q4 FY '26. These programs continue to strengthen our presence in emission systems and thermal management.

At the same time, we continue to strengthen our R&D. In R&D, we have filed total 20 patents to date and have been awarded 1 patent this quarter, taking the tally of awarded patterns to 4. We are also augmenting our manufacturing footprint by putting up a new facility, in Uttarakhand with a capex of approximately INR20 crores, the capacity would be modular and scalable.

We would reach a high-capacity utilization within FY '27. This facility has been planned to meet incremental volumes and improve proximity to customers. In the first phase, we are shifting current business and communicating as the customer is shifting some production to that region. The new facility also opens up opportunities to gain more market share from that plant of our customer as well as other customers in North India for Emission and Lightweighting segment.

Now moving on to regulations. There has been no official notification on TREM5 so far. However, based on customer interactions, it is evident that there would be a delay or a change in the implementation. At this stage, it is difficult to speculate on the revised time line or the exact contours of the regulation as discussions are going on and no formal communication has been issued. However, important to note that we have not initiated any capex for TREM5.

That said, the preparatory work undertaken so far is already helping us secure indirect export opportunities, particularly in tractor exports from India. BS6.3, which is essentially BS6 with WLTP. WLTP stands for worldwide harmonized light vehicle test procedure, for vehicles less than 3.5-ton gross vehicle weight. As per notification, It will be effective from 1st of April 2027. And for BS7, we are closely monitoring, including benchmarking the products and developments globally. The exact date of change may get notified soon. We are also engaged with customers to co-develop the system.

Coming on to TA and JV, We are focusing on lightweighting and increasing content per vehicle. There's a key focus on China and Korea market. As the technology use there is arguably one of the best in the world.

Now coming to acquisitions. For acquisitions, we continue to evaluate opportunities. However, we want to be very disciplined on the valuation and ticket size. It is hard to time this as it's really based on what comes back.

And now with this, we can open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Preet from InCred AMC.

Preet: My first question would be in line of the gross profit growth. As you have mentioned, the industry growth was about 15% -- for PV and LCV, it was in the range of 16% to 20%. And still, we have grown with only 12% despite some SOP for the export has started and suspension lines, also we were growing at a higher pace. What would be the probable reason for the same? Are we losing market share or..?

GD Takkar: Thank you very much. That's a good question. You're absolutely right. Our growth for this quarter has been lower than the industry growth. So industry, as you know, has a very long chain. It is very difficult to match quarter-on-quarter at the exact production numbers.

And the reason for that is there is a lot of WIP within the value chain of the automobile industry. Our part goes into engine and then there is an engine inventory, which goes into final assembly and then some mix within the industry.

It always has an impact of positive and the other way around also. So every quarter, matching the growth definitely is not possible, but if you will see it on a longer-term basis even for 9 months of this year, you will see our growth in gross profit is 7%, which is very close to the industry growth for the first 9 months.

So broadly, this is the reason. There is nothing as such in terms of losing market share, etc. And the other thing on the suspension and exports, of course, those will also -- as they get into SOP, that will also start getting added in due course of time.

Preet:

Just a follow-up question on the same line. So our growth is more or less like you mentioned in same with the industry volume growth. Just wanted to know about the realization. Do we get any benefit of the realization growth? And also you have mentioned in the previous call, you have not explicitly guided, but you have mentioned that we will be doing higher than industry by 400, 500 basis points. So what derived that growth exactly?

GD Takkar:

Yes. Thank you very much for this question. So, as you would have noticed, we have announced very good significant orders in our new verticals, which are basically light weighting vertical and global business vertical, where we have bagged significant orders from our customers.

Now as these orders go into SOP later this year, next year and year after next, you will see these verticals will grow to a significant level. And obviously, once these get added our growth is expected to be better than the industry. So in due course of time, we will be endeavoring to beat the industry growth with the realizations coming in from these announced orders. I hope that gives you the response to your question.

Preet:

Yes. Thank you. My second question would be on the line of JV. This time we see a good profit from JV and associates. So was it something one-off or JV has started contributing to our profitability?

GD Takkar:

So JV as such in terms of our size of our revenues and balance sheet, it's very small. Having said that, its contribution continues to remain positive. It was a little over INR1 crores for this quarter and roughly similar number for this financial year. So it's contributing positively, but the contribution is not very significant for us. They have recently been awarded one new program also for which SOP has started. So we expect the performance to improve going forward, but its overall contribution won't be very significant.

Preet:

So, when can we expect material contribution from JV, anytime sooner or it will take time?

- GD Takkar:** No, I think this -- the industry, the segment they are into, obviously, it's not a very big segment. So gradually, of course, it will improve. But to what extent and in what manner it will be meaningful, maybe in due course of time, we would know. We don't share anything on forward-looking. But as of now, this continues to remain positive and we are hopeful that it will grow further from here.
- Preet:** Thank you, sir. On the similar line of that top line, just wanted to understand how was the suspension growth for us in quarter 3? And we have -- we are around 15% of market share and we aim for around 20% of market share by end of this year. Are we on the track for the same or is there any delay in gaining that market share?
- Ashwani Maheshwari:** Yes, the suspension business, it has actually been growing very well. We announced -- you would have seen a couple of good orders in FY '25 for which SOP is now taking place in '26 and we'll also see gradual ramp-up in '27. Now as such we don't share forward-looking numbers, but we expect this business to grow significantly in '27 and '28 and that would be in view of the orders already announced.
- I guess your second question was on the market share. Now we calculate the market share on an annual basis. In FY '25, our market share for suspension had gone up to 12.5% from 10% in FY '24. We expect this to go up further in '26 as well as in the next couple of years and we have very strong order pipeline.
- Preet:** Thank you so much, sir. I will join back in the queue.
- Moderator:** Thank you. The next question is from the line of Anubhav from Prescient Capital. Please go ahead.
- Anubhav:** Sir, my first question is that you mentioned the new WLTP emission change. What sort of increase in content per vehicle or business can this lead to?
- Ashwani Maheshwari:** Okay. See, let me explain you WLTP first. WLTP essentially is a change in the test procedures, which is more representative of real-world driving. It changes the operating conditions under which the vehicles are certified. This typically may lead OEMs to recalibrate and optimize their after treatment and thermal systems.
- Obviously, this would lead to our greatest focus on the catalyst efficiency, thermal management and durability. Now this might not lead or be a trigger to a complete redesign immediately. However, what it does is it increases the emphasis on the efficiency of the emission systems.
- And once it does that, there will be requirement which may increase the content. Now as I've said, it is up to 3.5 tons gross vehicle weight, the content increase might gradually go as the gross vehicle weight goes up. And that's the area which we are focusing on. Exact content increase is what we are working in which segment and how much will be OEMs.

- Anubhav:** And sir, my second question is that since you mentioned that there might be a dilution of the TREM V norms. So a hypothetical question is that is like they come up with that like less than 50-horsepower will now transition to something like TREM IV. Even that can -- can that be meaningful for us or will that be a very minor change than for us?
- Ashwani Maheshwari:** Sorry, your voice got a little muffled. Can you repeat? I could understand it's on TREM V and on a greater horsepower you're talking about. Can you repeat the question, please?
- Anubhav:** Sure, sir. Is it better now?
- Ashwani Maheshwari:** Yes, much better.
- Anubhav:** Sir, I was asking like if they dilute the norms and like for less than 50-horsepower tractors, if they come up with a change that they will now only transition to like 10-fold norms, which is already in place for greater than 50-horsepower tractors. So will that kind of a change be also something meaningful for us or will that be a very incremental or minor change from a revenue standpoint?
- Ashwani Maheshwari:** Got it. So one is, as you said, it is hypothetical. So one hypothesis is dilution of norms. So I don't think officially we are saying that any norm is either a diluted or an upgrade norm, a norm is a norm. Now assuming that it is not TREM V. It is TREM something else, which is of a different parameter, which is being monitored.
- Now what we need to see is what kind of parameters are being specified there. Now does it require a redesign of catalyst; does it require redesign of mufflers. And that is what it will be dependent upon if this does not need a significantly design, then the existing emission system will continue.
- However, the SOx, NOx what is specified is -- has got a decent amount of change from the existing one. Obviously, the emission system components will change. And that's where value-added partners like us will step in. So in short point on depends upon what the norms come out to be. It is very hypothetical for me to say anything on a diluted inverted commas norm.
- Anubhav:** Great, sir and thanks for that perspective. And my last question before I get back in the queue that the JV with Eberspaecher like compared to a couple of like when the JV was announced and what at least I understood was that the addressable market for the JV is also very detailed, maybe not as large as cars for India, but like the TAM still was very decent.
- But if I look at like last 2 years, there has been a -- it seems at least there has been no meaningful ramp-up in the JV performance, the profit has remained range bound at around INR 1 crores. So like in hindsight, like what can we like the reason for that? Did we not break into more models or what the competition more difficult. If you can share some light on that?

- GD Takkar:** Yes, sure. Thank you very much for the question. So as you rightly said, the overall progress on the joint venture has not been very significant. But at the same time the kind of business they are into -- they are primarily into above 4-liter segment in Commercial Vehicle segment, which is M&HCV and the overall market share, which they command for that industry is also not very significant.
- The team has been working on to grow that business. So gradually, that will show up in results also. Having said that, for us, contribution from JV has always been insignificant. So that is the story. Overall, they are into a particular segment where opportunities are limited and whatever share they have they are maintaining and then working on to increase that share, very recently they have also backed one new program for which SOP has just started in this quarter.
- So it will show up in the results. And otherwise, also, if you see overall journey of creating new opportunities very long because a lot of testing time is involved and approval process is also very long. So I think once probably when new norms come in, they will have an opportunity to increase their market share. So fingers crossed, we will also look up to how it pans out as and when there is a change in norms.
- Aashim Relan:** Sure. And I'll just add here as well. This is Aashim. So in addition to that, it's worth noting how the accounting happens. So in this joint venture, we do not have management control. And hence, it is only consolidated at the profit level and that is after deducting all royalty expenses, etcetera. And hence, it also is a smaller contributor for us.
- At the same time, if you look at the independent joint venture performance, it's been quite good and there is a good opportunity there as well. And definitely, the commercial vehicle emission segment is a very attractive segment. And we are looking at other options as well and how we can grow further in this segment.
- Anubhav:** Thanks. I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Viraj from SiMPL.
- Viraj:** A couple of questions. First is on the JV. Is there now we think on the export as an opportunity, especially for EU deal?
- Ashwani Maheshwari:** Sorry, I want to interrupt, your voices not clear at all. You need to keep the microphone little away.
- Viraj:** Yes. Am I audible now?
- Ashwani Maheshwari:** Yes, much better. Thank you so much.
- Viraj:** So is there a revisit on exports as an opportunity post EU deal on the JV for the JV?

Aashim Relan: Sure I'll take this one. Aashim, this side. So after the EU deal, definitely it opens up an opportunity for the European market, JV as well as other customers we are looking at good traction and we will update as we make progress, there is a very good opening in the European market and the EU trade deal definitely strengthens that.

Viraj: Okay. Second question is on the light weighting suspension business. If you can give a more detailed color on competitive landscape, what are the other major players and their market share? And what is driving better win rate parts in last 1 years, 2 years. I mean there has been no segments with us for quite some time, but we've just seen a traction building up for us in the last few quarters a year. So any more color on these two aspects for the two segments?

Ashwani Maheshwari: I think it's a great question in what is helping us build the momentum. I think that's your prime question. Two parts. One is on the competition. We don't name competition and we don't specify. So there is competition. But having said that, our own intrinsic capabilities is what is making us win the business. I would just enumerate a few - why this business is giving us good traction.

It's -- one is the R&D. So what we have done is we have augmented our R&D to cater to light weighting . We are one of the few Indian players now with local capabilities. On control arms and links we are likely to further enhance these capabilities. The other thing is that we have a very successful track record with our customers to manage critical components and emission is one such critical component, which we have been in.

So with control arms and link market evolving, it's evolving to a high tensile strength steel market. And hence, the customer they feel comfortable in partnering with an established player who can handle these critical components with the evolving market. Our facilities because of the business which we are in are co-located.

So we are able to also get into JIT deliveries. This is for the existing business why we are getting. And at the same time, OEMs and our customers see us making a very meaningful relationship. Like with Donghee partnership, we now access to global design, manufacturing, engineering benchmarks.

Now this helps us build more customer confidence in getting support for light weighting and standardizing part of the power trains. So this is what our intrinsic capability, which is driving increasing in the suspension business. Regarding the market share and regarding what the growth would be, I think just a few minutes back on some of the questions, we have specified as to how our growth would pan out to be.

Viraj: Okay. Just two more questions.

Moderator: I am sorry to interrupt Mr. Viraj. I just request you to rejoin the queue.

- Viraj:** Yes. I just have a request for Aashim and you sir as well. I think we've been trying to meet -- make a request for meeting and it's been going on for last many quarters. So just a humble request if you can give us an opportunity to meet you in person and help us understand our business better?
- Ashwani Maheshwari:** Absolutely. Let me -- on Sharda's behalf that we are always open and we are absolutely delighted in meeting all the investor community people because it's a very educating thing for us also when we meet. So we are absolutely open at any point of time. If you leave your contact details with EY. Yes, so you can share your details with the Equirus or EY as you like and then we will get back for you.
- Viraj:** Sure. I will again follow up with EY. Sure. Thank you.
- Moderator:** Thank you. The next question is from the line of Saurabh Jain from Sunidhi Securities.
- Saurabh Jain:** Yes. Thanks for taking my question. Sir, my first question is on revenue split. If you can give me the revenue split for Q3 and 9 months in terms of passenger vehicles and commercial vehicles we, do it for on fiscal basis, but it would be good if you can give us for 9 months as well. Also, Emission segment and light weighting segment and what was the contribution from the new projects in the quarter? Yes, that's my first question.
- GD Takkar:** Thank you very much, Saurabh. Thanks a lot. So as you said, you already have FY '25 data and we calculate these details on segment basis on annual basis only. So as of now, as you would already know, emission vertical currently contributes 88% of our top line and suspension or if I call it, light weighting contributes 9% of the overall revenues and 2% comes from supply chain and 1% from miscellaneous.
- Now if you look at category wise, CV contributes roughly 40%, PV 46% of highway, Genset exports put together these are smaller categories as of now, 2% suspension/ light weighting 9% and then 2% from supply chain and other 1%. So maybe in -- after Q4, once we have calculated the revised updated data based on the current situation, we will shared with you.
- So as of now, this is the number we have. So then coming to the second question on the suspension. Now suspension is really a very promising business for us and it has very good margins. It is part of our new vertical, as you know, and it is growing very well. We have bagged many orders in this category. Last year also, we announced few orders Again, a few more have been announced this year. This all will take it to a higher level. However, it will take time to start SOP and then translating all of that into the revenues.
- So, we would know the margins of a fully grown business and the associated economies of scale in due course of time. So please bear with us for some more time. But this definitely is a very good margin business and on a stand-alone basis also, it will have very good contribution once it reaches a decent size and scale.

- Saurabh Jain:** Okay. So that's a request from most of us that if you can start giving the product-wise revenue split on a quarterly basis because we expanded substantially in the lightweighting in the previous 4 to 6 quarters from 480,000 pieces, and we are again expanding. So, the mix would have changed dramatically in 9 months or especially in this quarter.
- And also, we are seeing regular SOPs happening in the quarters, recent quarters, we saw some new SOPs and also some substantial SOPs lined up in the coming quarters as well. if you can start sharing this data on a quarterly basis, that would really be helpful.
- Okay. Sir, coming to my second question, how much of the gross margin contraction would be due to impact of raw material prices? And how much it would be due to change in product mix, just a broader split, if you can give us because you have in the past stated that you are working on some methodology to report this variation because we have substantial bought-out component as well through some indexing or something. So if you can share the same?
- GD Takkar:** Yes. Thank you, Saurabh, again. So as far as this commodity prices is concerned. So there are two parts to it. One is the catalyst, which is either directed by the customer and we buy it or it is on an FoC basis. So there is no impact on us for increase or decrease in prices of the catalyst. So, this is completely passed through.
- Secondly, the other raw material, the other raw material is also on back-to-back base similar to other players in the industry. So, it is based on indexation, which happens regularly on the periodicity, which is agreed with the customers. So as such, the movement in commodity prices does not impact the margins. So that is the response to the first question. What was your second question, Saurabh?
- Saurabh Jain:** Sir, in the past, you have stated that you are working on some methodology to report this variation in terms of bought-out component through some indexing. So, by when can we expect that to materialize?
- GD Takkar:** I think, that is not precisely. I think we said one thing definitely, we most likely from next financial year, we are working on something which will give you some more idea about segment-wise details in terms of how much from which category. And also, we are working on to see if we can share something on the other pass-through element also.
- As you know, we have confidentiality agreements with our customers. So as such, there is limitation. But definitely, we are working on something on those lines which you mentioned, maybe from next year, we will share some more details to help you understand more about the breakup of the revenues and other parameters of our financials.
- Saurabh Jain:** That would be really helpful. Sir, my last question is on the lightweighting vertical. So we expanded from 180,000 pieces to 480,000 pieces. So what would have been our capacity

utilization in Q3 on 480,000 existing capacity of 480,000 pieces. And with Donghee's involvement, we expect...

Moderator: I am sorry to interrupt, sir. I just request you to rejoin the queue for the follow-up question.

Saurabh Jain: I have almost done with my question. So, it was just a follow-up to the first one -- we also expect our content per vehicle to go from INR2,000 to INR8,000 to INR6,000 to INR18,000 as per the presentation. So over what period can we expect that to happen? Yes that's it from my side. Thank you, sir.

Ashwani Maheshwari: So, in the last question, there are 2 parts to your question. One is the capacity utilization. So as we had stated earlier that we build capacities close to demand. So -- and whenever we have announced the orders, they have also stated about SOPs. So our capacity utilization normally runs very high. So if we would be on 80% utilization on the existing capacity, which are already created.

The second question of yours was on Donghee. So as I said, that Donghee, the association gives us a lot of R&D capabilities in links subframes and the torsion beams. There is a very good customer appreciation for the same. We have started the business development and engagement process. It's a longer B2B business development process.

So, it's very difficult to indicate a time line. We'll keep you posted on the developments as they happen. Lightweighting has Donghee plus the Suspension which we just spoke about. So there is a very good business momentum in all these areas.

Moderator: The next question is from the line of Dishant Jain from Quasar Capital.

Dishant Jain: Just one question. Most of the questions has been answered. Could you help you with the export growth either on a quarterly basis or on a 9-month basis?

GD Takkar: As of now, export as such is not a very big contributor to our top line. So if you see last year, our overall revenues from exports were roughly 1% of our overall company revenues. However, you would have noticed that we have announced some very good orders from this segment, which I will request Ashwani san to elaborate more.

Ashwani Maheshwari: So the exports we had stated about orders last time in which we spoke about US\$7 million lifetime value of \$40 million from North American largest Indian and genset manufacturers, those orders, we already shipped the samples and SOPs expected Q2 FY '27. Now in this call itself, we announced more export orders with aggregate annual value of US\$3.7 million.

Now we continue to see a very healthy RFQ pipeline now which is supported by a dedicated export focused team, and we expect new customer additions over the coming quarter. So as of now, as G.D. said, the percentage contribution to the overall sales might not be so high, but we

do see a lot of traction building up in these areas, the healthy RFQ pipeline and the healthy order wins, which we already declared.

Moderator: The next question is from the line of Manpreet Arora from Arora Wealth Advisors.

Manpreet Arora: So I would just like your help in expanding a little bit more or give us a little bit more color on the Donghee collaboration. What I would like to understand is, what are those gaps in our capabilities or market access that we had, which one helps us to fill? I know you mentioned about R&D capabilities in lightweighting and also about subframes and torsion beams. But if you can give more color, let's say, what we did not have as a technical capability and how it was -- how this collaboration will help similarly, let's say, market access.

Maybe we were present only on sedans and smaller version compact cars and maybe these collaborations help us to get into SUVs and more premium. So, does it help us in get into more segments or increase our content per vehicle in the car? And what is changing in the Suspension system landscape that this collaboration will help us meet those gaps? If you can give a little bit more color, that would be really helpful.

Ashwini Maheswari: So I think a lot of answers are there in your question itself. And so I will now just rewind back to our call last quarter. And I will very briefly answer so that -- And then we can take -- happy to take you through a lot of technical areas, including getting our R&D colleagues on the call. I'll just give you a very brief perspective on what Donghee is first.

And then why this collaboration is so critical. Donghee is a global tech focused player. It's almost with over \$2 billion revenue. It is a worldwide presence, strong R&D capability in powertrains catering to many leading OEMs.

It has been successful in China also with the new age OEMs. The experience which they have in lightweighting, harmonization and standard products over all the powertrains. Now what it provides us, it provides us R&D, global R&D capability in the items which I mentioned. I mentioned about subframes I mentioned about torsion beams, this is what it strengthens our capability in.

What they will do is the association with them is transfer of design, drawing process know-how and the validation protocols. We would target market for Indian OEMs, including SUVs and EVs and other premium vehicles, exactly what you mentioned.

The potential kit value as we stated last time can be anywhere from INR4,000 to INR10,000. The other thing which is happening in this segment in that the PV market is now moving to multipowertrain something which is a rhetoric, which you would know.

You are talking about ICE, hybrid, EVs, everything will coexist. So what requires -- what would happen in the future is that there will be a lot of standardization commonization across the platforms, which will happen.

Now in the standardization commonization, lightweighting theme will also play a very, very critical part. Now the question comes, what is the commonization? So the powertrains will have subframes, control arms, lines. This will have a different or all architecture from the OEM design perspective. It would depend upon the space available, what is the lightweight requirements, what are the ride comfort.

So there will be a consolidation with the OEM with design and it's on the premiumness of the vehicle also. And that's where Donghee with their global capability with their R&D prowess is what they are going to help us in.

There's an organic capability which we already have, which is going to be supplemented by this. It's a slightly longer sort of an answer, but happy to take it along with the R&D folks with you if you want further detail on that.

Manpreet Arora:

I think that's really helpful. Just a follow-up on that. What we're also hearing about is the Suspension systems are moving to more dynamic suspension systems now with sensors and using sensors to automatically adapt etcetera, etcetera. And I think these are pretty advanced systems as well. So is the Indian car industry moving towards that? And does Donghee have capability there? And is that an area that we are also looking to getting into ...

Ashwini Maheshwari:

And so, there are -- sorry, there are three parts to your question. everyone as you are asking about the evolution of suspension system. Great topic great subject, whether we are talking about the macrosis tuck base, we are talking about evolve system on sensors. It's a great subject. We can certainly debate on that. The second point you said, which is more related to our current TLA with Donghee.

Our current TLA with Donghee is on torsion beams and sub-frames. Donghee has far more capabilities and greater capability than this. We will gradually -- I'm not saying only, but we will gradually keep on adding more and more capabilities towards lightweighting to our portfolio.

Now whether that is with existing partner or with a new partner, is something which will evolve. I stated that Sharda is very actively looking at two specific countries for technology scouting. So we will intend -- we intend to bring in that kind of technology in India.

Moderator:

The next question is from the line of Mihir Vora from Equirus Securities.

Mihir Vora:

My first question is basically on the commodity cost front, you mentioned that we have a catalytic part, which is basically a pass-through. So here, the pricing is decided by the OEM itself or we are the ones who decide to price? How does it work out?

Aashim Relan: Sure. I'll take this one. This is Aashim. I'll take this one. So in the case of catalyst, it's completely driven by the OEM, and it is completely passed through, right? So as we've seen all of us in the news also that Nobel commodity prices are up like anything in the world and that increases the price of catalyst and it's completely passed through. So it does show up in the numerator and the denominator, but it's completely directed by the OEM, right?

The only difference is in some models. We buy it with some customers; we buy it at the price whichever they tell us. And in some models, we get it free of cost. Otherwise, it's something that's completely back-to-back with the OEM and nothing to do with us in the business.

Mihir Vora: All right. So just one thing here that why would an OEM not prefer buying it on its own book and we have to buy for them because this you don't deteriorate our numbers as such. So how are we being that this portion going down?

Aashim Relan: So on a percentage basis, it deteriorates our numbers, if you look at it ..It's just optical. This, first of all, there's no deterioration. It's all optical, right? If you adjust the numerator denominator, it will even out, right? At the same time, some OEMs prefer it for different reasons, ease of doing business and some other reasons, inventory and so on. and some OEMs do give it free of cost. So it depends from OEM to OEM, and we follow -- of course, the customer.

Our preference is also to take it through, of course. However, some OEMs do have a strong preference to work in this model. and we take that business as well as it has no impact within the business. Apart from definitely this optical numerator denominator effect that happens as noble metal prices fluctuate.

Mihir Vora: All right. Okay. Sir, secondly, sir, there is some mention of AI in your opening remarks as well as into your presentation. So just some color on how we are using this AI for the manufacturing part, something which o would like to hear?

Aashim Relan: Yes. So I think AI is a huge technology leap and a very exciting opportunity for all of us. And we are focused on two sides. First is harnessing the innovation and effectiveness by starting to implement AI across all business functions and processes internally, and this is something that we are going to double, triple down on as we go forward. There's an opportunity internally to apply into almost every business function and process.

And the second, we are also seeking growth opportunities in the AI infrastructure components plus robotic components. This is still very early initiative as it's very quickly evolving, and we'll keep you updated on progress as and when it happens.

Mihir Vora: So this would be under the lightweighting parts?

Aashim Relan: We are applying AI right now internally. And of course, if something would open up on the AI infrastructure as well as robotics, the theme would be lightweighting because there are a lot of

cross-use processes between lightweighting technology and these 2 places. Again, it's very early, and that's why we'll progress as we move forward.

Moderator: And that was the last question for today. I would now hand the conference over to the management for closing comments. Over to you, sir.

GD Takkar: Thank you. Thank you very much. We appreciate your participation in our earnings call today. We trust that we have addressed all your queries. Should you have any further questions, please feel free to reach out to our Investor Relations Advisors, Ernst & Young. Thank you and have a pleasant evening. Thanks a lot.

Aashim Relan: Thank you so much, everybody.

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