Commercial Vehicle Solutions

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Date	August 20, 2025

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Scrip code: 533023

Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G
Bandra - Kurla Complex
Bandra (E), Mumbai 400 051

Trading Symbol: ZFCVINDIA

ISIN : INE342J01019

Dear Sir(s),

Sub: Transcript of the Investor Call held for the quarter ended June 30, 2025

In continuation of our letters dated 31st July 2025 and 14th August 2025 pursuant to intimation and recording of investor's call, we hereby inform that the transcript of the 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

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Company Secretary

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"ZF Commercial Vehicle Control Systems India Limited

Q1 FY '26 Post Results Earnings Conference Call"

August 14, 2025

MANAGEMENT: **MR. PARAMJIT 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 BUSINESS – ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED
MR. M. MUTHULAKSHMI – COMPANY SECRETARY – ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA LIMITED

MODERATOR: **MR. ANNAMALAI JAYARAJ – BATLIVALA & KARANI SECURITIES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the ZF Commercial Vehicle Control Systems India Limited Q1 FY '26 Post Results Earnings Conference Call hosted by Batlivala & Karani Securities India 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Annamalai Jayaraj from Batlivala & Karani Securities India Private Limited. Thank you, and over to you, sir.

Annamalai Jayaraj: Thank you. Good afternoon. Thank you for joining us today, and I welcome to ZF Commercial Vehicle Control Systems India Limited call to brief you on the Q1 FY 2025, '26 quarterly earnings. Today, the first quarter earnings for FY '25-'26 will be presented by the management team of the ZF Commercial Vehicle Control Systems India Limited.

Your host today from the ZF Commercial Vehicle Control Systems India Limited are Mr. Paramjit Chadha, Managing Director; Ms. Sweta Agarwal, CFO; Mr. Shankar, Head of OE Business; and M. Muthulakshmi, Company Secretary.

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

Paramjit Chadha: Thank you, Jayaraj. Good afternoon to all of you. I warmly welcome you all to ZF Commercial Vehicle Control Systems India Limited Q1 results for financial year 2025-'26. This is my maiden call after joining as Managing Director from 1st July. 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 because of multiple factors. ZF Commercial Vehicle Control Systems India Limited's results for the quarter ending June 30, 2025, were published on August 12. They are available on the website, www.zf.com, under the ZF CV India Investor Relations section. We hope that you have had an opportunity to go through them. A transcript of this recorded audio of this call will also be made available on the website at www.zf.com under the ZF CV India Investor Relations section.

I am happy to talk to you today as we give you an update about the business of the company by going through first the economic update and commercial vehicle and then about the company update. Regarding the industry and economic updates, I would like to start talking about a few key macroeconomic aspects relevant to our industry. The global environment continues to be challenging.

Global growth, though revised upwards by IMF remains muted. The pace of disinflation is slowing down with some advanced economies even witnessing an uptick in inflation. However, the current geopolitical scenario remains volatile and its impact on economy is not very clear.

Domestic growth remains resilient and is broadly evolving along the lines of RBI's assessment. Private consumption aided by rural demand and fixed investment supported by buoyant government capex continue to boost economy activities. On the supply side, a steady Southwest monsoon is supporting kharif sowing, replenishing reservoirs water levels and boosting agriculture activities.

Moreover, Service sector activity remained robust. However, growth in industrial sector remain a little subdued and even across segments pulled down by mining industry. As for the growth outlook, the above-normal Southwest monsoon, low inflation, rising capacity utilization and congenial financial conditions continue to support domestic economic activity.

The supportive monetary, regulatory and fiscal policies, including robust government capital expenditure should also boost domestic demand to some extent. The service sector is expected to remain buoyant with sustained growth in construction and trade in the coming months.

Prospects of external demand, however, remain uncertain amidst ongoing tariff announcements and trade negotiation. The headwinds coming from prolonged geopolitical tensions, persisting global uncertainties and volatility in global financial market pose risk to the growth outlook.

Taking all these factors into account, projection for real GDP growth for 2025, '26 has been retained at 6.5%, with Q1 at 6.5%, Q2 at around 6.7%, Q3, 6.6% and Q4 6.3%. Real GDP growth for Q1 2026 will be around 6.6% as projected. The risks are evenly balanced and most of this information is sourced from the RBI bank.

Indian commercial vehicle industry situation, depending upon this economic situation is important to be discussed here. In Q1 FY '25, '26, the automotive sector continued to an upward trajectory, recording a 4.9% increase in retail sales. The commercial vehicle CV industry, however, presented a mixed picture.

While retail sales saw a modest 1% growth as per FADA, production of CVs above 6 tons surged by around 7.7%, maintaining the strong momentum from Q4 of 2024-'25. This production boost was largely driven by the prebuy impact of new AC cabin mandate, which was started implementation from 7th June '25 for the trucks, which notably defined typical seasonal trends where the volumes in first quarter were not used to be so high.

However, the overall CV mix was impacted by a slowdown in the heavy-duty segment, particularly on the tippers due to a dip in the industrial activity and significant decline in the mining industries. While this production surge may temporarily affect Q2 volume, we remain optimistic about a strong rebound in the second half of the financial year.

The upcoming festive season, a favorable monsoon forecast supporting agriculture activities and continued government investments in infrastructure are expected to drive robust demand and sustained growth.

Looking ahead, the CV industry is poised for transformation. Key trends such as the expansion of commerce and adoption of advanced global fleet solution like ADARs, e-mobility and improvements in road infrastructure will be major growth drivers for commercial industry.

At the same time, heightened focus on sustainability and increasing adoption of gross cost contract model by state transport undertaking are expected to accelerate the penetration of electric vehicles, especially on the buses side. After this, I had like to share some insight into the specific initiatives undertaken by company during Q1 '25-'26. Coming to the OE sales. In Q1 '25-'26, our OE sales grew by strong 7.8%, in line with the broader commercial vehicle industry performance in the Q1.

Despite headwinds from an unfavorable model mix and a flat trailer market, we sustained growth through increased penetration of advanced technologies such as AMT, which is called Automated Manual Transmission and ECOS Electronically Controlled Air Suspension and strategic push into e-mobility solutions like electronic compressor and EBS called Electronic Braking System.

Looking ahead, the outlook for CV industry remains optimistic with multiple indicators pointing towards sustained rebound. In anticipation of this upswing, we are executing a series of strategic initiatives aimed at enhancing our competitiveness and unlocking long-term value.

For example, we are prioritizing the penetration of advanced trailer technologies, including trailer ABS, trailer EVS and Scholar EvoPulse telematics solution in alignment with AIS 113 trailer revolution and growing demand for safety and operational efficiencies demand in the trailer fleet.

The upcoming electronic stability control regulation for buses effective September '25 present a significant growth opportunity. We are fully prepared for volume ramp-up and have already seen an increase in demand from key customers ahead of the mandate. Our product launch pipeline remains strong with new introductions such as exhaust brake wall, automatic traction control and expanded adoption of OptiDrive AMT and OptiRide (ECAS).

We are also depending -- deepening our presence in electric vehicle segment with targeted efforts to expand the reach of our e-compressor and EBS systems among independent bus manufacturers. Beyond the near-term rebound, we also see long-term growth drivers emerging from regulatory evolution and rapid adoption of electric mobility.

The recent draft notification from Government of India mandating advanced driver assistance system, ADAS, including features such as Advanced Emergency Braking, AEB, Lane Departure Warning System, LDWS, Moving Of Information System, MOIS, Blind Spot Information System, BSIS, and drivers' drosiness attention warning marks a transformative shift for CV industry. We are actively collaborating with major OEMs to ensure readiness and timely compliances.

In parallel, the accelerated production of electric buses presents a significant opportunity for us. Our advanced e-mobility portfolio, including e-compressor, EBS, ESC and e-cars positions us as a technology partner in this evolving landscape. These developments underscore our long-term growth trajectory and strategic alignment with future of commercial mobility.

Coming to aftermarket performance, building on our success for the previous financial year, the aftermarket business achieved a growth of 9% over Q1 of 2024-'25 -- this is driven by focused execution across multiple projects in diverse segments. We continue to strengthen customer relationship, receiving repeat orders for ADAS driver behavior monitoring systems for their employee transport services.

We also advanced retro fitment opportunities, including trailer ABS system for application on fuel carrier and substitution of industrial compressor with some of our automotive compressor range for industrial use.

In the recent and important market development, petroleum companies have issued tenders for LPG transportation contracts with a mandatory requirement for trailer electronic braking system. in Karnataka, Gujarat, Assam, Rajasthan and trailer anti-lock brake system in other states. This is a regulatory change is creating a significant aftermarket retrofitment opportunity in the vehicles which are already on the road. We anticipate adoption of trailer EBS and trailer ABS solution in financial year '25-'26, further strengthening our leadership position in trailer safety technology.

Regarding exports, in Q1 2025, '26, we saw a decline in export by 11.6% over Q1 '24-'25. The drop in volume is largely attributed to a decline in demand for compressors and braking components from OEM in U.S. The decline was partially compensated by an increase in demand for compressors and modulator doors control system from OEMs in the EMA European market.

Looking ahead, the export order book forecast is challenged, considering the geopolitical impacts. While this presents a short-term challenge, we remain committed to proactively navigating these changes.

Regarding services export, the export of services recorded a growth of 11.9% in Q1 2025-'26 compared to the same quarter last year, driven by a sustained increase in IT engineering and business services delivered from India to our global centers. This reflects India's strength as a global engineering hub. Our commitment on ESG also a lot of activities have been done.

As part of our ongoing commitment to sustainability and operational excellence, I'm pleased to share some of the significant milestones we have achieved in the first quarter of '25, '26. Our Ambatur, Chennai plant was honored with the prestigious CII EHS Excellence Award in the gold category, the highest recognition in its class.

Simultaneously, our Mahindra World City Chennai plant secured the Silver category Award and received a special award from CIA for the best carbon footprint reduction. and an acknowledgment of our focused effort towards environmental responsibility.

In pursuit of operational excellence, we implemented several energy efficiency initiatives across our sites, resulting in an estimated energy saving potential of 4%. These efforts included optimizing compressed air system and reducing idle time for energy-intensive machinery, contributing meaningfully to our sustainability goals.

Further reinforcing our commitment to phasing out fossil fuel, we successfully electrified the canteen operations at the Mahindra World City, Chennai plant. This transition is expected to save approximately 60,000 liters of diesel and 40 tons of LPG annually, effectively eliminating around 259 tons of CO2 equivalent emission approximately.

Regarding engineering update, we have commenced pilot production of single tyre lift axle for a leading OEM, an important step towards commercial rollout. The company is also working with customers on advanced e-mobility solutions.

During the quarter, we inaugurated our state-of-the-art innovation lab at the hardware design center in Ambatur, Chennai, reinforcing our commitment to advanced engineering and local R&D capability. To support the growing demand for test operations, we have commissioned a 300-kilowatt high-tension transformer for our test track for the vehicle testing.

Markets on the manufacturing side, we continue to strengthen our manufacturing capabilities and scale up advanced technology products from our new multidivisional facility at Oragadam. This state-of-the-art plant is now producing key components such as e-compressor and hydraulic ESCs for e-mobility.

Air system protector ASP cartridges for Indian OEMs and a range of Wheel-end products, including actuators, brake chambers and automatic slag adjusters for both our domestic as well as export markets. In Q1 2025, '26, we successfully launched several new products tailored for Indian truck and trailer OEMs as well as for the aftermarket. These include brake chambers, air dryers, door control systems, electronic control units.

To support this growth, we are scaling our manufacturing capacities across all the plants for braking system products, positioning ourselves to capitalize on the emerging opportunities. We have also upgraded assembly lines at our Jamshedpur, Lucknow and Pant Nagar plants, enhancing our manufacturing footprint.

These upgrades have significantly improved delivery performance, operational flexibility and customer responsiveness. While also contributing to our sustainability goals by reducing transportation-related emission and also using recyclable type packaging.

On the corporate responsibility side, in the first quarter of 2025, '26, we continue to progress in our community development and sustainability initiatives. As part of our efforts to promote road safety and enhance public infrastructure, we installed solar-powered traffic signals and solar-based high mass light across Kanchipuram and Chengalpattu district.

We are also investing in skill development initiatives to boost employability and empower the next generation of skilled professionals for building future-ready talent, over 200 youth have been trained in foundational manufacturing skill through the National Apprenticeship Promotion Scheme (NAPS)

Regarding awards and recognition, I'm pleased to share that Q1 of 2025, '26, our teams have collectively earned 25 awards and recognitions from esteemed industry forums, including CII, ACMA, CVF and QCFI. This outstanding achievement include five national level awards, five regional level awards and 10 state and zonal awards. These accolades are testament to our commitment to excellence, innovation and continuous improvement.

And now moving to the financial performance. I would request Sweta Agarwal, our CFO, to run through the details.

Sweta Agarwal: Good afternoon, participants. The results of the company were made public at 06:07 P.M. on 12th August 2025. I hope you've had a chance to go through this. I'm pleased to share that we delivered a strong performance in Q1 FY '25-'26. The consolidated revenue for the quarter ended 30th June '25 was INR1,042.15 crores compared to INR971.06 crores in quarter 1 of the previous financial year, a 7.3% year-on-year increase.

This is the second consecutive quarter where we have exceeded earnings of INR1,000 crores. Our profitability also grew significantly as the company recorded a profit after tax of INR122.38 crores. This is up from INR99.43 crores in Q1 of the previous year, representing an impressive 23.23% year-on-year growth. This is on account of various portfolio and cost management actions taken by the company over the last year.

Our profit before tax stood at 19.4% of product sales in Q1 FY '25-'26, and we achieved our highest ever EBITDA margin of 23.42% in Q1 FY '25-'26. This performance underscores the strength of our business fundamentals, the effectiveness of our strategic initiatives and the dedication of our teams. Our engineering and other services continue to create value for our group customers.

Service income grew by 19.19% at INR123.2 crores compared to the same quarter of last year. On the exports, we recorded degrowth of 11.6% over the corresponding quarter of the previous year, totaling out at INR245.5 crores, largely driven by a reduction in demand from the US, but partially offset by increases from EMEA.

I'm now handing over to Mr. Chadha for his remarks.

Paramjit Chadha: I would like to end our speech on a high note by reaffirming that ZF CVCS is confidently positioned as a technology leader in future mobility with strong capabilities in AMT, ADAS and e-mobility, we are shaping the future of commercial vehicle and driving sustainable transformation across the industry. Thank you very much for your participation. And now we welcome the questions.

Moderator: The first question is from the line of Mukesh Saraf from Avendus Spark.

Mukesh Saraf: My first question is on the margins. While we've seen gross margin has improved sequentially, the EBITDA margin has kind of come off. So this -- we're seeing that employee costs and other expenses have gone up more than the increase in revenue. So could you give some sense on what has led to this increase in these overheads? Is there any one-off within these?

Sweta Agarwal: Hi Mukesh, good afternoon. So we implemented the annual salary revision of approximately 7% effective 1st of April. So you see that impact coming across when you're comparing it to the last quarter. And there was, of course, a onetime effect of the true-downs due to differential rate of discounting for the gratuity valuation on 31st of March.

So when you are again comparing it to the previous quarter, it looks like it's disproportionately higher. However, this is in line because the gratuity valuation is a onetime exercise per year. So that's why the impact appears as the tax.

If you compare it to the same period last year same quarter, the increment would be in line with the annual increments that have given.

Mukesh Saraf: And Okay. Within the other expenses as well, there's nothing to highlight as such.

Sweta Agarwal: Within the other expenses, no, there's regular warranty freights and so on. So nothing major as a onetime...

Mukesh Saraf: Got it. Got it. And second question is on the ESC, like you mentioned that from September, we are going to see an increase in volumes. Could you give some sense on how much of an increase this could be? What's the number of sets that we're probably supplying now for buses on the ESC and how this could go up? And additionally, also for the hydraulic ESC, I think we were at about 400 units a month run rate. Could this also kind of see an improvement from September?

Shankar Venkatachalam: This is Shankar here. On the ESC, the pneumatic ESC, what we are currently supplying to OEMs, we see roughly the volumes doubling from about 1,500 to 2,000 pieces per month to about 3,500 to 4,000 pieces per month. That's the kind of numbers that we are looking at come September. We've already started seeing an uptick in the orders coming in from OEMs this month as they prepare for their body building and readiness of the vehicles for launch in September. So that's something that's already started.

On the hydraulic side, the impact would also be there, but not to that extent because I believe that some of the school buses and the city buses are still exempted. So that growth is not seen to that extent in the Hydraulics segment. There is a small marginal increase in the numbers that we see on the Hydraulics segment.

Mukesh Saraf: Got it. Got it. And in some of the previous calls, we have mentioned that the trailer ABS as well, we should start seeing an increase in adoption. While this was mandated many years ago, the adoption is quite low. And I think in some of the calls, it was mentioned that we should start seeing that from this year onwards, there's going to be some push from the ministry as well. So any update on that?

Shankar Venkatachalam: On the trailer ABS, we have a challenge because the enforcement is not there at the moment, though it has been mandated as part of the legislation, we find that the state transport authorities are still not mandating it. So we are taking it forward as a safety feature and also educating trailer manufacturers that these are the benefits that it can bring them and as well potential ROI and benefits that it can give them while they...

Mukesh Saraf: Sure, sure. And just lastly, if I may, any update on these -- on the draft regulation that we kind of have in place for the ADAS. I think it was next year, but we haven't got an update on that as yet as to when that final notification would come?

Shankar Venkatachalam: At the moment, it's still under discussion. As you know, after the draft legislation has come out, probably OEMs are also in discussion with ADMA. So there is a potential shift of the time line that we are expecting, maybe to the tune of six months to a year is what we are expecting, but the exact details will be known once it's officially out.

Moderator: The next question is from the line of Mumuksh Mandlesha from Anand Rathi.

Mumuksh Mandlesha: I just had one question, sir, on the ADAS opportunity. We have been always strong in the heavy commercial vehicle. Now since the regulation is applicable to some part of LCV and ILCV portion, which is less than 15 ton and more than 3.5 ton. How do you see our position and presence for this part of the segment for the ADAS function?

And also in earlier calls, we have indicated INR65,000, INR70,000 value for the ADAS content. Just wanted to check for the LCV part of the market, what -- how the content would be differ from the heavy commercial part?

Shankar Venkatachalam: On the overall ADAS portfolio, as you know, we are present in the pneumatic portfolio, very strong presence today. On the hydraulic portfolio, these are some of the products that we are trying to leverage from our parent company. At the moment, the products what we are -- have a challenge in terms of being cost competitive in the current market.

The cost of the current products, which are expected to be are much lower than in the frame of mind. So that's something that we are trying to evaluate while we look at how the market would tend to take up this product as well. So once we have better clarity on that, we'll be able to give that feedback.

Mumuksh Mandlesha: Got it. So our presence would be more on the pneumatic portion of the opportunity for ADAS?

Shankar Venkatachalam: That's correct. That's correct.

Moderator: The next question is from the line of Kush Purav Shah from B&K Securities.

Kush Purav Shah: Sir, I had a couple of questions. First, sir, if you could give us the absolute number breakup for OEMs replacement and the export segment?

Sweta Agarwal: Sorry, could you repeat your question, please?

Kush Purav Shah: I wanted to know the absolute numbers for the quarter for the aftermarket, OEMs and the export segment?

Sweta Agarwal: OEM is INR463 crores, aftermarket, about INR135 crores and exports INR245 crores.

Kush Purav Shah: Coming to the long-term outlook, what is our strategy which you are taking for mitigating the demand cyclicity of the CV industry?

Sweta Agarwal: Just repeat that again, please?

Kush Purav Shah: What strategies is ZFCV taking to mitigate or derisk their business from the Indian CV industry? I mean it's the slowdown...

Sweta Agarwal: So Kush, we typically would follow the demand cyclicity if this industry itself operates in a particular way. So from a domestic side, there would not be many opportunities to not operate within that cyclicity. Aftermarket is the only opportunity where we might be able to find certain segments where we could support even outside the cyclicity -- normal OEM large vehicle cyclicity.

Kush Purav Shah: All right. All right. Okay. And for this quarter, I think sir mentioned some new product launches. So if you could elaborate or give some more insights on that on the new product launches?

Shankar Venkatachalam: So on the new product launches, we have -- in Q1, we have expanded our presence in the e-compressors and the EBS systems. This is primarily driven from growth in electric bus segment. So in Q1, we have seen a significant growth in the electric buses, and this is driven by independent bus manufacturers. And also, we are looking to expand our presence in the AMT segment and position ourselves for launch of new products such as exhaust brake wall, automatic traction control and further growth of (ECAS)

Moderator: The next question is from the line of Ankur Shah from Quasar Capital.

Ankur Shah: Ma'am, just one question on the other income. Any specific reason why the other income was quite up this time?

Sweta Agarwal: Yes. There is a positive impact of FX movement. So the rupee has depreciated against the euro significantly in the last quarter. And since we are a net exporter company, we saw a positive impact on the euro FX.

Ankur Shah: So ma'am, will this impact continue to stay in the quarters going ahead or the pricing gets adjusted?

Sweta Agarwal: The pricing doesn't get adjusted, but we don't see this kind of a volatile movement in the upcoming quarters, unlikely to happen to this kind of volatility...

Ankur Shah: Sure. And second question is on the other cost. I think one gentleman did ask, but any specific reason why there was such a huge jump on other costs in spite of a 3% top line growth?

Sweta Agarwal: So there are a couple of components in the other expenses, one of which is the CSR expenditure. So when you compare it to last year, the CSR expenditure linked directly to the profitability. Due to the higher profitability, therefore, you see that component in the other expenses. The second bit is there are some previous period reversals that happened in the last year, which is making it look as if this year's other expenses is higher. So otherwise, it's mainly normal business as usual.

Ankur Shah: So ma'am, while we are modeling it out, shall we think of it that the quarters coming ahead will be without CSR and normalized for...

Sweta Agarwal: The CSR would be spent month-on-month. And therefore, the CSR is linked to last year's performance and would remain similar across the rest of the 3 quarters of this year. Next year's CSR amount will therefore get linked to this year's performance. Okay.

Ankur Shah: Okay. Got it. That is very clear. And sir, one last question for you. On the business front, a very maybe common question that with the clients from the US, because I assume that we were expecting some growth with respect to US exports and with whatever has come up as tariffs, do we hear from clients or the parent company about change in growth plans, about change in sourcing destination being India or some other market? Because now on a comparative basis, maybe European tariffs are quite lower than the Indian ones. So any thoughts over there?

Paramjit Chadha: Yes. We have already started working on this direction, checking at all our supply chain across world. So there were IC export from one country to other. So maybe certain actions like some additional value addition in US and other things can be one of the area which will be worked out. But as of now, I would say, if you ask me some concrete plans, including discussion with the customers is already being worked out.

And I think it will take some more time to understand what are the overall stand being taken by our customers, global customers. So that will be -- and also being our safety critical part, it is sometimes very difficult to change the source very quickly. So it needs a lot of time for reapproval by sourcing the part from other countries. So it's not so fast that one can do.

Ankur Shah: Sir, just one follow-up on that.

Moderator: Sorry to interrupt, Mr. Shah, I request you to join the queue. The next question is from the line of Ajox from Sundaram Mutual Fund.

Ajox: My one question is ZF winning three large test system orders for powertrain and tire manufacturing applications. How much of that will flow through to us? And what is the potential here?

Sweta Agarwal: Ajox those products that you are mentioning are not part of the portfolio of this listed company. Hence, we will not be able to comment on that.

Moderator: The next question is from the line of Mukesh Saraf from Avendus Spark.

Mukesh Saraf: There was one more draft notification end of July, which specified that for haulage tractors, we should have the vehicle location tracking devices as well as the event data recorders with similar time lines, October 26 and April 27, respectively. So is there an opportunity for us there as well? Because anyways, we will be kind of supplying newer components for the ADAS systems?

Shankar Venkatachalam: We do have our own solution, the vehicle fleet management solution, which is already in series for other OEMs. There is also a newly launched platform called Scalar, which is the global platform that is being used with all the various options that are available, which can be used either as a data ingestion solution or as a hardware-agnostic option as well. So these are potential products that we could look at in the immediate term. So there is already ongoing engagement with each of the OEMs to see which solution fits their price bucket today.

Mukesh Saraf: Got it. Got it. And just lastly, the export revenues, could you give a mix of the country-wise exposure? And how much would US be now and Europe probably?

Sweta Agarwal: So typically, we export about 50% to the US and 50% to the Europe. This time, the mix could be 55%, 45%, but not more than that for now.

Moderator: The next question is from the line of Ankur Shah from Quasar Capital.

Ankur Shah: Just continuing on the export front, we keep hearing that the tariff, the customers may ask us to absorb some pricing. So any thoughts over there, sir?

Paramjit Chadha: See, we are at present, mostly we are supplying to our intercompany unit and the customer dealing is done by them. So I think if there are any thoughts, we will get that information. As of now, it is only internal discussions, and we are trying to calculate the impact. And how our customer will reimburse that I think that is to be concluded by our global team, and we will get to know in due course of time.

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

Lakshminarayanan: I just wanted to understand what would be your top priorities for ZF in the next couple of years? And second, you have been with Nor Bren also earlier. And after taking over ZF, what are the areas where you think ZF needs improvement?

Paramjit Chadha: Very difficult question, but I will answer it. Thank you for asking this question. It's almost 42 days I have joined, and I have gone through a visit of all my units, plants across -- spread across India, also visited most of the customers -- so collecting the data of what all the customer expectations are there. See, the auto industry, especially commercial industry needs agility and flexibility on the demand fluctuation.

I think that is one area where every OEM is demanding this flexibility and every supplier is working towards that direction. I would say ZF is more, I think, tuned to this because of the multi-location plants near to the customer units. So every main customer plant, we have our manufacturing unit next to them. So that makes us much more flexible to serve them as compared to our competitor who have units only in one particular or 2, 3 locations.

So that is one advantage of ZF, which we would like to leverage. We are already leveraging it, and we will continue. And the second point for the growth is the change in the demand in commercial vehicle as more and more technology is being adopted. Definitely, it is mostly driven through the regulations -- but there are some very good fleet companies who are demanding safety features. So our team is in touch with the fleet companies to promote parts, which give more safety efficiency.

As Shankar has mentioned, we have telematics solution. We are also already having association with one OEM for uptime monitoring through the software-based solution. So these are various positive points for ZF to enhance the growth by giving not only brake system, we are now into transmission also. and this AMT and other products and then clutches. So many, many products are additional to as compared to the competitors, which you mentioned.

Lakshminarayanan: Got it. And what would be your key priorities for ZF in the next few years as you have taken this leadership role?

Paramjit Chadha: Yes, that's what I mentioned that our manufacturing footprint, which we already have some footprint, we are studying how do we have more and more closer to our customer to offer the products at a fluctuating demand so that we don't lose any business to the OEM when the exponential growth happens.

So for that, we are working on our portfolio management again. And technology is another area where our teams are promoting in order to ensure that going forward, our vehicle -- I would say, content per vehicle should increase with these launches of the new technology.

For example, ADAS, the content per vehicle will grow exponentially when the ADAS like items are added into the vehicle. If you compare the content per vehicle of a European and U.S. vehicle, it is much higher because of various features which are being offered. Even now the ADAS regulation is talking about five type of features, whereas globally, there are up to 24, 25 features.

So once the regulatory requirements increase, we are having scalable ADAS system, and we are ready for the future. So I would say that next few years, any regulatory changes, ZF is having that technology already into our portfolio.

Moderator: The next question is from the line of Harikrishnan Nair from Geojit Financial Services Limited.

Harikrishnan Nair: I just want to know like what is the kit size value that you are giving to the OEMs right now? And could you give some growth projection on that? And my -- on a medium- to long-term basis? And the second thing is that other than the US and Europe, are you planning to expand your presence in other geographical markets?

Paramjit Chadha: Yes. Okay. I think, Shankar, you can take it.

Shankar Venkatachalam: So to answer you, today, we are somewhere hovering between INR40,000 to INR44,000 content per vehicle. And this is again depending on the model mix that we are having. Looking at variations of vehicle model mix, the VPV also changes. With potential new technologies that we are looking to launch in the market as well as upcoming IRAS legislations, I think over the next 2 years, we can hope to grow all the way up to about INR1 lakh. So that's the opportunity that presents itself with the technology that we have as well as the potential the market comes across.

Sweta Agarwal: Your second question with respect to export opportunity -- sorry?

Harikrishnan Nair: Yes, sir. Yes, yes.

Sweta Agarwal: Okay. Your question with respect to export opportunities, we do have some small supplies to the Far East to Korea and Japan. And as the other countries mature, but these are still small quantities. And depending upon the global portfolio, we may be able to supply as the other markets mature.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Paramjit Chadha: Thank you very much for very relevant questions, and we are here to ensure that we grow as the market grows and also grow a little higher than the market. These are the targets which we are trying to take for ourselves, and thanks for your support always.

Moderator: On behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Paramjit Chadha: Thank you.