



“Sandhar Technologies Limited
Q1 FY '26 Earnings Conference Call”
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MODERATOR: **MR. CHIRAG JAIN – EMKAY GLOBAL FINANCIAL
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Moderator: Ladies and gentlemen, good day, and welcome to the Sandhar Technologies Limited Q1 FY '26 Earnings Conference Call, hosted by Emkay Global Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Chirag Jain: Thank you, Anushka. Good morning, everyone. On behalf of Emkay Global Financial Services, I would like to welcome you all to the 1Q FY '26 earnings conference call of Sandhar Technologies Limited.

Today, we have with us from the management team, Mr. Jayant Davar, Chairman, Managing Director and CEO; Mr. Neel Jay Davar, Director; Mr. Gurvinder Jeet Singh, Whole Time Director and Head of Corporate Strategy; and Mr. Yashpal Jain, Chief Financial Officer and Company Secretary.

We'll begin the call with opening comments from the management team, followed by the Q&A session. Over to you, Mr. Davar.

Jayant Davar: Good morning, everyone. Thank you, Anushka, and thank you, Chirag, for putting this together. Let me begin by, first of all, saying hello once again to this Trump affected world. But I think where India is concerned, I do believe that we will probably gain in the end than lose.

In today's call, I'm sure that all of you have received the presentation, the investor presentation, you have a copy of it. But let me focus on just 3 or 4 things to begin with. Can everybody hear? I hear some kind of a hiss. Can everybody hear me? Chirag, Anushka?

Chirag Jain: Yes, It's audible sir.

Moderator: Yes, sir. Your audio is clear.

Jayant Davar: Okay. Let me begin by a few of the comments on a few points to make. First of all, on Sandhar's growth, we are happy to share again that we have achieved a growth of 21% growth over the quarter 1 of financial 2025. In fact, in the India business that growth is 22% at a consolidated level.

And we expect to continue the growth momentum over the last year's numbers, depending, of course, on the geopolitical situation, uncertainty with tariffs, not that we get affected by the tariffs but in the overall sentiment, growth in the auto and OHV sector and, of course, other related events that could come.

Our consolidated EBITDA stood at 9.18 in the current quarter versus 9.85 in quarter 1 of 2025. These are exceptional reasons. There is a reason of the foreign currency translation loss, which

is notional, which is INR4.5 crores. There is a commodity price impact in this quarter, which will be covered up, of course, in the next one, but that's close to INR3 crores. We have a one-time old lag of power change costs in Mexico, that's one-time. That's again cost us about INR2 crores or so.

There were two of our customers who, because of their supply issues, not demand, supply issues, lost us business of about almost INR20 crores. And then there is the changeover that is happening in the construction sector from BS IV to BS V, and that also put a stint on the sales for this particular quarter. So it is a part of the presentation, but I thought it fit to give my comments on it, and I'll be open for comments there as well.

In terms of joint venture, the company has reviewed its strategy to continue in the JV business format. We are consolidating our business activities and focusing on core business. But I'm very happy to announce that besides the two, one is Jinyoung Sandhar Mechatronics and Kwangsung Sandhar Technologies, where we sold off our stake in these companies. The balanced JVs that we have are all profitable. Currently, the company has an investment of INR62.72 crores in the 5 JVs, and I'm happy to announce all of them are positive, both EBITDA and tax.

In terms of our overseas subsidiaries, you are aware that the European and other global markets have a severe degrowth, marked by unstable geopolitical conditions. And now being exacerbated by the U.S. tariff uncertainty. There's been a slowdown in Europe. There is a decrease in consumption there. And most of the countries there are facing degrowth.

Costs there are increasing. These have also affected our overseas operations, and we registered a loss of EUR1.06 million. This is including the foreign exchange translation loss of EUR0.46 million. So half of it is on account of foreign exchange translation loss in quarter 1 compared to a profit of EUR0.04 million in quarter 1 of 2025.

You'll be happy to know the company has taken many steps now to reduce cost, increase operational efficiency and expand the customer and product base. We are very, very hopeful that '25-'26 would be crucial to turn around our overseas operations and bring them into profitability.

The last aspect I want to speak about is our EV foray. As the company has started commercial production of battery chargers, motor controller and DC-DC converters and is getting very positive response in the market. The customer base is gradually increasing with more customers and we generated a revenue of a little less than INR2 crores in the first quarter to begin with.

So with that, I open the house for questions. We have with us today Neel and GJ, who are joining me as directors, and we have Mr. Yashpal Jain, who is the CFO, who will take on any questions regarding to any numbers or so on and so forth. With that, thank you very much once again. We are open for questions now. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Aditya Kondawar from Complete Circle.

Aditya Kondawar: Sir, first question was on the INR500 crores QIP. Any color on how the proceeds will be used? And second, my question on debt. I know, of course, last con-call also, Mr. Yashpal said the debt may peak a bit, but didn't still, just wanted an update of the same.

Jayant Davar: Yes. Yashpal.

Yashpal Jain: Yes, sir. Morning, Aditya. Replying to your first question regarding the QIP. So we have put up a proposal to borrow up to -- sorry, to raise up to INR50 crores. And largely, we are focusing on some more acquisitions, which may come up during the year. As you know, the validity of this approval from the shareholders is for a year.

So we thought to put it before the Board to subsequently take it over to the shareholders, sir. And the large part will be used -- or I would say the major portion will be used for the further future acquisitions as well as some acquisitions. As you remember, in the month of March, we have done, and we are expanding those lines also to increase the capacity. So this is regarding the QIP.

Coming to the debt portion, we had a gross debt of INR862 crores as of June and a net debt of INR825 crores. And I think as I have spoken in the earlier calls also last year, I mean, while giving an update on the Q4 FY '24-'25, the debt pressure might continue during this year because of the past acquisitions that we have done in the month of March and some of the new projects that are coming up.

But yes, we tend to keep the debt -- levels of debt within the present limits, actually, we don't want that it crosses INR900 crores at any point of time. So we'll try to rationalize it between INR850 crores to INR900 crores at the maximum side.

Moderator: We take the next question from the line of Saurabh Jain from Sunidhi.

Saurabh Jain: Yes. I have a few questions. To begin with, what was the revenue and EBITDA contribution from the acquired business of Sundaram during the quarter?

Yashpal Jain: So the revenue was some above INR100 crores, you can say, around INR103 crores for the quarter 1. And as far as EBITDA is concerned, it was EBITDA business. But at the PBT level, we have sustained losses as I mentioned in the earlier calls, the cost has been higher. EBITDA has been at a level of INR4 crores. It was around 4%. Because the operational costs, we started operations from 1st April 2025.

And as I mentioned in earlier calls also, this year would be a little bit tougher because we are operating from shared premises from the seller's premise itself, which is a common complex for other companies also. So might be this year, it would be at a breakeven level by close the year-end. But yes, from next year onwards, It will be back to the normal margins that we expect from our die-casting business.

Saurabh Jain: So breakeven at EBITDA level?

- Yashpal Jain:** No EBITDA level, we will try to sustain around 6%, 6.5% at the year-end. EBIT level can be a flat, EBIT can be a flat level. Because this was the first quarter, April, we started the operation. So the quarter was a little bit challenging also in terms of organizing the activities, organizing the operations, so the costs were higher.
- Saurabh Jain:** And sir, my second question is what was the contribution from smart locks in this quarter, which we were expecting to the revenue recognition to beginning this quarter. So how do you see that moving in the coming quarters?
- Yashpal Jain:** So like for the smart lock, it is just the beginning as we sought some pilot projects, pilot locks have been submitted to the customers. So you need to wait for year-end, at least this year-end when the volume shoots up because it's directly dependent on the sales of the OEs.
- From our side, we are ready to supply any quantity that they require. But, as of now, for this first quarter, the volumes are quite, I would say -- just, I would say, a test sample type, a very miniscule type of volumes are there for smart locks.
- And I think by the yearend, the penetration should see depending on how the country performs. How the consumer demand picks up and the preference of the consumers with respect to the models which are carrying the smart locks.
- Jayant Davar:** Just to add to that, let me put it into perspective. We are looking at the first year expected volumes of smart locks are about between 60,000 to 70,000 numbers. Yes, 60,000 to 70,000 numbers per customer 1 and about half of that for customer 2.
- Saurabh Jain:** And for this fiscal, FY '26?
- Jayant Davar:** That's right. That's right. And basically, the offtake, while like Mr. Yashpal said, the pilot lots have all been validated and fitted onto vehicles. The Ascent will start from quarter 2. But the overall impact of this would largely come in the second part of the year. And of course, it will go on to a regular platform for year 2, which is the next financial year.
- Saurabh Jain:** Great. Sir, coming to cabins and fabrications, which recorded a moderate degrowth. So was that due to the new norms with respect to air condition cabins? Do you see this segment to see a rebound?
- Jayant Davar:** No, this has nothing to do with air conditioned cabins. This has to do with the engine norms of BS IV to BS V. BS IV to BS V engine change price difference. So the customers had built and supplied in the market with the BS IV vehicles. BS V changeover is happening now. So when that happens, the entire ecosystem kind of changes. And therefore, we expect that from the -- I would expect from the next month onwards probably, sales would get back into normal levels.
- Saurabh Jain:** Okay. So the pent-up demand of last 2 quarters should eventually make up for the rest of the year, right?

Jayant Davar: Well, that's difficult for me to say, that's difficult for me to say what the new demand is going to be because the newer vehicles will also cost a little more. So the market needs time to get used to new prices. Therefore, the construction equipment manufacturers had pushed larger numbers to get rid of the Euro 4 or BS IV vehicles.

The new demand is being built. But in the meantime, there is a lag that happened in quarter 1 and will probably continue till next month onwards. So you will get -- let me say, a regular demand from the half of the second quarter.

Saurabh Jain: Great. Sir, my last question is on if you see the category-wise split, so 4-wheelers, OHVs, and CVs all have seen a lower contribution, both on Q-o-Q and Y-o-Y basis. So of course, that may be due to good growth in 2-wheelers. But at the same time, if we see these revenues from 4-wheeler OHVs and CVs in absolute terms also, there has been hardly any growth. So how do you see this split shaping up for the full year and FY '27, if you can comment on that.

Jayant Davar: I had started at today's call by telling you that two of our customers had suffered their production on account of supply issues. For example, I can even name to some extent, let's say, the business of Hero, they had supply issues, so they literally manufactured a little over half of what they normally do in the month of April and May.

They, of course, are ramping up now and they don't want to change the business plan for the year. So I'm sure they will recover. But in the meantime, that suffering that happened in the first quarter affected all of us.

Saurabh Jain: Okay. And one small question if I can say, sir, we were expecting like 0.5 percentage kind of EBITDA margin expansion in this fiscal. So we -- in the first quarter, we have, of course, a few one-offs, which you explained. So do you -- are we on track to have that 0.5 percentage of EBITDA margin expansion for this year.

Jayant Davar: At this point of time, we see no reason to change our projection. Yashpal, do you want to add something to it?

Yashpal Jain: Yes, sir. Adding to that, we are very much on the targets of improving the margins by 0.5%. First quarter has been exceptional with a few of exceptional items, that we have mentioned in the investor presentation also. So quarter -- starting quarter 2 to quarter 4, the recovery would be coming up, especially in the acquired businesses also as well as the overseas business results.

Moderator: We take the next question from the line of Saket Kapoor from Kapoor & Co.

Saket Kapoor: Sir, if we summarize the first quarter's operational performance and we take the one-off out from the sales -- from the profitability part, this has been a tough quarter in terms of profitability also. So if you could just give some sense, although there is an increase in revenue, but when we remove the other income component, the profitability has taken a hit. Is that understanding correct, sir?

Jayant Davar:

No, no, no, it's not. So let me just answer this in my form, and then, of course, Yashpal will explain this better. See, you have to understand that 10% of the revenue which came from the new acquisition had a negative content to it in terms of bottom line, both at EBITDA and PAT levels, right? We suffered losses. And we -- the EBITDA margin, like he said, was only INR4 crores, which is about 3% compared to the other numbers, which pulled the entire thing down.

If you have the analysis of reasons and normalized margins, I think that's a part of the investment presentation that we have given. If we look from that perspective, then our EBIT margin, if you were to take those one-offs, comes to a level of 5.64% at EBT level. So it is higher normalized EBIT on our understanding here was in the level of INR78 crores, compared to what we have. So there is a huge difference in this entire ball game. Yashpal, you can explain more on this.

Yashpal Jain:

Yes, sure, sir. So basically, if we compare the operations-wise, after eliminating this onetime or I would say, the exceptional items, is not a fall in the profits because we review on a unit-to-unit basis, exceptionally, there are only 4 or 5 units, which are in the maturity level, especially the newly acquired business, Sundaram-Clayton, and 3 other units, which we have commissioned in the last year, and they are yet to achieve the volumes.

So taking these together, plus the overseas operations. These have contributed negatively. Plus all the other businesses are performing well. And in cabins and fabrication, 50% of the margins we got a hit this year compared to the corresponding quarter because of the lower volumes. As in the, I would say, previous question and answer as far as told is the migration from BS IV to BS V has taken a turn. The volumes are lower from the customer side. Rest, all other operations or the units are working perfectly well and as per our projected plan.

Saket Kapoor:

Sir, in the P&L on a consolidated basis, we find this other expenses line item to be not in proportionate to what it has been earlier. So what does this other expense line item of INR176 crores one-off include, sir, for this quarter, sir?

Yashpal Jain:

So like these also includes the foreign translation losses also, one thing. Secondly, as we told -- and secondly, as we told like we acquired Sundaram Clayton business, the first quarter has been challenged. So there has been some initial costs also, which we have charged to the P&L account. And 3 of our plants, which were commissioned last year, their expenses of testing, development, all those stuff are coming up, which cannot be classified because the other expenses are very residual category.

It's comprised of nearly more than 50 to 60 GL accounts. So that is the reason. These are the initial costs. Initial, you can say, development costs, initial setup costs, which have been charged off and also it includes the foreign exchange fluctuation also within it. That is the reason, the translation fluctuation.

Saket Kapoor:

Sir, as you answered to earlier participant that the translation loss is only to the tune of INR2.5 crores. Was this the number which you mentioned earlier?

Yashpal Jain:

Translation is INR4.5 crores. If you see our analysis in the normalized also, the translation is INR4.5 crores for the overseas business. And you need to understand how it happens. Like in Romania, we operate in RON. Mexico, we operate in USD and Barcelona, we operate in EUR. So Barcelona is a holding company for overseas operations.

So first consolidation is done versus RON versus euro and USD versus euro. Then post that, the reporting currency of the parent company's INR, then the entire euro is again reconverted to INR. So if you see the currency fluctuation between March and June, euro has appreciated by 9%, 9.5% compared to INR. And the same is the case with USD versus euro.

So INR4.5 crores we have taken in terms of Indian rupees, which has been accounted for. But when you take the translation from Romania to Barcelona and USD to euro for the Mexican operation, that is a separate one. And when we consolidate the entire expenses comes to a final end. So that's how -- but there has not been any abnormal cost in the other expenses, being a residual category, that's the reason it's going up.

Saket Kapoor:

So just to conclude on this point, so what should we expect on a -- if we remove the one-off item for this quarter, that should be the run rate, I think so. If we compare it on a Q-on-Q basis, it is around INR28 crores, INR29 crores. So barring this currency fluctuation, which we do not know how the currency will behave. The balance INR20 crores, INR24 crores is what I assume is the one-off item, and that should not -- that should be in a non-recurring manner that should hold ground for the...

Yashpal Jain:

So Mr. Kapoor, I would request if you just go through this analysis of reasons. So if we go through it, you will see total exceptional one-time is INR16 crores, right? Then in the new projects, which are yet to achieve is INR10.5 crores, INR10.65 crores. That makes an impact of INR27 crores, so as our Chairman has also explained to the earlier participant that foreign currency translation loss, the INR4.5 crores that we have shown, that is from the conversion from overseas to India.

It all depends on currency size if INR100 euro goes down to INR90, this will be a reverse situation in the next quarter, barring the commodity price impact and the one-time power cost in Mexico, so the commodity price cost is depend because what happens is the customer reimburses us on the basis of average price of the earlier quarter.

And during the quarter, the buying price might be higher than the average price because of buying price of the current quarter. So it's a lag of 1 quarter, which continues. But in case the commodity prices comes down, it will be a negative -- I would say, a positive impact in the coming quarter.

Power cost is a onetime, nonrecurring. INR10.65 crores, it includes the Sundaram projects and other new projects, which is an exception, I would say, because second quarter, we are expecting the volume should come up and quarter 1 is always traditionally a lower volume quarter, in terms of the auto industry.

So majority of them are the exceptional one. Barring them, if you eliminate INR27 crores, we are back to the normalized EBITDA margins. And I think they should continuously improve also.

Jayant Davar: Your question as to what it would have been -- your question as to what it would have been. I think it's written in the chart a normalized profit would have -- at EBIT level would have been INR61.43 crores, compared to what we have -- compared to the number that you have.

Saket Kapoor: Okay. And on the aluminum casting business, the consolidation part if you could explain that the rationale and the benefits that flows into? And I have one suggestion, sir. What we find as investors and analysts is that our presentations are uploaded at around midnight, at around 11:45 and then the call is held very early in the morning at 10 AM. So if these two can adjusted, sir, that will provide us more opportunity and no repetitive questions which are present in the presentation will not occur going ahead, sir.

Jayant Davar: No, you have a good suggestion. What we will do is next time onwards, we'll probably give 24 hours before we have this meeting. Because the meeting held yesterday by the time we send our documents to SEBI and then prepare this, it obviously takes time. But next time onwards, we will make sure that we give a 1-day gap before we have this conversation. What was your question, sir?

Saket Kapoor: On the aluminum casting business consolidation, if you could just explain the rationale and what's the benefit we will explore going ahead?

Jayant Davar: Yes. So what we are doing, sir, in the entire case scenario, we are consolidating businesses. And so aluminum, which is now becoming a big entity, sheet metal, which is becoming a big entity, our automotive proprietary business, which is becoming a big category and the fourth portion is the construction equipment.

These are 4 being rationalized into large businesses. As such, these grew out of supplementary growth areas. So when we made loss, we started making -- then we started making aluminum parts and so on and so forth.

But as we grew, we felt that there was an outside demand -- and to meet that demand, when we started to grow these businesses, each one of them is now at considerable levels and are poised to grow much faster than some of the other businesses.

So aluminum business, as you would see, I don't know what guidance we've given so far, but our internal business plan is literally to double from where we were last year. Similarly, sheet metal business with the addition of 3 supplementary plants that have been put, is also growing at a level, which is very, very aggressive.

So we are developing these 4 verticals to grow much faster. And each vertical is being given the autonomy to become like an independent company. That sir, is the case scenario where we will be able to use volume, sales and growth and core competence of each business in a much better fashion than we do it together as hybrid. Yashpal, do you want to add?

Yashpal Jain:

Yes, sure, sir. So Mr. Kapoor, as you remember, 3 years back, we were operating predominantly into locks and mirrors, our parent business, the proprietary business. And gradually, then we started leveraging to the market in terms of the new products, die casting, sheet metal, and we did our capex investments also in these projects.

Now the purpose of hiring of these business to a separate entity to create large-sized companies to take on the competitors and the market effectively because earlier, we were working in the hybrid company, the parent company, Sandhar Technologies, used to contain 4 different verticals.

So now we are focusing on a specialized companies with the dedicated teams looking and concerning and focusing on their specific areas. So for Sandhar Ascast will be dedicated to die casting business for aluminum and zinc, and they can effectively take on and capture the market.

The same is the aim behind handing the sheet metal business to Sandhar Engineering so that they can effectively create a large fabrication company, more focused on that. And while the parent company will continue to develop and market the technologically driven products, sir. So this is how the strategy is.

And we want to create value for all shareholders in terms of creating these 3 to 4 entities who are very sizable in size, and they can take on the market share very effectively and can create, I would say, a long-standing effect in the market in terms of the products that we are operating now.

Saket Kapoor:

Okay. So if I may just squeeze in one more on the capex and the new capacity addition for the year in the different verticals. What is the capex that we have outlined for the current year? How much have we spent for the first quarter? And the new capacity that will get commercialized during the year and its contribution to the total top line?

Yashpal Jain:

So like in the first quarter, we have spent INR101 crores, which includes the balance consideration of INR50 crores that we have paid to Sundaram-Clayton. As you remember, we bought it for INR163 crores, INR113 crores we discharged before March and INR50 crores we have discharged on 13th of April, right? Another INR50 crores we have added to our existing, which includes some portion to die casting also and some portion to the sheet metal business also.

This year, in terms of more expansion plans, we are tending to spend something around INR200 crores more. This includes -- so if you assume it would be INR300 crores and minus the INR50 crores of upfront that we paid to Sundaram-Clayton, so effectively, INR250 crores of growth as well as maintenance capex would be there.

Saket Kapoor:

And the new capacity, which will get commissioned or will continue to be top line for this year? What are the new?

Yashpal Jain:

New capacities would be ready by the year-end. So effectively the contribution would be coming from the next year because normally die casting, sheet metal whenever we start making the plans

for extending the capacity, 6 to 7 months, it takes to build up the capacity, then the customer trials, verification, the development cost sampling, all these comes up. So effectively, the revenue additions will be coming from FY '26, '27.

Saket Kapoor:

And sir, any color you would give for this quarter, how are traditionally quarter 2 is for the company and the industry. Q1 is softer, as you mentioned in your opening remarks. So going forward, how -- the Q2 is a monsoon affected quarter, but since we are present globally in many countries.

So how should we look at Q2? And what we are hearing from the news is that the demand for the automobile has shrink month-on-month. So will that have any effect or should be having effect on our business profile or our business program, if you could just allude to the same.

Jayant Davar:

I personally see that quarter 2 will be considerably better than quarter 1. One reason, one-off content will not be there. Businesses that had been set up in the last few years are stabilizing. The new acquisition itself is stabilizing. So I personally feel that we will get a much better and a considerable improvement over quarter 1.

Saket Kapoor:

Sir, I'll join the queue for follow-up. But there is lack of awareness for investing community since the IPO, valuations or the enterprise value have remained subdued. So I think with the variety of businesses and lines which we operate, more understanding for the investing community, I think so is the need of our side.

Otherwise, the valuations are not aligned to what other listed companies in the market are. So we should look into the aspect of what are the reasons why investors are not unable to figure out the value embedded in our company.

And I think so, sir, you are coming with this QIP offering. So a lot of work should be done before going for raising capital because that is a very conscious effect and that is perpetual capital coming in the company. So diluting the equity and then serving the equity is going to be a perpetual job. So my thought process was there.

Jayant Davar:

No, no absolutely, I take your suggestion, and I think we need to play our game or make sure that the effect and the constituents of what we want to do in the future is much more elaborated. It is in an elaborated form for the investor community.

If you look at verticalization that I spoke about earlier, that in itself is a way forward in explaining how we want to branch out and each one of these branches has its own value, which is today embedded and has not been monetized in the way it should be.

But we will sit with your community, sir. We will understand your points better. We will try and make presentations in a format where people can understand us today and understand our vision for the future. Yashpal, do you want to respond?

Yashpal Jain:

So basically, Mr. Kapoor, as I just told and adding to what our sir has said, like we were operating in a hybrid model with a different product line, different margin profiles. So that's the reason we

are going to the segmentization now. And I think we are meeting all the leading investors also, and we welcome you also to join us.

And nearly in a year around 6 to 7 conferences we are attending and hosting also through our channel partners, the research partners. And coming period of time by this year, we plan to do the entire restructuring so that we have a very clear picture and the plans of each of these companies, how they want to take on the market in the coming period of next 5 years.

So I think that will be very helpful for the investors to take a wise decision. And soon, you will be hearing that -- I mean, all these companies in die casting, sheet metal are paring product, they will be running into good successes, and we are very positive on the same.

Saket Kapoor: Right. And we should look for IR also, sir, going ahead, appointing an Investor Relations firm is also the need of the hour because only for the team to handle these assets in such a big market on a day-to-day basis is little tough.

Jayant Davar: I agree, Saket, I agree. Absolutely. In fact, you see, if you look at our business, maybe it's gone under the radar. But let's say, die casting, where a few years ago, maybe till about 3 or 4 years ago, we were one of the 100 players.

And now we are in the Top 5, similarly in sheet metal. So the jump has been dramatic and we've taken advantage of the opportunities that have been presented to us. But I think we have not been able to present our vision properly to the investor community.

And you're right, we will consider having an investment in investor relation agency maybe for investment relationship. And that will help us in broadening the overall scope and the reach to who we want to reach. Thank you.

Saket Kapoor: Thank you, sir, for the elaborate answer. Sir, I missed your aluminum die casting business guidance, we will be doubling the revenue in a year's time or I think so 3% was contribution for the current year. So what should we look forward with this consolidation from the aluminum casting business growing for the next year?

Jayant Davar: Yashpal, can we give them some reference on the business plan basis or what numbers it is for this year, including the new acquisition?

Yashpal Jain: Actually, we will be ready by the end of second quarter. We are waiting with more customer addition. So in the second quarter, in the call, we'll be able to throw more light on the same.

Moderator: We take the next question from the line of Preet from InCred Asset Management.

Preet: My first question would be in the line of revenue guidance, which you gave in the quarter 4 of around 14% to 15% of Sundaram-Clayton. Is it -- and I can see that in quarter 1, there was 7%, 8% of growth ex of Sundaram-Clayton. So are you still maintaining this target? And if yes, then from which segment you see the growth would be?

Yashpal Jain: This is regarding overseas operations, right?

Preet: Am I audible, sir?

Yashpal Jain: Yes. Can you just repeat the question again because your voice is down?

Preet: I was saying, sir, the revenue guidance which you gave in the quarter 4 was 14% to 15%. And in the quarter 1, the revenue growth ex of Sundaram-Clayton, is 7%, 8%. So do you still maintain this guidance? And if yes, then from which segment are you -- will you be getting this growth.

Jayant Davar: No, let me just bring it up and then I'll leave it for Yashpal to quote this forward. I did mention to you that there were two customers who had supply issues, and therefore, they cut their manufacturing or their production output to a little over half.

And they do have plans to cover that up. So in a normalized way, it would have been higher. And we do expect to cover up a large part of what we've lost in the subsequent quarters of this year. Yashpal?

Yashpal Jain: Yes, sir. So we maintain our -- the sales target that we have released in the earlier call sir, the quarter 1 has been exception due to the customer side, but we're starting quarter 2, I think we should be able to achieve the targets that we have set up.

Preet: And next question would be in the line of margin. You have guided for 50 basis point margin improvement. So I just wanted to ask, will it be ex-Sundaram-Clayton business? Or you are talking about reported basis? Like in FY '25, we have done margin of around 10%, so 10.5% would be from ex-Sundaram or it will be overall business?

Yashpal Jain: Like Sundaram, as I said to the earlier part or would be not to our expectation that we expect EBITDA in the current year. But still, we have kept a target to improve by 0.5%, which means anything starting up to 0.5%, we'll try to improve it, including Sundaram-Clayton.

When we say 0.5%, it means the entire consolidated financials, we'll try to improve up to 0.5%, starting from 10 bps to 50 bps basis, any improvement would be there. Yes, the profits or I would say the margins from Sundaram-Clayton would not be up to that level in the current financial year.

But there are other businesses who are doing good. So they should offset this -- the gap in the Sundaram-Clayton margins. But I think up to 0.5%, anything between 10 bps to 50 bps, we should see an improvement in the current financial year.

Preet: Sir, my last question would be in the line of your long-term plan. Like now you have been doing INR500-odd crores of QIP and you are still planning to do inorganic acquisition. I just wanted to understand what is your aspire segment mix, say, 5 years down the line? What kind of segment mix are you targeting to achieve? Which segments are your main focus areas?

- Yashpal Jain:** So I'll answer your question differently. Now our focus area would be those segments, which could yield us higher margins, profitability and stability in the market and a good ROC to our stream investors. So that is still open. We are evaluating all the segments within the industry, and we will choose our best one to utilize these proceeds as and when we go to the shareholders or the investors to raise this money.
- Preet:** Got it. And if you can give the packing order for the EBITDA margin in our segments or what are the top EBITDA margin segments?
- Yashpal Jain:** So automotive business, locks and mirrors is the oldest and the highest margin driven business in terms of EBITDA as well as EBIT.
- Preet:** Followed by?
- Yashpal Jain:** Followed by die casting. And I think by the year-end, sheet metal will also come to the same line because most of the projects, they have achieved their maturity level, and they have shown a very good turnaround this year with a more than 50% improvement in their EBITDA margins compared to the quarter -- corresponding quarter of the last year.
- Preet:** And just 1 question. If you can mention segment-wise capacity utilization of all the segments.
- Yashpal Jain:** So capacity-wise, if you really ask me like sheet metal, we are earlier operating around 60% to 65%. Now it has gone up to above 70% -- 72% to 70%. And similarly, in others also, we are operating like around 60% to 70%. And as far as -- because we operate in different segments, the product natures are different, the lines in case of the assembly business is different.
- So specifically, if you ask me how many machines are running at what capacity. So it's, I would say, composite average figure. But yes, we have capacity to achieve the sales target that we have set, the revenue target that we have set for another 3 years of time. That much of capacities we have built up. And further, we will be going for some inorganic route also, as Chairman sir has said, so that we'll be evaluating now.
- Moderator:** The next question is from the line of Ashish Soni from Family Office.
- Ashish Soni:** Sir, regarding this acquisition, which you are planning with QIP money, so any particular business line you are looking to diversify? And what's your typical parameters in terms of acquisition, in terms of ROCE or margin accretive? What's your typical guidelines? So can you throw some light on that?
- Yashpal Jain:** So like this fundraising INR500 crores, the first start towards going for any inorganic or a big investment. So we have sought the Board consent now we'll go the shareholders' approval. And once we get this approval at the parallel, we'll be working on a couple of opportunities in the organic space.
- But thing is that if those comes with good valuations and as well as the good future prospects in terms of return on the investment of the acquisition price that we are paying, then we'll be

considering it. This QIP approval will be valid for a period of 1 year from the date of shareholders' approval in the ensuing AGM, which is planned on 19th of September.

So between this period of time, we'll try to -- but we will not be in any rush or hurry to acquire any of the businesses just to invest the money, we'll be prudently evaluating it. And if it suits the valuation price as well as the future prospects in terms of returns and earnings, then only we'll opt to go. Otherwise, we'll see how to move it because it's not compulsion on our part to just raise the money. We'll evaluate it very prudently. That's what I need to say.

Ashish Soni: But what's your typical criteria, right, when you acquire a company now, like in terms of ROCE or return on investment, what are your typical parameters? I'm trying to understand that. And if you are saying acquisition will be in the similar business line, you are already there, it's something new? I'm trying to understand that piece.

Yashpal Jain: So we are operating through auto industry. Auto industry is very wide. So within auto industries, even we can switch on the products also, as I said, if the opening is good. In terms of ROCE, yes, we are looking at the ROCE, which is above 18% post tax. That's our target to acquire the businesses.

It might not be possible that within the same year we acquire any business, it generated 18% ROCE, when I say 18% from a perspective of 2 to 3 years from the acquisition. And I think this is the best return, which an auto component company can give to its shareholders or the investors. Above 18% post tax, I don't think it's possible for any company to give from the core manufacturing activity.

Ashish Soni: Last question, in terms of Trump tariff, how much of your or your customers' business are getting affected across the world?

Yashpal Jain: So if you see our revenue mix, more than 89% is coming from Indian operations, which are not supplying directly to any U.S. So it is unaffected. As far as the overseas business is concerned, Mexico plant is supplying to U.S., but tariffs are not us -- not on us, but it's from the customers, they are bearing it. So directly, we are not affected. But yes, the volumes have been down in entire Europe and U.S. markets. That loss of business or I would say, slowdown in the business is affecting. Rest directly, we are not affected because of this.

Moderator: We take the next question from the line of Radha from B&K Securities.

Radha: Sir, a lot of changes have happened in the key managerial position in the company over the last 2 quarters. So what are the internal targets that the company is looking to achieve with these changes?

Yashpal Jain: Radha, you mean to say the manager reshuffling of portfolios?

Radha: Sir, like you have given a lot of new appointments have been done in the senior management position. So with regards to that...

Yashpal Jain:

So Radha, thing is that, as we have mentioned that now we are in expanding and we are bifurcating the businesses into the subsidiary company, which are very product specific like die casting, sheet metal in the parent company, to the automotive, I would say, the technology-driven products.

So now the time has come up that we nominate, appoint the persons who are directly responsible to take over those businesses in the market. So this exercise of nominating SMPs as well as increasing the number of KMPs and reshuffling their portfolio is a part of that entire exercise.

We want to appoint the persons, make them responsible, make them -- delegate them the powers and authority to go and tap the market, explore the markets and grow their businesses. And if one has to expand, then these sort of leverages has to be given to the staff. So that's the reason we are creating a structure whereby the separate companies are identifiable.

They have a separate set of management. The people are free to take decision up to a certain level as approved by the independent individual companies' Board in terms of financial autonomy, in terms of operational autonomy. And this entire reshuffling is the beginning of the same, I would say.

Jayant Davar:

And Radha, you would have noticed that it's not as if it's internal reshuffling, which basically means we are concentrating on the right attributes of the right people to run the right businesses. That's what's been done.

Most of it is internal. There is not too much of external incoming into the company. And we do believe that we have a strong team and the strong team now placed to where they are in this new structure would be able to deliver the vision that the company has for the next few years.

Radha:

Secondly, Mr. Neel Davar is on the call this time. So just wanted to understand a little bit from him with regards to his thoughts and visions regarding the company and where does he want to see the company in the next 3 to 5 years.

Jayant Davar:

Neel, you want to comment?

Yashpal Jain:

Can I answer? Is he on the call? I don't know. Maybe he has a bad connection. He was in the call. Should I answer, sir?

Jayant Davar:

Yes, yes, yes. Go ahead and answer, please.

Yashpal Jain:

So Radha, the question is that like you see we are working on successions also within the managerial team. Mr. Neel Davar is a part of the promoter family also. And the purpose he is aligned with the same vision that we are having as an organization, and he would be driving along with Mr. Jayant Davar to achieve the vision of the organization. So his vision remains to be the same vision under which we are working as a management team.

Jayant Davar:

Radha, to answer your question, in simple forms in supplementing what Mr. Yashpal Jain has said, the vision is not my vision or his vision or somebody's vision, it is the entire company's

vision. And everybody is working in tandem to make sure that the future, as we've explained to you in whatever form we could today, is those targets both executively and in terms of delivery are better.

Radha: Sir, last question is till date, how much have you invested in the EV products? So you mentioned that the customer feedback from the EV products has been good. So with regards to that, how much are you expecting in terms of revenue for the next 2 to 3 years from these products?

Yashpal Jain: So you are referring to the investments, Radha? The first part was the investment that we have done in EV?

Radha: Yes, investments and next 2, 3 year revenue target.

Yashpal Jain: So investment as of date, including all the operational development costs, it is close to INR21 crores that we have invested into the EV business. And largely, if you see the entire money has gone in developing the products, paying some fees to the technological partners and marketing expenses.

So in the coming period of time, depending on the EV offtake within the country, they have orders, they have customers, but largely, it all depends on the volume, but we are positive. But yes, 2 to 3 years, you can't assume that it can just cross INR100 crores within a year. Would be a growth this year -- this quarter, we have been just close to INR2 crores of the revenue.

Going with that, you can expect that the coming years would be good for EV. But as of now, it's very difficult to give any ballpark figure also for the EV. But product-wise, we are ready now. All variants of the product are ready, and now we are ready to penetrate them in the market, and we are reaching out to all customers, existing companies as well as the new age companies also.

Moderator: We take the last question from the line of Preet from InCred Asset Management.

Preet: I would like to ask about the JV. Like I've seen that in the last 3 years, you have exited 2 or 3 JVs. So are you planning to stay with all 5 JVs? And what was the revenue and EBITDA margin for quarter 1? And what do you expect in full year?

Yashpal Jain: Sure. So I'll answer first -- I mean, the second part of your question first. So this quarter, if you ask me the revenue of all these 5 JVs together, our share of revenue was INR37 crores, the JVs. And they achieved an EBITDA margin of 10.72% and the PAT of 5.15%. So I think it's a very decent one compared to double-digit margin EBITDA and 5.15% in PAT. So as of now, all these JVs are performing very well.

And as in the opening remarks, our Chairman has said that we are evaluating the JVs, how they are performing, whether they are aligned with the motto and vision in the future. And at the right time, we will take the right decision. But as of now, yes, we are continuing with the 5 JVs. That's the truth.

- Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments. Over to you, sir.
- Jayant Davar:** Once again, let me thank Chirag from Emkay and Anushka for organizing this call. I want to thank all the people and all the participants who were present today and gave us a patient hearing. I want to assure them that there were a lot of suggestions that have come from you, and we would make sure that we listen to each one of them and see whichever ones are appropriate and make sense in the overall growth and vision of the company, we incorporate them accordingly. Thank you all once again, and look forward to having a chat with you again in the next quarter. Okay. With that, thank you all once again.
- Yashpal Jain:** Thank you.
- Moderator:** Thank you. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.