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Subject: - Transcript of Investor Call pertaining to Financial Results for quarter and half year ended on 30th September, 2025

Dear Sir / Madam,

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Investor Call held on Monday, 27th October, 2025 on the financial result of the Company for the quarter and half year ended on 30th September, 2025.

The transcript will also available on the website of the Company at
<https://sonacomstar.com/investor/investor-presentations>

This is for your information and further dissemination.

Thanking you,
For Sona BLW Precision Forgings Limited

Ajay Pratap Singh
Senior Vice President - Group General Counsel,
Company Secretary and Compliance Officer

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SONA BLW Precision Forgings Ltd. (Sona Comstar)

Q2 FY26 Earnings Conference Call Transcript October 27, 2025

The webcast recording and the presentation referred to in this transcript are available on the website of the Company and can be accessed through the following link:

<https://sonacomstar.com/investor/investor-presentations>

Moderator: Good afternoon, ladies and gentlemen. Thank you, and welcome to Sona Comstar's Q2 FY26 earnings group conference call. Please note that all participant lines are in the listen-only mode as of now. There will be an opportunity for you to ask questions after the presentation concludes. Please note that this call is being recorded. We request that you place your lines on mute except when asking a question.

Slide 2:

Some of the statements by the management team in today's conference call may be forward-looking in nature, and we request you to refer to the disclaimer in the earnings presentation for further details. The management will also not be taking any specific customer-related questions or confirming or denying any customer names or relationships due to confidentiality reasons. Please refrain from naming any customer in your questions.

Now, I'll hand over the floor to Mr. Kapil Singh, Head of Consumer and Digital Commerce Research, India, and Lead Autos Analyst at Nomura. Kapil, please go ahead.

Kapil Singh: Thanks, Deanna. Good day, everyone. To take us through Q1 FY26 results and to answer your questions, we have the management team of Sona Comstar led by Mr. Vivek Vikram Singh - MD and Group CEO, Mr. V. Vikram Verma - Whole time Director and CEO, Driveline Business, Mr. Sat Mohan Gupta - CEO, Motor Business, Mr. Rohit Nanda - Group CFO, Mr. Amit Mishra - Head, Railway Business and Mr. Pratik Sachan - GM, Corporate Strategy and Investor Relations. I'll pass it on to you, Vivek, for the opening remarks on the presentation.

Vivek Vikram Singh: Thank you, Kapil

Slide 4:

Thank you, Kapil. And after 3 quarters, we are back to saying our favourite opening statement. So, welcome all of you to the earnings call for our best-

ever quarter, where we have achieved our highest-ever quarterly revenue, EBITDA, and net profit.

Now long-term shareholders will know about us, and we keep writing about it in the annual report. We as a company aspire to become one day anti-fragile. What that exactly means is that we don't want to be a company that's just resilient in the face of external shocks, but we want to become someone who gains from disorder. Our performance in this quarter underscores, I would say, the first part of the anti-fragility hypothesis. And if you remember, 6 months ago in our Q4 FY25 earnings call, I said that we expect many opportunities to emerge from the current global disorder. We believed that many weaker players may not survive this disorder, while strong companies with technology moats and bulletproof financial foundations like ours would consolidate and grow over the medium term. I think we are already halfway there. In the past 6 months, 3 of our direct competitors in Europe have filed for insolvency proceedings. This has resulted in an unprecedented increase in inquiries from European customers to us. Hopefully, in the next few quarters to come, we can win significant new orders from Europe, add them to our order book, and hence in some way prove the second part of that anti-fragility hypothesis, which is that we have built a company that gains whenever large disorders happen in the ecosystem.

Now, as our policy has always been, when talking to our owners, shareholders, we will begin with the challenges. First, one of our global customers continues to face demand challenges, and this is particularly in the sales of one specific model, which has seen a significant drop. This has had a noticeable effect on our EV revenue in both the second quarter as well as the first half of the year. Second, since 8th April, it has been widely reported that China has stopped supplying heavy rare-earth magnets. This shortage has impacted the production of EV traction motors for us in Q1. In response, what we did was we shifted to alternative motor designs that do not rely on heavy rare-earth magnets. So now we also manufacture our motors using light rare-earth magnets, and in this quarter, we have also successfully developed, tested, and validated a rare-earth-free Ferrite Assisted Synchronous Reluctance Motor for electric three-wheelers and light commercial vehicles.

Third, again, in the news a lot, but uncertainties regarding the USA and the tariffs, they continue to persist during the 2nd quarter. However, I would like to add that the recent decision by the US administration to extend tariff relief on vehicles assembled in the US for 5 years should benefit our US customers, who are predominantly assembling their vehicles locally within the US.

Coming now to the good news, and the good news is that despite all of these challenges, we have achieved our highest-ever revenue, EBITDA and net profit numbers in the quarter.

There is more good news. We have won our first order for our new driveline plant in Mexico to supply differential assemblies to an OEM in the US. This order

win is meaningful given the current uncertainties regarding tariffs and trade policies. We have also been nominated for two more programs for our motors and motor controllers for the predictive active suspension systems. One nomination is from an existing customer, an Asian EV OEM, and the second is from a European OEM of luxury performance cars. These nominations are significant, as they show that our innovative suspension system has begun to gain wider acceptance within just months of its first commercial launch, which is very encouraging when you make a new product for the first time.

Additionally, we have collaborated with Neura Robotics of Germany to jointly develop advanced components and technologies with a focus on industrializing robots, cobots, and humanoids in India as well as other markets.

In terms of end markets, I'll keep it short. The growth has primarily been from trains, tractors, and traction motors. So, the railway segment, the off-highway segment, and electric two-wheelers, these are where we see growth. The other ones are flattish to moderate growth.

Slide 5:

Now shifting to our performance in the last quarter, in financial terms, our revenue grew by 24% year on year. While EBITDA and net profit increased by 13% and 20% respectively, we have also managed to come back to our 25% EBITDA and are nearly there on 15% PAT numbers.

And at the cost of being blamed for self-indulgence or even worse self-praise, I would like to say that it is quite remarkable to see this resilience in action, especially when the odds were so spectacularly stacked against us in every single market, every single macro. I think we've not only persevered, we have come out stronger than we have ever been before. Now, many companies are good at navigating calm waters, but I think it's commendable that our team can sail through even stormy and choppy seas. And I could not be more prouder of our business leaders and our entire team for making this possible.

Moving on to the not-so-good part, BEV revenue has declined by 17% in the last quarter. The revenue share because of this has fallen to 32%. Now, this decline is not a reflection of the general industry trends. It is primarily due to one customer, and a large part of it is linked to actually a single model decline for us. In response to this, we have undertaken a review of our entire order book and corrected it to reflect the true picture. And I'll provide more details on this when we come to that slide later.

Slide 6:

So, despite a pretty stellar Q2, if I say so myself, our financial performance in the first half of the year has still been modest due to the exceptionally weak Q1. Our revenue and PAT are up by 10% and 4% respectively, while EBITDA is actually lower by 3%. ROE and ROCE have declined to 13% and 16%

respectively, and this is because of the equity capital issue that we did in September 2024, and the full-year effect has come into the denominator now. We expect the return ratios to start improving gradually as we invest the cash that we have in various growth initiatives that we have outlined.

Slide 9:

Now we move to an update on our first strategic priority, which is electrification. Our BEV revenue share has declined from 35% in H1 of last year to 30%. BEV revenue in rupee terms has also decreased by 21% to ₹4.75 billion. As I mentioned before, this decline is primarily due to a single customer and is largely linked to a single model. We continue to build on our EV order book. We now have 62 EV programs across 32 customers, 33 of these programs are in production. 19 are fully matured and completely ramped up, and 14 are still in the ramp-up phase, and the remaining 29 are not yet in production and will start during this or the following years.

Slide 10:

Now, as we previously told you, the first car model with ClearMotion's fully active suspension system was launched earlier this year. ClearMotion's innovative suspension technology is controlled by Sona Comstar's BLDC motor and motor controller-based actuator. As we anticipated from the very beginning, I'd say, this technology is now finding deployment across more models.

We've been nominated for two more programs to supply these suspension systems. One nomination is from an existing customer, an Asian EV OEM. And the second is from a new customer for us, a European OEM of luxury performance cars. These nominations, while not very big in size, are proof that the innovation and the technology that we've deployed in these suspension systems has begun to win acceptance, and within months of its first commercial launch, these two nominations have an order value of, as you can see on the screen, about ₹8.2 billion in the lifetime, and they're expected both to start production in Q2 of FY 27.

Slide 12:

This brings me to our net order book, and as a matter of prudence, we have reviewed all the programs in our order book and proactively removed all those with low visibility of future production volumes. This we've done in order to present an accurate picture of the order book to the outside world as well as for our own planning purposes. The consumption of ₹36 billion includes the residual value of all the programs that have been removed from the order book. Now we've also had fresh additions of ₹10 billion worth of new orders. So, with that, netting that off, our net order book now stands at ₹236 billion, and the EV share continues to remain high at 70% of this order book. The current order book also includes the railway business. It has orders worth ₹13 billion, which are obviously of shorter duration because it is a different nature

of the industry, and they are expected to be executed mainly within the next 12 months.

Slide 13:

As I mentioned earlier, we've secured our first program for the new driveline plant in Mexico, from where we will supply differential assemblies to a recreational vehicle OEM in the US. This program has added 2.6 billion to our order book with production expected to start in the second quarter of FY 28. This is a second order from this customer, which obviously shows confidence of the customer in us, but it's very significant, given the current geopolitical and trade environment, and shows that we were right in opening or launching our Mexico plant last year when we did so.

Slide 15:

Our fourth priority is diversification, and this quarter we really wanted to highlight how over the last couple of years we have actively diversified across our revenue mix, be it geography, product, market segment, as well as customer base. We have, as some of you would know, consistently held the view that global light vehicle sales are unlikely to grow very significantly in the medium term. Therefore, as a major global player in our product segments with high growth aspirations, we are hyper-aware that we need to diversify into alternative modes of mobility, as well as the urgency to expand our product range and our global market footprint. So, not either or, this is an all three at once situation.

Now with 70% of our revenue coming from export markets, we have obviously been working to reduce the potential risk posed by the changing geopolitical dynamics. This is the reason why we expanded into the railway segment, and this is why we have been focusing on expanding our presence in the east, which obviously includes India. These shifts are not only giving us new growth opportunities, but they also position us for success when the environment is so chaotic and rapidly evolving.

Today, geographically, India is our largest end market in H1. It accounts for 45% of our revenue for the first half. North America has become our second largest market, contributing 30%, and significantly, and for us it's quite a shift. For the first time since we went public, we've achieved higher revenue from the eastern markets than we do from the West.

I'd like to add that after careful consideration, we have decided to put a proposed joint venture with JNT in China in abeyance. This decision is based mostly on geopolitical factors and the need to prioritize other active capital allocation decisions. We remain in touch with JNT, and hopefully, we'll do some other things together, but for now, the joint venture is in abeyance till things change.

Now moving to products, our fastest growing product segments this quarter has been EV traction motors, where we've overcome, I'd say, almost insurmountable seeming difficulties to deliver our motors, manufacture them using alternate technologies and designs. And, of course, the railway brake systems. This, of course, reflects in the product mix, which has changed quite a lot.

Even when you come to market segment, revenue share from non-automotive sectors has gone from 10% to 29% in H1 of this year. The off-highway market has also been a very bright spot for us, especially in the Indian context.

Slide 16:

We're always in pursuit of risk optimization, through diversification in our customer mix as well. And this we wanted to share with you for this time because there has been a lot of change that has happened over the last 2.5 to 3.5 years. So, if you look at this thing, there is so much diversification and so much growth in the customer base. In Q2, the top 5 customers contribute 51% of total revenue. This is down from 62%, 3.5 years ago in FY22. Additionally, the contribution from our top 10 customers has been reduced to 72% from 80%. And the biggest points to note are these: our largest customer, plus 2 of the top 5 customers and 3 of the top 10 customers, were not even present in our customer base in FY22. The largest customer today was not there. 2 in the top 5, and 3 of the top 10 are actually customers we have added in this duration and grown our business with them to get them into the top 10. This shows the success of our ability to continually add new customers at scale and to diversify with agility. We've doubled our revenue run rate since FY22, mind you, so this is in a much larger pie. And this is despite our largest EV customer, their contribution to our revenue declining from 23% in FY22 to a mere 6% now. Despite this large change, we have managed to deliver, I would say, fairly strong growth.

With this, I turn to our group CTO, Praveen, to update us on technology. So over to you, Praveen.

Praveen Rao:

Thank you, Vivek. Good evening, everyone.

Slide 18:

We are progressing very well on our technology roadmap. As you all might know, we recently signed an MOU with Neura Robotics of Germany. Neura is a pioneer in the field of cognitive robotics. This strategic collaboration aims to jointly develop advanced technologies, components, and sub-assemblies, as well as industrialization of robots and humanoids for India and mutually agreed markets. With this strong foray into robots and humanoid space, several of our products listed on our technology roadmap that you see will now transition from pure concept to prototype testing and development phase.

Slide 19:

We are also pleased to inform that we have successfully developed and tested rare-earth-free traction motors. These ferrite-assisted motors are based on synchronous reluctance technology. For both mid-drive and hub motors, as the name suggests, these motors do not use rare earth magnets and therefore are not dependent on China raw materials and manufacturing. The performance of these motors has been tested in the lab, in actual road conditions, and found comparable to existing technology.

We plan to offer these products to OEMs of electric 2-wheelers, 3-wheelers, and light commercial vehicles. An important innovation introduced in this product will also remove the last bit of rare earth magnet, which is part of the rotor position sensor. The sensor, based on the induction principle with copper coils, delivers the same performance and can be applied across other motor technologies.

Slide 20:

The shift is vividly captured in these pictures, showing the impact CO₂ and other harmful emissions from IC engines have on plants and life in general to moderate effect from rare-earth technologies to a complete green technology like rare-earth-free magnet motor technology with minimum impact on the environment. In summary, as technology shifts from IC engines to EV and we continue to be challenged by uncertainties in the global supply chain, Sona Comstar will play a pivotal role in rapidly developing cleaner and greener technologies.

With this, I now hand over to Rohit to cover the financial update.

Rohit Nanda:

Very good evening to you all. It's my pleasure to share our second quarter and half yearly results FY 2026.

Slide 22:

We clocked a revenue of Our revenue for the quarter grew by 24% to the highest ever number of ₹1,144 Crores. It includes the first full year quarter of railway business revenue after we completed the acquisition on 1st of June. Our BEV revenue declined by 17% and constituted 32% of our automotive revenue. Our EBITDA has grown by 13% in the same period to ₹289 crore. EBITDA margin is lower by 2.3% compared to the same quarter last year, and that's primarily due to product mix and operational leverage. Our profit after tax grew by 20% to ₹173 crore and margin was lower by 0.6% due to transmission of lower bidder margin through PAT.

Slide 23:

Moving on to the first half results. For the first half, our revenue has grown by 10% to ₹1,994 crore. Our BEV revenue declined by 21% and was about 30% of our automotive revenue. Our EBITDA declined by 3% year on year to ₹492

crores as margin was lower by 3.2%, primarily on account of operating leverage and product mix. Our profit after tax grew by 4% to ₹298 crore and margin was lower by 1.1% due to transmission of lower EBITDA margin, although there was a higher net interest income.

Slide 24:

Coming onto the cash flows, we generated ₹340 crores as cash from operations in the first half of the year and spent about ₹198 crores on CAPEX. Besides this, in the first half, we also saw major cash outflows on account of railway business acquisition and last tranche payment of NOVELIC acquisition, aggregating to nearly ₹1,700 crore. There was a dividend distribution of ₹100 crores, and there was a purchase of land for the railway business, future expansion - ₹110 crores. Uh, this has left us with close to ₹1,000 crores of cash at the end of the first half.

Slide 25:

This brings us to the last slide in the presentation, which is on the key ratios. I had explained in the last quarter also when we first time consolidated one-month railway numbers that there has been a change in some of the ratios like value addition to employee costs, working capital, and fixed asset turnover ratios due to the addition of railway business, as this newly acquired business has a different cost structure, working capital terms and for the same business, there's been purchase of additional land. All of these things have affected these three ratios. Apart from this, return on capital employed and return on equity have dipped because of the capital raise that we did last year, which is now fully reflected in the denominators of these ratios.

We expect these ratios to improve in the quarters and years ahead. On the negative net debt issue, the negative net debt has come down because we've discharged the purchase consideration of railway business, because of which negative net debt, that negative number has reduced.

With this, we've come to the end of our second quarter's earnings presentation, and I'll now hand the proceedings back to the Nomura team for Q&A.

Moderator:

Thank you very much for the presentation. We now open the floor to the Q&A session. If you wish to raise a question, please use the raise hand button located at the bottom right of the Webex page. We will unmute your line and prompt you to speak, or you may submit your questions via Q&A chat box, addressing all panelists. Please be reminded to keep your questions to a maximum of two questions. If you have more questions, please return to the queue. Thank you. The first question goes to Aryn. Your line is unmuted. Please go ahead.

Aryn Pirani:

Congratulations on the business improvement. Two questions. First of all, you mentioned something around, you know, some of your peers, direct

competitors in Europe, you know, are facing financial difficulties, and you have seen an improvement in inquiries. So, these players were currently supplying to some of your potential customers from Europe, and it is now possible that these customers may want to look out for sourcing from India. Is that how we should understand it?

Vivek Vikram Singh: Yes. But that's a very short answer, so I'll elaborate. You are right. So, I anticipated that this would happen, as you know, with the thin margins they have, and Europe's been affected also by the loss of the export opportunity in the US, so they double whammed in this space. So they're not just in financial difficulties. I think 3 of them have filed for insolvency proceedings. One is now the court has adjudicated that it should be liquidated. The other one is also heading that way. Third one, we don't know. But when so much uncertainty arises in the supply chain, let's say one of our suppliers filed for insolvency, I would be on top of that and telling our procurement team to diversify away immediately and get me somebody who can do those parts as soon as possible. And these all three are driveline players. So, they are all either differential assembly or differential gear makers. And there aren't that many to begin with, so there aren't that many choices. So yeah, that's why the inquiries and that's why the urgency.

Amyr Pirani: Ok, that's, that's helpful. And, secondly, on the you know, on the JV abeyance in China. So, you know, maybe slightly, you know, something that we have been discussing for a while, the opportunity from Chinese OEMs is something that we haven't been able to tap in yet. And this was supposed to be a starting point for doing something. So, are we still doing other things? Is there something that, you know, you can share as to how we could address this large opportunity of Chinese EV OEMs?

Vivek Vikram Singh: Yeah, so this one, as you know, I have to be very careful in answering for a variety of reasons, but for now, I think the opportunity in China, we will pursue with very high degree of caution. What we can do with our existing plant in China, we will continue to address, as you know, we have a plant there. What we can export from here to China, we'll continue to do. But obviously, if things change, there are certain factors, the lead indicators, if they could change, yes, I think there is a business rationale to do it again. That's why our engagement with JNT is still strong. We will pick it up where we left off, but some things on the ground have to change before that.

Moderator: Thank you. The next question goes to Gunjan. Hi, Ms. Gunjan, your line is unmuted. Please go ahead.

Gunjan Prithyani: Ok, good to have the business come back. Honestly, it's good to see the growth coming back in the business and, you know, best wishes that, you know, we get back to our earlier growth trajectory. I had two questions. Firstly, you know, Vivek, you always bring up the headwinds right up front. So, I also wanted to sort of hear your thoughts on two specific issues that we see cropping up. One is this whole Nexperia chips issue, how big, you know, you are picking up that as a risk to the LCV production and the aluminum plant

fire that has happened at the Novelis plant. I mean, I am just trying to get a guess, you know, get some sense from you. Are these risks from the next 3 to 6 months' perspective for our customers?

Vivek Vikram Singh: So, excellent question, Gunjan, because these are both risks that have suddenly cropped up recently and did not affect us in the last quarter. We are still evaluating now. The Nexperia one is limited because, as you know, European customers' exposure, especially in the passenger vehicle segment, where this is there, is lower for us. Nexperia chips are used widely, but Europe seems to be far more affected than other geographies. We also in-house use some Nexperia chips, so our purchase team has been on it. However, the larger issue, as you know, always is if our customers cannot resource; whatever we can do at our end does not really help because a 99% car has no value. Every part should be there. So, we are monitoring it. For us, I would say it is not that big a risk because of the way we are exposed to and the kind of customers we're exposed to. Let's see. The Novelis Fire, of course, does have an impact on one of our larger customers. So, Sat, if you want to answer that one.

Sat Mohan Gupta: Novelis Fire is impacting the F-series truck for Ford Motor Company. There is definitely the production level that has gone down for all the models. We are primarily supplying for a series, which is a diesel series, and it's 250, 350, and F 650. So there is some impact, but it's not a major impact, what we are seeing. So the releases from the customer are very, it's not drastically, it came down, so there is some impact, but it's not a major impact.

Vivek Vikram Singh: Yeah, so good that both of these are low risk for us, given our exposure to what kind of customers, what kind of models, etc., but we are monitoring them actively. Are there any second-order effects of these? We can't tell so far, but we are on it.

Gunjan Prithyani: Ok, got it. And the second question is on the suspension system. You know, if you can just share a little bit more on how we should see this business revenue building up, you know, from one customer to now being nominated to a couple of more customers, and also just a clarification, why do you call it nomination and not an order when I mean. Is there something that I should be reading into the nomenclature?

Vivek Vikram Singh: Ok, because ClearMotion is our customer, and this is an order that ClearMotion has received, so the quantity has increased, hence that term, because it is not a direct order to us, right? ClearMotion has to supply. We supply to ClearMotion. So that's the nomenclature, not much to differentiate between direct and indirect. I think that revenue buildup will still take time. When you introduce a brand-new product that changes how old technology works, right? You have early adopters, you have one guy who actually sticks their neck out, develops it to ClearMotion. We have been working on this for 4 years, and the customer who did it first, Nio. Then it starts with other people, after it is commercially launched, only then can they actually try to replicate. So, it's heartening that we have one more from Nio itself and then one new

customer. But it will be gradual, and it will take time to go from that upper end niche EV vehicles to a more mass thing. It all changes when the first large volume customer comes, so it's kind of binary. Gunjan, you know, when anybody who makes more than 1 or 2 million cars picks it up, that's when it genuinely starts taking off. So we don't know what we can say at this point, but the day that happens, that's when the takeoff is almost vertical.

Kapil Singh: Got quite a few questions in the chat box. So I'll just read out some of those. Firstly, it's from Jinesh. He's asking about the Mexico plant. What is the visibility for ramp up of this plant? Do you plan to shift some programs from India to Mexico? And what is the revenue potential from this plant?

Vivek Vikram Singh: So, it is Vikram's baby, so let him answer. He started this plant, and rightfully, the success of that plant should be answered by him. So, Vikram, over to you.

V Vikram Verma: Well, when we started, it was for a large OEM customer, originally; that was how it was perceived, conceived, that project. Then we shifted some business because the customer wanted it. This is again the recreational vehicle which Vivek spoke about. So we are in the present stage of productionizing those, which is the business transferred from here. But, however, Mexico in itself is able to win business, and this is again coming from the same customer, but we see traction of many customers in North America and Mexico that they would like to develop from that plant. So that plant has a lot of potential to expand. We can't tell it as of now because as the equations keep changing. There, we will see. How it grows.

Vivek Vikram Singh: But I'll add to what Vikram said, Jinesh, to your question. It's a good one. If you remember when we actually announced the inauguration of this plant, I think it was April, May last year, we had actually said that this is not a defensive move against any trade realignment. This is an offensive move because each business unit or each plant that we set up, we like for it to be entrepreneurial and start building business, getting profits and earning revenue on its own. Their business development has to build the business for them, and it's not just a shifting thing. Shifting things around. I mean, sometimes it can be necessitated by external conditions, but that is not an ideal way to start a new investment because you have basically taken something from somewhere where your return was decent and put it somewhere else to justify the capex invested in the other place. I don't think there is currently any plan to shift anything. Equations, as you know, on the final tariff outcome, what will be USMCA, will USMCA be respected? All those things are still unclear. But it is a good optionality to have this. What I keep saying is that if at low cost you can build an option that, if a really bad scenario emerges, can you shift in a pitch? Yes, we can. So that option we'll retake, but that's not the primary objective. The primary objective is for this to be a revenue and business generating unit of its own.

Kapil Singh: Ok. Another question is updates on NOVELIC product commercialization, and new product pipeline and roadmap for railways.

Vivek Vikram Singh: Sure. So NOVELIC, as you know, we have won an order. I think productionization should start in a couple of quarters that we will start to supply. So productionization, if any investor wants to visit us in our new SMT line in Chennai, we'll be very happy to show them how the production is happening. But the SOP of the customer has to start for serial production to start. New product pipeline and roadmap for railways, I will like for the new Head of Railway Business, Amit Mishra to answer. Amit, over to you.

Amit Mishra: Hi everyone. So on the railway, we spoke last quarter as well. So now we have spent about 5 months in the business. We are very optimistic about the potential that the business presents from a medium-term perspective. As of now, we are working on meeting the demand, as you can see from the order book as well, there is order book, which is higher than what the business run rate is. So we have to scale up to meet the demand, which is, which is quite strong. Over the medium term, we have to add new products. We are working on our existing product, adding new varieties of brakes, couplers, suspension, and then we have identified new areas where we'll enter from the next 3 to 5 year perspective. So we do see a strong growth potential and we have mapped out the new products, which will be a key driver of growth over the next 5 years.

Vivek Vikram Singh: And again, just to add to what Amit said, this is our, for the lack of a better word, playbook. Whenever we do an acquisition, If we don't bring value in building it into something more than it was, then why have we purchased it? So that's exactly the same thing we did with the motor business when we did Comstar. It was a single-product company making starter motors. Today, as you know, it makes starter motors, it is the largest traction motor maker in India, it makes suspension motors, it makes controllers. So take a single product with this and try to make it multi-product, because that is all that we know. That is all that is there in our DNA. We are engineers who like to build new things.

Same thing we want to do in railways. It's early days. It's just been 4 months actually of full ownership. We are working on some products, and once again, welcome to visit us in Faridabad, where we can show you our R&D facility and where we are actually in active development of at least 3 products. Some of them are finding good traction with our final customer, Indian Railways. Some of them have also got development orders, so it's going well, but that is the path regardless of what we do. In NOVELIC too, we bought services business, which we are pivoting into a product business. It is what we know how to do. It is in our nature, and that is what we will continue to do.

Moderator: Hi, now move on to our next investor, Jayesh Sundar. Hi, Mr. Sundar, your line is unmuted. Please go ahead.

Jayesh Sundar: Good evening. Just continuing on the railway, you know, as you stated, 13 billion worth of orders are in hand. You know, the question is more a little longer term. I understand, you know, you completely stated that new

products also we are trying because you have a very large market share in brakes for Indian Railways. How much, you know, because you are enhancing your capacity as well there. So, can you talk about a little bit more on the potential here, because why I'm asking you this because this year also on the overall mix railway will look pretty decent, but next two years if, if growth is so strong and you are enhancing capacity as well, railway will also start growing at a very much faster pace. That's what I was able to understand from what Amit and you were articulating. So can you shed some light on, you know, both with respect to potential and even profitability, you know, because I remember when at the time of the acquisition, we were very clear that time that there's a lot of inefficiencies at the plant, and you know, there's a lot of scope for improvement in margins that can happen. So, if you can throw some light on that, that's my first question. And second.

Vivek Vikram Singh: Let me answer this one because the question is very long. I'll forget the question itself. So all the things you stated are correct. There are some low-hanging fruit in terms of the ability to improve margins. We are working on those. There is a larger opportunity to improve cash conversion cycles because I wouldn't call it inefficiencies, but the way automotive works and the way railways production works are different. We are trying to bring that rigor, that TQM approach, that theory of constraints type reviews so that we can improve every week a little better than we were before. And there are enough areas that there is, I mean, there is enough juice left that we can squeeze out of this on the margin front. Growth should be robust. I think this is some of the constraints for achieving this growth are 100% in our country. And actually, that's a really heartening thing because in a lot of the other verticals we are, mostly we are affected by macros that we can just sit and worry about, but can do nothing about. I can't go sell cars on behalf of my customer. I can't change global trade policies. But here, demand's not as big a constraint as it is in other spaces. I would say I'm immensely impressed by the Indian Railways, the Railways Board, the RDSO teams, and their ability to grasp the advantages of new products, new technologies, and to give you opportunities to work with them, but we don't want to say too much too early. It's just four months since we owned it, but fingers crossed, touch wood, whatever the other superstitions are there, but it looks really, really good. But Amit can add more because he is there every day, so he knows more than me.

Amit Mishra: Vivek covered most of the things. Most of the things in terms of products. Yes, today, a large part of our revenue comes from brakes, but we do have good market share even in couplers and suspension also, we may be the largest player in the country. So, we have other products. There are other products which are under development. It's being tested, put into trains for testing, and there is a cycle that it will be tested for 12 months. If it passes the test, then you get approval to supply in higher volumes. Then there are products which are slightly early in terms of development, which we expect to come in the next 3 years. So at this point, we have very clear timeline set. And the way different products are positioned for commercialization, I think we should

deliver good growth over the next 5 years if we are successful in delivering or developing and getting approval for the new products. So it will be driven by new products, and we have a very good pipeline of products, both in our core segments of brakes as well as in the other segments that I talked about.

Jayesh Sundar:

Ok. My second question is on the overall profitability because you stated in your opening remarks that one of your largest EV customers, which was 23%, came down below 7%. EV revenues in the first half declined very, you know, the percentage came down drastically. Despite that, your overall profitability margins are very steady. I mean, I can't compare you with any other company because you are still, I think, the highest profitable margin company in the country with respect to autos, but that is still very steady, at 25% plus. How one should think about these, these profitability aspects, despite facing so much pressure on the revenue side, on your largest customer side, you know, we haven't seen the deterioration which could be a 10% margin company or a 12% margin company could have faced. So if you can articulate a little bit on that, that would be very helpful. That's my last question.

Vivek Vikram Singh:

Sure, so pressure is a privilege, man. Like, pressure is only on people who are capable, and you expect things from them, right? If there are low expectations or low capability, there is very low pressure, and you can live a more peaceful life. So it takes a lot of doing. So if you see a duck in a pond, it seems as if it's gliding effortlessly, same margins all the time, but, you know, it's paddling furiously under the surface. There is a lot of work that goes into it. In every single process, there is some room to improve. Even after 25 years of doing the same thing over and over again, we are finding new areas where we can lower costs. Prices, you can't really manage, right? Prices are set by your competitors. What you can do is manage your house better. And that is a continual process. Every week, every day, every year, you have to keep getting better. I would share one example. Actually, Vikram, you should share about the die life improvement and how it has resulted in just the cost going down for all our years.

V Vikram Verma:

Well, we have been using a particular process technology for many years. And it had certain die life, and however, we said, ok, this is unacceptable, as of now, maybe acceptable quality, but we wanted to go 2 steps above the quality in a gear is defined by certain ISO standards or DIN standards. We wanted to up our quality standard by 2, and for that, you are required to change processes. So while the straight method is, you make it at much colder temperature, the accuracy is improved. However, it is detrimental to both machine size, the machine size goes up and the die life reduces. However, we have to find a way that both things are achievable. So I think that it took last 6 months or more than a year actually to collecting various data because the forging is not so straightforward like machining. There are 100 more parameters which affect the life and the quality. So the team is always on to improve quality. And improving the die life by which the cost comes down. So that's the DNA of what we do. So that every year we have something.

Vivek Vikram Singh: So that's one example. Same thing I'll say in motors. Can you use less material, less process time to make the same product? And that's a challenge we pose to ourselves in every single aspect of what we do. And if you do follow it, you can maintain over the longer term, but yes, there is a lot of pressure. You know, our higher margin markets are declining because of the entire situation that we have. But again, if the core fundamental technology with which you make your products, all the processes, all the knowledge of the material is with you. You can keep working on each of those elements for constant improvement, which is what we try to do. Can you change the metallurgy? Can you change materials? This drive or this zeal to improve is why we are able to. I mean, 8th April, heavy rare earths got banned. We shifted to light within 3 months. Now lights may have a problem. We have shifted to ferrite. So it is basically that zeal that if you know how to do every step of it yourself, you can move much faster, and we know that there are pressures as a company, that there are market pressures, which means we will focus more inwards on cost improvement activities. And cost improvement doesn't mean, you know, the normal consultant way of saying, fire people, shut down plant, those kinds of things. It comes from improving how you make everything that you make every day. Use less material, use less time, use less machines. So that's, I guess, a very long answer. And a philosophical one, to probably a more financial question.

Kapil Singh: Thanks. I'll take a few questions, Vivek, from the chat box. So first is, can you elaborate on the composition of this order book? What is the current status and ramp-up timeline for EV programs? And how much of these will go into production in FY26 and FY27?

Vivek Vikram Singh: Yeah, I think the breakup is there on the slide. We can go back to the slide, Pratik, I think we gave the breakup pretty transparently. Yeah, this is the breakup. EV, within EV, how much is passenger vehicle, How much is two-wheeler, three-wheeler, CV, off highway, customers and programs. All of that is actually in this chart. We do not give future guidance. And if I tell you how much of these programs are going into FY26, it literally means I'm telling you how FY26 ends and FY27 ends. So we don't do that for a lot of reasons. Second, very short-term questions are not good either for people who are looking to invest for the long term or for companies who are looking to build businesses over the long term. I mean, all of us have been here for a decade plus, right, who run the company. Vikram has been here for much longer. We can't be allowed to think only in terms of what goes into order next quarter, or FY26 has only two quarters left. So, I apologize, but this is not a question I think should be asked of any company that is looking to grow a business and build a business and probably make an institution, for the longer term.

Kapil Singh: Ok. Then another question is, revenue ex of Railway Business has moved to 5% growth YoY as compared to a 10% drop last quarter. This has been driven by traction motors and other segments. Others is now 9% of enlarged revenue base versus 5% Q over Q. What does this include?

Vivek Vikram Singh: Others is all the other products that are not here because railways also, as you know, has some other products apart from the three main ones. Motors also, there are other products apart from the three main ones. In drivelines specifically, there are now many types of gears and driveline parts that we can't classify technically as differential gears or differential assembly. I think, I think, if you go back to that slide, I can illustrate better. Yeah, the product mix slide? So it's not like this number was small, ever, but we are increasing as the pressure comes on traditional product because if your existing customers don't sell enough vehicles, you have to start also making new things for either existing customers or new customers. So that is, others of all the divisions, put together, I would not have the exact breakup of that others with me right now. But anything that is beyond the eight main product categories is in that. We have, I think, about 20 products, so 12 will be in that.

Kapil Singh: Ok, one more question is, if we are deducting 2,600 crores from order book due to low visibility, then we may also debit some orders quantity in future also.

Vivek Vikram Singh: Of course. The future is always unknowable, but we have done a review. This, I think, one needs to do every 3 years or so. But can it happen after 3 years again? Sure, it can. For the first 10 years of my career, almost never we had the opportunity to correct or, any reason to correct because almost always things used to happen in automotive is fairly predictable. This last few months, and some of those models have been exceptional events, which is why we have done it. But can something like this happen in the future? Of course, there is literally no guarantee of nothing adverse ever happening in the future. So it can, of course.

Kapil Singh: Thanks. Would it be possible to share some color on the nature of acquisition opportunities that are being pursued actively by the company?

Vivek Vikram Singh: No. It's as you know, I don't even think it's allowed. It is UPSI and all that, so I don't think I can talk about it. What we can say is the general nature that it will be in the mobility segment. It will follow the four guidelines that we always do. It should be something, anything that we try to acquire, should have visibility that that product will be in a mobility device for at least 15 years. That is all we can try to estimate the future for. Second, filter, which is that whatever we do, we should have the ability to have market leadership in, which means top 5 in the world, hopefully, or if not, whichever product category we are going for in that absolute leadership like Brakes says we are leaders in India, maybe perhaps top 5 in the world too, but I, I cannot say with full confidence. We'll have to get the data for that. Third, It should make good money for us. So we have financial thresholds, also of expected return, expected margin. There is a curve on which it should fall. And last, it should be something that is good for humanity. So, something that has no other purpose than, well, have negative impact on humanity. We will not pursue so highly polluting processes and industries, weapons, these are things we do not foresee us ever looking at. So that same criteria we will use, but exact opportunities, I don't think we should share.

- Kapil Singh:** Vivek, there's a question on hybrids with many OEMs in India and globally talking about hybrids. Why is the company not talking about hybrid motors it used to show?
- Vivek Vikram Singh:** So we are, I mean, it's in our mix. Hybrid is one of our bigger mixes. Hybrid's good for us, I think. I saw this question a couple of weeks, a couple of quarters back also, someone asked us, actually, in a plug-in hybrid, our value content per vehicle is the highest. We, we would be very happy if more hybrids come into place. IC is where we make less money. Hybrid is actually most because it also has a starter as well as a traction motor, and the differential assembly is primed to the highest torque drivetrain. So it will be more primed towards the electric side of it. But it is a decent part of our revenue even now. Again, Pratik, you'll have to go to the Power mix chart. I think it's in the appendix. I think it'd be, I think, 2nd or 3rd slide in the appendix. Oh, there this time. Oh, Ok, I think we moved it to the appendix because there was usually nothing to report, but I think we missed it. But, can you just share with the people on the call what it is, the hybrid share.
- Pratik Sachan:** Yeah, just. I'll take a second. I'll get back.
- Vivek Vikram Singh:** Sure, but it will be robust. There's not much change in it. Uh, it might have grown actually.
- Kapil Singh:** Ok, Vivek, there's a question on the margins with regard to margins. They are on a downward trajectory. Want to understand what is the baseline to expect with impetus on growing India and the Eastern markets. Are they on a downward trajectory though?
- Vivek Vikram Singh:** Are they on a downward trajectory though? I think, I think they're on an upward trajectory, but Ok, I think this is a question that, see, when you take, this is just a mathematical thing. This is the first quarter with railway integration. If you take a 26-27% EBITDA business, and that is 80% of revenue, and you add 20% of a EBITDA business, which is 20% of revenue, the margins will go down, in percentage terms. So we have added a full quarter of the railway business which is obviously lower margin. So the margin profile will shift downward. I think the question, the more likely question should have been, how is it still above 25% rather than how is it on a downward trend, because it isn't. I think last quarter, I had said, I had answered this question that where do you expect it to be? And I think I'd said in the range of 23 to 25. And in just this quarter, we've actually done higher than that. But I would say that is the range, 24-25%, and that is our target. Even when we listed, we used to say that between 25 to 27 is our target. Post this acquisition, I'd say between 24 to 26 is what we try to do.
- Kapil Singh:** Ok. There, there's a set of questions which talks about the ownership of jointly developed technologies with external partners. How is the ownership determined and what are the explicit criteria to allocate patent rights? And how are joint innovations managed to ensure fair and clear intellectual property protection on both sides? And I think there's a related question for

it's for other mobility offerings like suspension systems, powertrains, creating tangible cross-platform benefits for performance automation and product adaptability. So, basically, how will the company leverage the technical expertise it has gained from its robotics partnerships?

Vivek Vikram Singh: We don't have any JV partnerships, so I was struggling to figure out how to answer it because I don't think any of the partnerships, the two we did with Enedym or Equipmake have been commercialized, so there is no aspect of sharing of the technology or what revenue accrues where. Most of the products we do, or almost all that what we do is basically in-house technology only. With Neura, that is something to be still worked out. There is a concept of background and foreground IP that both sides keep the background IP or the core process with which we develop their part of it. And then the foreground IP, the application of what you have developed belongs either to the customer or to one of you, depending on who is the prime agent and prime buyer, so it is very well articulated right at the start, and mostly these are things covered in the partnership agreements. So whenever we do sign binding contracts, this will be part of it. This is one of the, I would say main areas of discussion and negotiation: who does what, who takes credit for what, who gets the IP rights for what, and then how is the revenue attributed to each party. And obviously, in a good partnership, we try to do it in a fair and equitable manner. So we try to do it for all. Right now, I don't think we have much of those kind of cases.

Moderator: Thank you so much. Now we take the last question.

Pratik Sachan: The answer to that hybrid question, basically we have 24% revenue share of automotive products from hybrids.

Vivek Vikram Singh: So, thank you. And Pratik, just keep that slide in the appendix, in general, because I know it doesn't change that much quarter on quarter, but if you keep it in the appendix, I think people can see exactly what the split is in power trends.

Moderator: Yeah, so now, we will take the last questions. Hi, Jay. Hi your mic is unmuted. Please go ahead. Thank you.

Jay Kale: So my first question is on the suspension motor business. You know, there is a significant amount of time available over there and it's heartening to see new business wins from new customers but if you can just speak a little bit about whether there are any conversations with ICE customers. You've mentioned about auto wins with electric PVs, but are, are ICE customers also actively looking at it?

Vivek Vikram Singh: Excellent question, Jay. Actually, suspension has nothing to do with the powertrain, right? So, both kinds of customers are engaged. However, what is happening is most people's new launches, which are coming, let's say one year later or two years later, happen to be EV because even now, I think there's this, there's a BofA mobility newsletter that comes out. So I saw the

August numbers. EV growth was still pretty high. I think it was 38%. Europe is again going quite fast towards electrification. So what is happening is that if you want to integrate a new suspension in a vehicle platform, you would not like to do it on an existing thing because you don't want to change the assembly stations, etc. So you would want to do it in a new model. And new models are invariably electric for a lot of people, which is the reason. So it's not like we're not engaged with ICE customers. The orders or inquiries we get are for EV, but it has zero bearing on the nature of the product.

Jay Kale:

The second question is on, on the Humanoid Robots. Of course, it's still a nascent industry and the supply chain is still getting developed. There will always be a time of a J-curve, hitting in your planning and discussions with your customers. when do you see that J-curve hitting and maybe in 5 years down the line, how big an opportunity do you see in terms of the contribution of this business to your revenues?

Vivek Vikram Singh:

So Jay, I, I would say let's broaden the definition just to humanoid. Humanoid is the shiny, human-looking face of the robotics movement, but the real volumes are in cobots and industrial robots. By cobots, I mean cognitive robots like robots assisting people in surgeries, people on floors, so many areas. That number is actually much higher. So if you just look at TAM, that number, if you look at a five-year horizon, will be much higher. If you look at a fifteen-year horizon is when humanoid TAM exceeds probably even those ones. For us, it's both because almost everything that we do, we do motors, we do gears, and we do sensors. Together they form the core of almost every joint and joint in movement, basically how many degrees of movement and how many can you enable intelligently. That's a lot more in humanoids, so the number increases, but it is applicable for all robotic categories. I would still say, I don't think one should try to, whenever an investor is looking to make a business case, add too much of it in 3 to 4 years. It will take a lot. I mean, if you just go by my own lived example of 2016, we started investing and doing things with EV drivetrains. We really made money five years later in 2021 for the first time, and even then it wasn't much. Now is when we really make money. So first 3-4 years, you'll make almost nothing. Suspension motor, another example. In 2021, we started developing first samples, etc. In 25, we started making decent money, but in 28-30 is when you make really big money. That starts becoming a category in your pie chart instead of just going and sitting in others. It actually becomes something. So, 0 to 5 to get to good or some revenue, and 5 to 10 to go to massive revenue. That's usually the scale.

I believe humanoids plus cobots as an industry in 2040 might be bigger than the entire automotive sector put together. So, it is an opportunity. I'm fortunately 46, so I have at least 15 years, so I can see that thing happening. And it's great that you can see 2 new industries and technologies pan out in your lifetime. So that's the goal, but if anybody, and especially the people who asked me about what does FY26 look like, the second quarter look like, Yeah, do not build it in your business case for the next quarters or next 2 or 3 years. It is not going to mean anything. It's an investment in learning. It's an

investment in capability building. And it's an investment, hopefully, that builds us a much, much brighter future.

Jay Kale:

Got it, and just one last question, you know, it's heartening to see your ferrite-assisted synchronous reluctance motor development, but just curious, you know, of course, there would be certain inherent advantages of rare earth, I mean, the heavy rare earth metals developed motors. So are there limitations of ferrite-assisted synchronous motors behind us, or we are still in the development curve? Because if it was so easy, it could have, should have been developed earlier as well, right? So there would definitely be some disadvantages of these kind of motors which there will be a development curve.

Vivek Vikram Singh:

So Jay, and I, because I know you and I know how closely you track us, we launched this first in 2022. That was the first time. We didn't find much customer traction because when an easier alternative is available, even if you make something innovative, people don't switch to it. There is an inherent disadvantage that the weight is higher, not by much, but the weight is higher. There are some other things, Sat or Praveen, actually, you can speak about it. But in those intervening 3.5 years, we have improved a lot more. And at that time, I think we were not using synchronous reluctance. We were using some other technology, but using ferrite magnet. But Praveen or Sat, whoever wants to take this can talk about this more.

Praveen Rao:

Thanks, Vivek. So, in general, you're right, the rare earth magnets have a higher power density, and therefore, it can give you torque density as well. But when we look at ferrite, it has an inherent advantage in that the temperature-related degradation is not there, like you see in the rare earth magnet motors. So, that advantage we have been able to leverage to take care of the power density and therefore the disadvantage in terms of weight increase, which Vivek talked about. So barring the, you know, overall weight increase, we have been able to more or less compensate the disadvantage that we would have moving from PMSM with the rare earth to a ferrite assisted synchronous machine. So overall, you know, in most applications, you can offer this as a comparable product, and therefore, it can be a good replacement. So that's a short answer, but, we are working with all the applications right from as we mentioned three wheeler, LCV, two wheeler, and, you know, all the segments. So we will have to work towards achieving a good balance between packaging weight, um, the specific requirements in terms of torque and power.

Vivek Vikram Singh:

I think that Praveen forgot to mention because he is obviously concerned about customers who listen to this, that the cost is lower. And, that Jay accounts for a lot. Its lower cost can make up for a lot of things.

Jay Kale:

Great, great. Thanks, thanks and all the best for yourselves.

Praveen Rao:

Thank you. Thanks, Jay.

Moderator:

In the interest of time, we will conclude the call now. If you have any further questions, please feel free to email your nominal sales rep or corporate access. Thank you once again everyone for your time. You may drop off the line now. Thank you so much. Thank you. Thank you. Thank you. Everyone. Yeah. Have a good evening. Bye.

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