



Commercial Vehicle Solutions

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Scrip code: 533023

Listing Department
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Trading Symbol: ZFCVINDIA

ISIN : INE342J01019

Dear Sir(s),

Sub: Transcript of the Investor Call held for the quarter ended March 31, 2026

In continuation of our letters dated 11th May 2026 and 15th May 2026 pursuant to intimation and recording of investor's call, we hereby inform that the transcript of the earnings call has been uploaded on the website of the Company and the same can be accessed through the following link:

https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html#

Request you to take the above information on record.

Thanking you,

Yours sincerely,
For ZF Commercial Vehicle Control Systems India Limited

C V Kavviya
Compliance Officer

ZF Group



“ZF Commercial Vehicle Control Systems India
Limited

Q4 FY26 Earnings Conference Call”

May 15, 2026



**360
ONE**



MANAGEMENT: **MR. PARAMJIT SINGH CHADHA – MANAGING
DIRECTOR – ZF COMMERCIAL VEHICLE CONTROL
SYSTEMS INDIA LIMITED**
**MS. SWETA AGARWAL – CHIEF FINANCIAL OFFICER –
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA
LIMITED**
**MR. SHANKAR VENKATACHALAM – HEAD, OE SALES –
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA
LIMITED**
**MS. C. V. KAVVIYA – ASSISTANT COMPANY
SECRETARY – ZF COMMERCIAL VEHICLE CONTROL
SYSTEMS INDIA LIMITED**

MODERATOR: **MR. ANNAMALAI JAYARAJ – 360 ONE CAPITAL
MARKETS**



Moderator: Ladies and gentlemen, good day, and welcome to ZF Commercial Vehicle Control Systems India Limited Q4 FY26 Earnings Conference Call hosted by 360 ONE Capital Markets Private Limited. As a reminder, all participant lines will be in the 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 then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Annamalai Jayaraj from 360 ONE Capital Markets Private Limited. Thank you, and over to you, sir.

Annamalai Jayaraj: Thanks. Good afternoon. Thank you for joining us today, and welcome to ZF Commercial Vehicle Control Systems India Limited call to brief you on the Q4 quarterly earnings and the earnings for FY 2025-'26. Today, the fourth quarter earnings and annual results for FY 2025-'26 will be presented by the management team of ZF Commercial Vehicle Control Systems India Limited.

Your host today from ZF Commercial Vehicle Control Systems India Limited are Mr. Paramjit Singh Chadha, Managing Director; Ms. Sweta Agarwal, CFO; Mr. Shankar Venkatachalam, Head of OE Sales; and Ms. C. V. Kavviya, Assistant Company Secretary.

I'll now hand over the call to Mr. Paramjit Singh Chadha who will provide further insight into the results. Over to you, sir.

Paramjit Singh Chadha: Thank you, Jayaraj. Good afternoon to all of you. I warmly welcome you all to ZF Commercial Vehicle Control Systems India Limited Fourth Quarter Results and Full year performance for 2025-'26. Certain forward-looking statements that we will be making today are based on management's good faith and expectations concerning future developments. As you know, the actual results may differ materially from these expectations as a result of many factors.

ZF Commercial Vehicle Control Systems India Limited's results for the quarter ending March 31, 2026, and the annual performance for financial year '25-'26 were published on 13th May 2026. They are available on the website, www.zf.com, under the ZFCV India Investor Relations section. We hope that you have had an opportunity to go through them. A transcript and recorded audio of this call will also be made available on the website, www.zf.com, under the ZFCV India Investor Relations section.

I'm happy to talk to you today as we give you the update about business performance. So we will first talk about industry and economic updates. I will begin with a brief overview of macroeconomic and industry environment relevant to our business.

The Indian economy has continued to demonstrate strong momentum with GDP expanding by 7.8% in Q3 of financial year '25-'26, and the full year growth estimate revised upward from 7.4% to 7.6%. This performance has been supported by improving consumption trends, sustained investment activity alongside continued policy support in rolling GST reductions, which have further strengthened the overall demand environment.



Industrial output grew by 4.1% during FY '25-'26, broadly in line with the previous year. While some moderation in mining and electricity weighed on overall performance, the manufacturing sector showed improvement, growing at 5% compared to 4.1% last financial year. This growth was primarily driven by strong momentum in capital goods and infrastructure-linked sectors, supported by government's continued focus on capital expenditure.

Inflation remained relatively contained during the year, averaging 2.1% for FY '25-'26, although it edged up to 3.4% in the month of March, largely due to movements in food and energy prices. On global front, the economic environment remains challenging, influenced by ongoing geopolitical developments, particularly the conflict in West Asia and associated disruption to the supply -- global supply chains.

While these factors may have some impact on India, domestic fundamentals continue to remain relatively resilient, although external volatility could pose near-term pressure on industrial activity. From an industry standpoint, there are encouraging signs of improvement. The mining sector exhibited a positive trend in Q4 of '25, '26 with growth accelerating to 5.4% in March '26 from 3.1% in February, indicating a gradual recovery in commercial vehicle demand.

At the same time, sustained movement in infrastructure, capital goods and construction activity continues to support overall industry growth. In addition, replacement demand for aging fleets driven by need for improved efficiency and lower total cost of ownership is expected to further underpin demand for new vehicles going forward.

Looking at Indian commercial vehicle industry. India's strong GDP momentum was reflected in commercial vehicle industry, which delivered a robust 16.5% growth in production for medium and heavy vehicle segment more than 6 tons, indicating healthy and broad-based demand, growth driven by improved consumption, GST reform positive momentary condition and continued policy support.

The industry outlook continues to be supported by strong structural drivers, including an aging fleet driving replacement demand, sustained growth in e-commerce and logistics and increasing consolidation of trailer segment.

At the same time, the push towards electrification supported by government policies, public-private partnership adoption in public transport is accelerating the transition towards greener mobility. While above positive factors are conducive for the growth, however, external risks such as the Middle East conflict remain areas to monitor.

Looking at sales, FY '25-'26 sales was driven by sharp industry rebound after GST rate cuts supported by -- supported demand in the second half. We faced short-term headwinds such as capacity ramp-up challenges, supplier constraint and global geopolitical disruption causing gas and key commodity shortages.

Our teams mitigated these challenges, executed with discipline and delivered the best ever results in the history. The company strengthened its future-ready portfolio with new product launches and product ramp-ups during the financial year. New launches such as exhaust brake



valve, OPL compressor with a power reduction feature, and solutions such as EBS, eCars for EV buses.

The company also accelerated ramp-up of hydraulic and pneumatic ESC and expanded e-compressor supplies for the domestic market, while scaling exports through higher capacity compressor for Europe and new actuator variants for global trailer customers. Against this backdrop, I will now move to some highlights during the FY '25, '26 across different functions.

In the OE sales, on the back of recovering commercial vehicle industry supported by a strong second half rebound following GST normalization, improved infrastructure, mining activity and festive demand, the company delivered a robust performance.

This momentum peaked in Q4, particularly in the commercial vehicle more than 6 ton segment, with production reaching a record 151,000 vehicles in quarter as compared to 119,000 of previous year same quarter, reflecting a growth of 26.9% and this contributing to an overall vehicle growth of 16.6% in FY '25-'26, which is 463,000 vehicles versus 397,000 vehicles.

Capitalizing on this up cycle, our OE sales grew by 17.6% in FY '25-'26, clearly outperforming industry growth as explained above. As we look forward to FY26, '27, we enter the year with cautious momentum, supported by GST-led tailwinds, resilient domestic demand and strengthening fundamentals across key segments.

While the overall outlook for commercial vehicle industry remains positive, evolving geopolitical developments, particularly in West Asia will need to be monitored. In this context, the company remains focused on executing its strategic priorities. We aim to sustain our leadership position in braking system by strengthening our market share in ESC across OEMs ahead of upcoming truck regulation.

We are also driving higher penetration of advanced trailer technologies, including trailer ABS, trailer EBS in line with AIS-113 regulations and increasing focus on safety and efficiency. In parallel, we are accelerating new product introduction, including upgraded compressor platforms, clutch servo with wear sensor, pressure-reducing walls, electronically controlled air suspension, EBS and e-compressors for EV platform.

We are also expanding our EV portfolio with a strong focus on e-compressors and EBS systems, particularly across independent bus manufacturers. Beyond the near-term recovery, we see strong long-term growth driven by a tightening regulatory environment and increasing adoption of electric mobility, which together will continue to shape the future of commercial vehicle industry.

In aftermarket, the aftermarket business reported revenue of INR151 crores in Q4 '25-'26 and FY revenue stands at INR584 crores, which is a growth of 15.6% compared to last financial year. This growth was driven by active channel management like extensive aftermarket team outreach covering 6,000-plus retailers, 4,000-plus distributors, 1,800-plus fleets and 200-plus workshops continue to be key drivers of growth.



Network expansion through 51 new distributor branches and 14 new service centers strengthened presence across B and C class cities, particularly in high consumption markets. The mining segment, which remains subdued in the first half of the year, witnessed a strong recovery in the second half, contributing to higher compressor penetration.

Additionally, a regulatory push around safety compliance in the oil and gas fleet drove incremental demand, particularly for trailer EBS solution, where retrofit initiated resulted in additional sales. Our strategic focus on new product penetration, Spark merchandising program, especially in door control retrofit ASP played a key role in accelerating the performance.

Talking about exports of goods, the U.S. tariffs created headwinds for the industry by increasing import costs and constraining manufacturing activity, which in turn impacted demand and overall market growth, while the European market remained relatively resilient and provided some offset. The broader export environment continued to be challenging.

Against this backdrop, company reported export revenue of INR1,025 crores in financial year '25-'26, reflecting a decline of 11.1% year-on-year compared to financial year '24-'25. Despite the volume moderation, particularly in the U.S. market, we were able to outperform the broader export market, supported by a favorable product mix and new business wins in the trailer and off-highway segment.

Looking ahead, with early signs of recovery emerging in the U.S. market in Q4, we anticipate moderate improvement in export demand. We remain focused on proactively navigating the environment with continued emphasis on new product launches and product ramp-ups, including compressors and actuators.

Export of services. Export of services recorded a strong growth of 22.5% in Q4 financial year '25-'26 compared to the same quarter last year. For the full year, services export grew by 15.4% in financial year '25-'26 compared to the previous financial year, driven by sustained expansion in engineering activities delivered from India to our global centers.

Looking at ESG efforts, as part of our continued commitment to sustainability, we have implemented several initiatives focused on environmental stewardship and resource efficiency. At our Ambattur plant, we successfully commissioned a fully automatic organic waste converter capable of processing food waste into organic manure, supporting our objective of achieving zero waste fill to landfill and reducing our environment footprint.

Further strengthening our water management efforts, we have established a rainwater harvesting pond at our Jamshedpur facility with a storage capacity of 1,200 kiloliters. This initiative is designed to enhance water sustainability, reduce dependence on groundwater and meet approximately 40% of the plant's annual water requirement through harvested rainwater.

Our efforts in safety and sustainability have also been recognized externally. The Ambattur plant was awarded first place in Tamil Nadu State Safety Award under the Engineering category, reflecting the strength of our safety system, proactive risk management and a deeply embedded safety culture. Additionally, the plant received the Gold Award at the ESG Summit 2026



organized by Anna University, recognized our continued focus on environmental, social and governance excellence.

Update on engineering. The engineering team has played a pivotal role in quickly evaluating and releasing new additional sources conducted to meet the increasing demand for various parts like actuator, valves, driveline component and compressor, also stabilize the SOP in new exhaust brake for OEM in delivering greater value to our customers.

Update on manufacturing. The company continues to scale advanced technology product from its state-of-the-art multidivisional manufacturing facility in Oragadam, supported both domestic and global customers. New lines for crank shaft machining, ASP cartridges, vacuum pump have been successfully commissioned.

During the year, we enhanced our product portfolio with new launches across compressor, actuators and electronic systems. While expanding manufacturing capacity across plants, assembly capabilities at Jamshedpur and Lucknow were strengthened, improving agility, delivery performance and supporting sustainability objectives through reduced logistics footprint.

CVCS India achieved a significant milestone in the journey towards operational excellence with the successful completion of overall maturity assessment across Ambattur, Mahindra World City, Lucknow, Jamshedpur location with a good score.

The OMA framework evaluates plants on 6 critical dimensions, including plant basics, operations management, operational strategy, equipment effectiveness, DNA of quality and EHS and sustainability, ensuring global consistency and best practices.

This achievement reflects our dedication to building a learning organization and driving cultural transformation through qualifications and capability growth. Overall, these initiatives reflect our continued focus on operational excellence, technology leadership and building future-ready manufacturing capabilities.

Looking at corporate social responsibility, CSR. At ZF Group, our corporate social responsibility initiatives are guided by the Acting now principle built around 4 core pillars: improving road safety, enhancing the quality of life of our surrounding communities, promoting environmental sustainability and supporting skill development.

Let me briefly highlight our CSR initiative during the quarter. In Q4 2025, '26, we focused on community infrastructure, renewable energy and road safety. We installed high-mast lighting across Ambattur, Jamshedpur, Lucknow and industrial areas, enhancing safety in public spaces.

In parallel, we expanded our solar lighting initiative across villages and schools, supporting sustainable energy access. We also contributed to education infrastructure through schools renovation and lighting projects, creating safer learning environments.

On the capability building front, we train NAPS trainees and through our road safety program, we reached over 1,200 drivers and nearly 600 technicians promoting safer driving practices.



Additionally, we distributed 500 safety kit to technicians. Overall, our CSR efforts reflects a strong focus on safety, sustainability and community development.

Awards, which we got. Our employees continue to demonstrate high level of engagement and participated in various external total employee involvement TEI competitions, winning numerous awards across several categories in the last fiscal year.

I'm happy to share that in FY '25, '26, our teams won 14 national awards and 16 regional awards in competitions organized by CII, ACMA, QCFI and with many more awards at regional levels. This included 21 awards, including 3 regional awards and 2 international awards in quarter 4 of financial year '25-'26.

Now moving on to financial performance for the quarter, I will hand over to Sweta to explain.

Sweta Agarwal:

The results were made public at 4:50 p.m. on 13th May 2026. I hope you've had a chance to go through them. We are happy to share that for the quarter ending 31st March '26, our revenue stood at INR1,197 crores, the highest single quarter result with 15.2% growth compared to Q4 of last year.

Our profit before tax was INR196.6 crores, a growth rate of 16.4% and our profit after tax was INR146.3 crores, a growth of 15.5% over Q4 of previous year. Talking about our financial performance for the whole year, I'm happy to share that for the FY '25-'26, our total revenue stood at INR4,302 crores the highest in the history of the company with 9.2% growth compared to last financial year.

Our profit before tax was INR693 crores for FY '25-'26, and year-on-year growth of 13.9% and PAT of INR517 crores, which is a year-on-year growth of 12.2%. I would like to thank all our stakeholders for achieving this milestone.

As a result of our good financial performance reported in FY '25-'26, the Board of Directors has approved the issuance of bonus equity shares in the ratio of 5:1, subject to shareholder and relevant regulatory approvals.

This means that we would be issuing 5 shares in lieu of every 1 bonus share held on the record date, which is fixed as 24th June 2026 and 25th June '26 would be the deemed date of allotment. This is the company's first bonus issue aimed at rewarding our shareholders and enhancing market liquidity.

In addition, the Board has recommended a final dividend of INR4 per equity share post bonus for the financial year ended 31st March '26, subject to shareholder approval. The record date for the AGM and dividend payment would be July 10, 2026.

Handing over to Mr. Paramjit Singh Chadha for his closing remarks.

Paramjit Singh Chadha:

Thank you, Sweta. ZF CVCS India enters financial year '26-'27 with strong momentum, supported by robust domestic demand, rising adoption of safety and efficiency technologies and a strong new product pipeline. The company will continue introducing advanced regulatory



aligned products in the Indian market, reinforcing its commitment to redefining India's mobility.
Thank you. We now welcome your questions.

Moderator: Thank you very much, sir. First question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.

Mumuksh Mandlesha: Firstly, to Sweta ma'am, just on the Q4 margin performance. So it was lower by 230 bps Q-on-Q. So can you just help us understand what factors played on the margins, whether the commodity, forex, employee costs or any other provisions like warranty, which impacted the margins?

Sweta Agarwal: Okay. Two factors that I can talk about. One is a bit on material cost. As you know, the last quarter, we've had significant challenges on increased supply, coupled with the war life situation in the Middle East. And therefore, we have some increases on the cost side. Conversations are ongoing with the customers for recoveries.

And therefore, you see an increase in cost compared to the revenue recorded during the quarter. On the employee cost side, well, there's been a salary increase effective 1st January, and that would also contribute to the cost increase so to speak. There's been no other -- there are no other special items or no specific call-outs on inventory or any other onetime costs.

Mumuksh Mandlesha: Got it. Got it, ma'am. And just going ahead for next year, just how do you see the margin range in the context of the commodity INR forex part and the mix. And also there's a going -- next year, we would also see the higher content for ESC, ADAS. So how do you see the margin for us?

Sweta Agarwal: I mean I would expect it to be more or less flattish with maybe single-digit small growth for the next year. As we are going in, there are challenges which are being called out on the Middle East war front and caution from the government also to look at our expenses and consumption. So very difficult to call out on -- given the macroeconomic situation, I would be cautious on the call out for financial year '26, '27.

Mumuksh Mandlesha: Sure, ma'am. Paramjit, sir, just on the ADAS regulation, can you update how are the OEM order wins happening and order book is building up? And if you can mention how is -- how are the key customer wins or what kind of market share we can expect for this regulation?

Paramjit Singh Chadha: I think the best person here with us is Shankar, maybe you can give some latest updates.

Shankar Venkatachalam: Hi, good afternoon. On the ADAS side of the business, we have been actively working with all the OEMs with regards to the potential business coming up with the upcoming regulations. In fact, we have already got business awards for the full suite of solutions, which has the complete range of ADAS portfolio of products beyond the requirement from 2 OEM customers, whom we are now working with.

And with most of the other OEMs, we are in engagement with multiple OEMs on the discussions and next steps. Here, the point of discussion is happening at an engineering technical discussions where the customers have visited our test tracks and observed our solutions in terms of



benchmarking since there is a bigger volume segment coming out of regulations, there are several players out there in the market who are also engaging with customers.

Mumuksh Mandlesha: Got it. So just Shankar sir, clarify, basically, at least for 2 OEMs, we have won the full suite of solution, right?

Shankar Venkatachalam: That's correct.

Mumuksh Mandlesha: Got it. And for the ESC part, we would be quite a major player there across the OEMs.

Shankar Venkatachalam: That's correct.

Mumuksh Mandlesha: Got it, got it. Thank you so much for the opportunity. Just lastly to Sweta ma'am, if you could share what would be the FY27 capex outlook?

Sweta Agarwal: We're looking at about a spend of about INR180 crores to INR190 crores.

Mumuksh Mandlesha: And which area, ma'am, this would be?

Sweta Agarwal: Some of it is new product -- capex for new products. Others would be replacements and regular upgrades.

Moderator: Next question is from the line of Lakshminarayanan from Tunga Investments.

Lakshminarayanan: Last 1-year, we have done extremely well in terms of quarter-on-quarter, in terms of growth in top line. But there is a divergence I see in terms of the EBITDA growth, the operating profit growth, if I exclude the other income.

And that has been not matching up with the revenue growth. Just want to understand whether this is because of some operating deleverage and how do you think this would actually pan out as the outlook remains pretty robust for this financial year -- for the upcoming financial year, sorry?

Sweta Agarwal: Good afternoon, Lakshminarayanan. As replied also to the previous question, we see this impact of the war and increasing prices of certain commodities, which is leading to a blip on the cost side. Conversations with customers are ongoing to collect it, but there is always a lag between the two, and that's what's showing up as a degrowth in EBITDA. We would expect that to get corrected on a lag basis.

Lakshminarayanan: I'm talking about the EBITDA growth with respect to the revenue growth, not talking about the absolute -- I mean, not talking about the margins here. So for example, the revenue growth has been higher, but the EBITDA growth has been lower.

Sweta Agarwal: That's because the costs have increased disproportionately to the revenue due to these -- yes, the timing difference between the cost to the revenue.

Moderator: Next question is from the line of Shubham Bhatra from Ambit AMC.



Shubham Bhatra: Basically, I wanted to understand something...

Moderator: Sorry to interrupt Shubham, your voice is breaking.

Shubham Bhatra: Is it better now?

Moderator: Yes, please go ahead.

Shubham Bhatra: Hi, team. Thanks for taking my question. Basically, I wanted to understand on the technology side, we talk about AEBS...

Moderator: Shubham your voice is again breaking. It is not stable. The connection is not stable. The voice is breaking. The line for the current questioner got disconnected. We'll move to the next question from the line of Dishant Jain from Quasar Capital.

Dishant Jain: Hello. Am I audible?

Sweta Agarwal: Yes, you are.

Dishant Jain: Ma'am, is it possible to give the segment-wide growth figure for the quarter, Q4, like ZS aftermarket and exports?

Sweta Agarwal: Yes, sure. So -- give me a minute. So aftermarket has grown by about 25% and -- sorry, our OEM supplies have grown by about 25%, aftermarket by 21%, and we see a degrowth in exports of about 6%, with the growth of 22.5% on export service income.

Dishant Jain: Sure. And is it possible to give the Europe and U.S. growth for the quarter?

Sweta Agarwal: So the Europe growth was about 6% and American degrowth was -- just give me a minute. And yes, there was a degrowth in the Americas of about 22%.

Dishant Jain: 22%?

Sweta Agarwal: So on a blended -- yes, on a blended basis, a 10% degrowth for us.

Dishant Jain: Sure, sure. And ma'am, just on the demand scenario since government has also increased diesel prices today morning. So like in the past, whenever it has happened, has an impacted the demand -- on-ground demand going forward? Like how do you see the demand from here onwards?

Shankar Venkatachalam: Typically, this would impact the freight rates. So, then impact on freight rates will have cascading effects on the utilization of trucks and thereby the buying capacity of fleet owners. So it may not happen immediately, but this slowdown may be there in terms of the vehicle purchase. So that's something that we need to keep a close eye on.

Paramjit Singh Chadha: But on the other side, if you see people may like to buy the new truck because old are not so efficient and the cost of ownership is -- so it depends upon how the fleet owners take the decision on which side.

Dishant Jain: Okay. Sure. Sure. Can I ask one more?



- Paramjit Singh Chadha:** Sure.
- Dishant Jain:** And team, is it possible to provide how much aluminum and copper consist of our total raw material cost?
- Paramjit Singh Chadha:** Yes. Approximately in last quarter, the major increase has been in aluminum. It is close to 15% to 18%.
- Dishant Jain:** Okay. Aluminum consists of around 15% to 18% of the total cost?
- Paramjit Singh Chadha:** No, Aluminum only, as a commodity. Aluminum as a commodity has been increased from almost INR233 per kg to INR274 per kg approximately. It varies from grade to grade. So that is around close to around 18% as a commodity. And that is a major commodity for our products.
- Moderator:** Next question is from the line of Preet Pitani from InCred AMC.
- Preet Pitani:** Just wanted to ask on the tech side, does AEBS and ADAS work together like if any supplier is giving us order, we mean to give orders for both together or we get orders for both separately?
- Shankar Venkatachalam:** Ideally, we would look at system partner as a combination setup, because you have both the electronic stability control and the AEBS, which will work in tandem. But today, most of the OEMs have dissociated one with the other. So they are looking at options where they could use 1 or 2 partners in the cases.
- Preet Pitani:** Okay. And in AEBS and ADAS, not ESC, AEBS and ADAS also, it works same way?
- Shankar Venkatachalam:** Within AEBS is one of the features of ADAS. So 5 features have been mandated as part of the regulation. So under those 5 features, typically, OEMs would like to go with one partner who's able to demonstrate all 5 features.
- Preet Pitani:** Okay. So, just clear me, if my understanding is correct. For ESC and ADAS, there could be 2 separate suppliers. But generally, for AEBS and ADAS, they prefer single supplier. Is my understanding correct?
- Shankar Venkatachalam:** Yes, correct.
- Moderator:** Next question is from the line of Madhu Agrawal from Agrawal Family Office.
- Madhu Agrawal:** So my first question is, as we're seeing the safety regulations starting to get implemented, are we already seeing a meaningful increase in our CPV across the bus and CV platforms? Or if it's possible to quantify the before and after?
- Shankar Venkatachalam:** So today, we already have electronic stability control mandated in all buses, except Type 1 city buses since September 2025. So that's the uptick that you're seeing in the last financial year. Going forward, the next wave of regulation is effective 2027. So it may not be effective in this coming financial year, but more so the work will be happening for that. And the impact of that will be seen in the subsequent financial year.



- Madhu Agrawal:** So that's on the buses above the more than 12-ton trucks, which are coming in from 2027?
- Shankar Venkatachalam:** That's right. All vehicles that are greater than 6-ton segment would be impacted by the regulations, which would be rolled out effective October 2027.
- Madhu Agrawal:** Understood. Sorry, what I think I was trying to understand is that are we seeing a meaningful shift in the value of what we are supplying because of the -- and is it possible to quantify what that shift is for us in the value per vehicle because of the regulations kicking in?
- Shankar Venkatachalam:** So in the current business, we are already with ABS, basic ABS in all of the vehicles. So in some of these vehicles, we have upgraded to ESC. That delta increase is already impacting the current sales that we are having.
- When it now spreads across the complete vehicle portfolio platform, we would then look at a penetration increase going from the current stage to maybe completely covering the entire portfolio of vehicles. So there, we will be looking to increase our value per vehicle in the ESC segment directly.
- Madhu Agrawal:** Understood. Okay. And I think the next one is, obviously, I know right now, we've got some challenging macroeconomic conditions. It's very hard to really forecast where things are at. But as the environment should stabilize, how are we thinking about the long-term structural growth opportunity here? Are we looking at penetration-led growth? Are we -- how are we sort of thinking about what the next 2 years look like under more normal geopolitical conditions?
- Shankar Venkatachalam:** So on the focus areas, what we have, we have several products like we already spoke about the safety side of the things where we are looking at braking. There apart, there are also products under the efficiency portfolio. We also spoke about compressors with optimized power reduction feature. These all offer a fuel savings benefit to OEMs.
- And then also on the AMT, where we see potential penetration increasing, that will allow us to grow in the segment of offering more AMTs to market. And then there are some focus areas where we are looking at ESC as a growth for both the hydraulic as well as the pneumatic platforms.
- Moderator:** Next question is from the line of Nishant Vass from 360 ONE Asset Management.
- Nishant Vass:** My first question is on the exports. Obviously, there might have been some potential dispatch issues this quarter. Can you confirm on the export side, were there any such challenges you faced? That's one.
- And second, connected to the exports is obviously, the U.S. tariffs came in force, and there have been obviously some push and pull and I think stabilization will OEMs might have happened on the pricing side. So how does the U.S. market shape up next year? That's my second question.
- And lastly, from a medium-term standpoint, obviously, ZF has gone through some restructuring in its home markets. They have had long plans of larger sourcing from India. So can you give us an update in terms of where is the growth right now, also considering the backdrop of high



energy costs in Europe? Probably some of the challenges would have come back to the fore on manufacturing. So where are you from a localization and export in India medium-term 2030 standpoint? Those are my three.

Sweta Agarwal: Okay. I mean updating on the exports, what we see is a degrowth overall. We see a growth in Europe, coupled with a degrowth in Americas. What -- as a trend, what we saw was a reduction or the gap in the supplies increasing compared to last quarters up to Q3, which is now catching up. So we still see a 20%, 22% degrowth as compared to the same period in the last financial year.

Predicting for next year, we expect -- since we are seeing this gap narrow down, what we would expect is an increase in the trend in the U.S. markets as well for the Europe markets, of course. And whether that would really catch up to now 2 years back kind of volumes still to be seen because there's still a 20% gap over.

Paramjit Singh Chadha: See, this vehicle production in the U.S. market, we can see last 4 months, there is.

Sweta Agarwal: There's an uptrend.

Paramjit Singh Chadha: Uptrend, which was going down trend for many months. So I think that gives some hopes on that.

Sweta Agarwal: Yes. That's the next year's cost. With respect for sourcing from India, continuous effort to localize and also maybe potentially introduce our suppliers to be able to supply directly to our factories in the Europe, but that's not within the scope of our activity. On the R&D cost, projects are continuously evaluated and allocated to the R&D team in India. So we would see some expansion of the service revenues.

Nishant Vass: Okay. So as in, the reason I'm asking is, I appreciate the fact that some of these decisions are at a parent level, but visibility, obviously, when programs have to be moved typically in this sector, typically it's a 24-month lead lag for programs to move.

So from an FY30 target that the parent put out, and I think Mr. Holger had reiterated that recently in his conversation with media somewhere down the road in the next 12, 24 months, you should be seeing some of that move, right? Otherwise, how are you going to meet FY30 targets at a group level from India?

Sweta Agarwal: So okay. We are getting some new RFQs, I would say, and that's ongoing. But what has been given out as a target for India's growth very definitely stand. So that commitment is definitely there from the group to the country.

Moderator: Next question is from the line of Pritesh Chheda from Lucky Investments.

Pritesh Chheda: Sir, for FY26, if you could give the OE aftermarket and exports growth and the revenue number?

Paramjit Singh Chadha: Full year?



- Pritesh Chheda:** Yes, I think what was given was for quarter 4, right, 25%, 21% and minus 6%. Can you give for full year?
- Sweta Agarwal:** OE growth was 17.5%, aftermarket 15.5%, with export degrowth of 11%. Service income increased by 10%.
- Pritesh Chheda:** Can you give the absolute number as well OE, aftermarket, and export?
- Sweta Agarwal:** Yes. OE is INR1,978 crores, aftermarket INR583 crores, exports INR1,025 crores, with service income INR509 crores.
- Pritesh Chheda:** Okay. And the other part I missed was you guys gave the aluminum, copper and the metal content in the RM. What was that?
- Paramjit Singh Chadha:** Aluminum also has some part of copper in this. It's an aluminum alloy, which because of this global geopolitical situation, there has been a crisis of aluminum availability in the market in last quarter, and that has also caused the increase in the price of aluminum and some more commodity. We talk more about aluminum because that is one of our major raw material, which we are using. So that is the update we have provided.
- Pritesh Chheda:** Okay. And sir, one clarification. In the truck segment, the ESC, which is being sold is a voluntary fit-outs right now or any particular category of CVs, the mandatory fit-outs have picked up?
- Shankar Venkatachalam:** As of now, there is fitment happening voluntarily primarily in the POL that is the petroleum and oil tanker segment, where they see the application in the hazardous goods type of usage required environment. So there, we see a voluntary fitment. The regulation kicks in from 2027.
- Pritesh Chheda:** Okay. Just for a clarification. So the first deliveries for us, which is as per the mandated 2027 should begin from which quarters?
- Paramjit Singh Chadha:** October '27.
- Moderator:** Next question is from the line of Darshan Bhandarkar from Banyan Tree Advisors.
- Darshan Bhandarkar:** Could you share Q3 FY26 and Q4 FY26 quarterly average content per vehicle for our OEM segment?
- Shankar Venkatachalam:** So the Q4, you're referring the Q4 financial year '26 versus the previous year? Or what is it that you are?
- Darshan Bhandarkar:** No, no. Q3 FY26 versus Q4 FY26, Q-o-Q trend.
- Shankar Venkatachalam:** So the Q3 FY26, we saw a value per vehicle of approximately 45.5K. And in the Q4, it was around 40K -- 39.5.
- Darshan Bhandarkar:** Because there is a one-off decline...



Shankar Venkatachalam: There were some one-timers that happened in the close of the previous quarter. Those are the ones that contributed to this delta increase in the value content per vehicle in October to December. Whereas those were nullified in the quarter 4.

Darshan Bhandarkar: What were those -- can you please point out that?

Shankar Venkatachalam: Could you please repeat the question? What was the what?

Darshan Bhandarkar: What was the one-off in last quarter?

Shankar Venkatachalam: It was related to certain selling price variances that we got from customers. Those were some one-timers that were got in the close of the quarter. That led to the increase in value per vehicle, which was recorded as part of the sales that was retrospectively realized in the quarter 3.

Sweta Agarwal: If you remove those one-timers, you would be more or less flattish on the value per vehicle.

Moderator: Next question is from the line of Lakshminarayanan from Tunga Investments.

Lakshminarayanan: Two questions. One is that we are seeing an increase in the tonnage of vehicle. In addition to it, there is also a movement of multi-axle towards tractor trailers. Now in these 2 accounts, either when the tonnage increases, whether the component which you are actually placing in the vehicle, does it also increase in terms of value as the tonnage increases? Or it is the same whether the tonnage is X or even X plus Y.

Shankar Venkatachalam: There are -- the tonnage increase is directly proportional to the number of axles that are there at the vehicle level. So when you talk about a multi-axle, we have different configurations. We have 4x2, we have 6x4, 8x2, 10x2 and so on.

So these multiple configurations which are there, those are the ones that contribute to any kind of increase in our content per vehicle because each axle, we have the components that are fitted, maybe it's an actuator, maybe it's a wheel speed sensor, maybe it's the foundation brake side of things. So these are all the contributing factors to contributing to an increase in the content per vehicle.

So the basic tonnage increase doesn't really add that much of a value, except for the fact that maybe the customer may switch to a higher duty compressor or as a lighter duty compressor from an LCV to M&HCV segment. That's the kind of a difference we would see.

Lakshminarayanan: Got it. Got it. And the other question is that there have been free trade agreement between India and U.K. or India and Europe, right -- sorry, India and Europe. Now what does that mean for our exports? Does it actually enhance visibility and also yields a better value proposition for us in the relevant markets.

Paramjit Singh Chadha: Yes. I think this is already -- if you see announced, but it is in the draft stage, and it may take some more time, maybe about 1 or 2 more years to get it finalized. And that also will have a slow ramp-up. Definitely, whenever it is implemented, we will definitely have advantage because we have many plants across Europe, and there will be better competitiveness from India to Europe and vice versa.



Lakshminarayanan: Okay. Sir, if I look at our Chennai facility for exports, we have a large land and we always had a large plan for exports to the U.S. market. And we also can add with higher level of automation and modularity in terms of manufacturing. Now there has been some kind of slowdown in the last 1 year in terms of the U.S. market driven by uncertainty in tariffs.

Now is it fair to assume that everything is behind and that we are in a perfect launch mode in terms of enhancing or -- I mean, leaving the current Gulf crisis, is there a possibility that it can be -- it can give a good tailwind for our revenue and therefore, margins as we step into the next 3 years?

Paramjit Singh Chadha: Yes. I think it's a very difficult question to answer. But looking at ZF focus for India, we are definitely exploring more RFQs are coming to us for coating, for export from India. And not only Mahindra World City, we have a big plant in Oragadam. Mahindra World City, I would say the overall plant utilization is at almost peak level. And further expansions, we will be doing in Oragadam.

Lakshminarayanan: Got it. Got it. So you are saying that is it -- if I understand right, it's still uncertain and in terms of the tariffs or it is uncertain because of the gulf crisis?

Paramjit Singh Chadha: Gulf prices, I would say. Tariff, I think now it is getting tapered down, as we said that our sales is almost 50-50, I would say, for America and Europe. And overall, if you see it is minus 11% in spite of tariff in place for many months now. So that way, I would say that effect of tariff is tapering down slowly.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we will take this as the last question for the day. I now hand the conference over to the management for the closing comments.

Paramjit Singh Chadha: Yes. So on closing comment, I would say that when we see this quarter after having a very good quarter of last year, April volumes are also better as compared to -- if we see comparing the previous years with no special aspects. And even May volumes are looking good, whereas generally, first month of the year is not so high volume historically.

So we do see a good quarter this year also. And only aspect of geopolitical situation, we have to closely watch and ensure that we -- in case of any issue, we do the flexing of our costs. So with that, I would like to thank all for giving the support to have this historical performance, and we will continue to improve our efficiencies and ensure that we continue to monitor our overall performance. Thank you.

Moderator: Thank you very much, sir. On behalf of 360 ONE Capital Markets Private Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.