"Sandhar Technologies Limited Q4 FY '26 Earnings Conference Call"

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MODERATOR:	**MS. SHAILLY JAIN – DOLAT CAPITAL MARKETS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Sandhar Technologies Q4 FY '26 Earnings Conference Call hosted by Dolat Capital Markets Private Limited.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Ms. Shailly Jain from Dolat Capital Markets Private Limited for opening remarks. Thank you and over to you.

Shailly Jain: Thank you, Ryan. Good morning, everyone. On behalf of Dolat Capital, I would like to welcome you all to the 4th Quarter and FY '26 Earnings Conference Call of Sandhar Technologies Limited.

Today, we have with us from the management team, Mr. Jayant Davar – Executive Chairman (Executive 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 will begin the call with opening comments from the Management Team, followed by the question-and-answer session. Over to you, Jayant sir.

Jayant Davar: All right. Thank you, Shailly. Thank you, Dolat Capital. And good morning, ladies and gentlemen. I welcome you all to the Quarter 4 and 12 months Earning Con Call of Sandhar Technologies Limited.

I am very happy and pleased to inform you that in line with the expectations, Sandhar has crossed the revenue mark of over INR 4,800 crores, which is an all-time high. The Indian auto industry recorded growth across all segments in the Financial Year '26, with domestic sales hitting a seven-year high, according to the data that's been published by SIAM. The strong contributors obviously has been the positive sentiments, which was created through the GST-2 reforms and the multiple repo rate cuts during the year.

At the same time, this year, in the latter part of the year, has seen what many people say has been a deterrent with the world experiencing what the economists call a poly-crisis. It is multiple cascading shocks running simultaneously, whether it was the U.S.-China tariff architecture or the tariff load on India, whether it is the Middle East, which remains volatile, the European energy costs, which went up dramatically, also the commodity prices, which was so volatile that it skipped both sides by almost 20% to 30%.

But despite all of this, India's GDP continued to grow, and we grew at over 6.5%. Passenger vehicles hit new records. Two wheelers crossed the mark of what we had done in 18-19. And the automotive sector, at almost 22 lakh crore in size, is now the third largest in the world and growing very, very rapidly.

As far as Sandhar is concerned, if I was to compare Sandhar with the industry growth, especially the India business of Sandhar, the industry has achieved a growth rate of 12.7%, whereas Sandhar has achieved 28%. In terms of two wheelers, industry has achieved a growth rate of 12.9%, whereas Sandhar has achieved 35.1%. So, almost one-third revenue growth has come in the area of two wheelers.

In terms of our consolidated yearly performance, which is Financial Year '26 versus FY '25, the revenue for '25-'26 is INR 4,852 crores, which is up 25% on a consolidated basis, EBITDA at INR 513 crores, higher by 28% year-on-year, at the rate of 10.6%, double digits and more, PBT at INR 256 crores, up 39%, and PAT grew by 40% at INR 199 crores.

The consolidated year performance, which is Quarter 4 year-on-year, revenue up by 29%, EBITDA up by 33%, with the gross margin or EBITDA margin at 11%, PBT up by 42%.

If I look at India business yearly performance, the revenue growth is up 28% at INR 4,384 crores, EBITDA at INR 472 crores, higher by 32%, PBT at INR 282 crores, up 37%, PAT grew by 44% year-on-year to INR 221 crores.

If I look at Quarter 4 of India business, the revenue up by 32%, EBITDA up also at 32%, EBT up by 37%.

Coming to joint ventures, the performance of all five joint ventures has been satisfactory and registered revenue of INR 257 crores and an EBITDA of INR 28.25 crores. We are constantly watching the performance and are taking all necessary steps in collaboration with our joint venture partners for sustained growth and profitability.

Currently, the investment of Sandhar in the joint ventures is INR 62-odd crores. In overseas subsidiaries, we sustained an annual loss of €2.56 million, which is INR 26.19 crores at EBT level.

The best part, however, is that in Quarter 4, the business has turned around and registered an EBITDA of 14.6% and has come to neutral or break-even at EBT level. We expect the improvement to continue further in view of the optimization efforts which are carried out there. Of course, with the recent increase in aluminum prices, we might find a little bit of a dip in Quarter 1, but once the regenerative cycle of the pass-through of aluminum prices comes through, we are back on track with our international or overseas subsidiaries.

In terms of EV, the business finally is on track. I am happy to share that the EV business is gradually picking up and close this year with a revenue of INR 20 crores. We are expecting now to double this revenue in the current financial year. During Financial Year 2026, 41,000 battery chargers were sold and 5,500 motor control units were sold.

Sandhar is on a growth path, and I would like to further reiterate that we expect to double our revenues every three to four years with consistent improvements in margins and return on investments. We are also very cautious about preserving our cash reserves and managing a healthy liquidity position to meet our commitments. We are expanding our footprint and carrying a sound relationship with all our esteemed customers.

I am thankful to all investors who have shown faith and confidence in us and are continuing with us. I am also thankful to all the stakeholders for their continuous support and patronage. This particular year will be another very interesting year, and despite all the problems in the polycrisis that I spoke about, I do expect that even on a conservative level, I am happy to give a guidance of over a 15% growth in the overall revenue. This is without taking a price retrigger, which is likely to happen, especially with a lot of costs having gone up, a lot of states announcing new power costs, which has also been a challenge in the last few months.

But we do expect with the repricing and recosting that is happening, gas prices going up, oil prices going up, manpower costs going up, which is affecting every aspect of input costs, there will be a pricing retrigger mechanism that will be activated, and sometimes this becomes positive for the company because many costs or pricing that has been done by the customer was done years ago, and this gives us a mechanism to bring it to the current level of stability.

So, with that, I am very happy to close my opening comments, and we will be happy to take your questions. For anything to do with technology strategy, we have G. J. Singh. We have Yashpal Jain – our CFO, who will be very happy to answer your questions on financial matters, and I am, of course, there to complement and supplement whatever is necessary.

With that, thank you very much. I am happy to take your questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Chirag Jain from Emkay Global. Please go ahead.

Chirag Jain: Congratulations, Jain sir, and the entire team Sandhar for a very strong performance across the division. Sir, my first question is in terms of revenue growth guidance, which you indicated that you plan to double your revenues over the next three to four years, which in a way implies about 20%-25% annualized growth. Can you share more light in terms of which segment or customers or product categories is likely to be a major growth driver over here?

Jayant Davar: Thank you, Chirag, for that question. Like I said, we are very, very positive and optimistic on the growth of the automotive industry in India, and especially in the two-wheeler sector. As I said today, the entire industry, if it wasn't for the manpower constraints that most of the industry is facing, we would be probably be growing at a faster level than we are doing right now.

This, of course, is the entire automotive industry. So, even if I was to produce more and the others don't, competent suppliers, obviously the entire thing doesn't match up. But the demand is extremely, extremely positive, very, very strong. And I think in the two-wheeler segment, for example, there are now three leaders who are fighting bitterly amongst each other to become number one.

Having said that, we as a company continue to get very, very robust orders in some of the new businesses that we have, whether it is sheet metal, whether it is casting. But now with new technologies being thrown in, we do believe that the speed of growth of even the business that we have in our proprietary business, the locks, the mirrors, and so on and so forth, are getting a major fill-in.

So, in terms of customers, all customers, like I said, are very, very positive and very demanding for this year. We will, of course, have to wait and see, and therefore that is the reason why I am giving you a conservative estimate of 15% plus, 15% to 16% plus of revenue growth this year. This, of course, doesn't include the pricing retrigger that I spoke about, which will bring additional revenue to the company.

Chirag Jain: And on the new businesses or the new projects, on the existing one, we are close to doing about 12% EBITDA margins, and now we have crossed even 20% ROCE threshold. How do we see the new projects, let's say, moving towards the direction of our existing or mature businesses, both in terms of, let's say, the overall revenue potential? We have done about close to INR 340 crores of investment.

So, what kind of revenue potential we could have? And maybe on the profitability front, I mean, when we can achieve, let's say, sort of close to double-digit margins that we are doing on the existing business, if you can share some thoughts over there.

Jayant Davar: So, as we said today, I think Yashpalji will answer that question as to how many units are still in losses, which will become positive in this year. But on an overall platform, all I want to say is that you are aware that we made a lot of investments in new businesses in the last few years, which include the acquisition of Sundaram-Clayton Aluminum Business, which includes the new business of sheet metal, which was then taken in in terms of order booking.

All those businesses are now mature and are throwing very, very positive results. We only expect that with new additional, now those capital expenditure has already been done to a large extent in these businesses. We do expect that all of them will start showing results.

But the positive news is that when we had taken these businesses, there was an anticipation of the amount of growth that these businesses would be able to show. I am happy to say that that level of growth is not only being validated, but is being exceeded by a large degree and a percentage to what we had anticipated. Yashpal, do you want to come in and talk about the loss-making units, where we are?

Yashpal Jain: Sure, sir. So, as we have mentioned on page 7 also of our investor presentation, one of the loss-making units is Sundaram-Clayton's business that we have acquired in March 25. The shifting is in progress and I think by the end of Quarter 2, we would be able to shift the entire business to our own premises.

I think from Quarter 3 onwards, we will start a turnaround in the units with our new EBT levels. But on a yearly basis, '26-'27, we expect to continue with EBT level losses in this die-casting business that we acquired from Sundaram-Clayton.

There is another project in Khed City for aluminum die-casting, which is focused on passenger vehicle segment. From Quarter 2 onwards, it will start generating EBT level margins. So, this is a turnaround time for this project.

There is another project in Pune, cabins and fabrication. That also we expect to start turnaround from the end of Quarter 2 of this current financial year.

And then EV business, we expect to turnaround in profitability in FY '28, means the next financial year. This year, we expect the revenues to approximately double, but there would be losses again as we are trying to develop more new products also and capturing new markets. So, that involves some cost.

And Romania also, FY '28, we are expecting to go at a break-even or I would say in a profitability mode. So, this is how the timelines as the management expects while we sit on today's timeline.

Jayant Davar: I just want to add here, Chirag, you mentioned that we made an investment in these 5 units to a level of INR 342 crores, which has generated a revenue of INR 468 crores. So, if I was to add these businesses, this particular financial year, the investment will mean a revenue from INR 468 crores, INR 342 crores would convert itself into maybe 2.5x in this year itself.

Chirag Jain: So, 2.5x asset turnover ratio is what that kind of revenue…

Jayant Davar: Yes. And being conservative, but that not seems very, very clear at this time.

Chirag Jain: And just last question and then I will come back in the queue. In the overseas business, bearing the near-term commodity fluctuation, which you mentioned that eventually we should be able to get past through, do we see any major headwinds? I mean, broadly, are we, let's say, done with the drag that we were seeing over the last few quarters in terms of overseas operation and here onwards we should see positive contribution?

Jayant Davar: Chirag, the difference between India and overseas is that the payment terms in our overseas business has a longer duration. So, is the trigger mechanism for the pass-through. So, in India, it used to be three months. Now, with some of the customers, with the volatility that has been there, we are trying to convince them to do it within 30 days instead of 90 days.

With the international business, that typical lineup is 180 days. While we are trying to talk to them and bring them also to a level of half that or maybe in three months, that lag and pass will take some time before it matches up to the speed of the change that happens in India. And therefore, we are anticipating that the volatility still continues.

So, right now, the price at which we are selling is possibly the price or the cost of aluminum, which was more than four or five months away. The new one will become active now from the month of June onwards.

So, that is the lag. And that lag obviously hurts us. But I am very confident that with the lag now coming into place, the aluminum prices and the commodity prices seem to have peaked and are stabilizing. We should be able to match up to what we had projected in the beginning of the year in terms of our overseas operations.

Chirag Jain: And bearing commodity fluctuation, the overseas business, I mean, fundamentally, they are on a strong footing, I mean, in terms of the improvement measures that we have undertaken.

Jayant Davar: Yes, absolutely. Absolutely. So, if you saw a breakeven, the idea was to breakeven in the last quarter, which we had promised everyone we will and we have.

The idea is to improve from there on and go into positive territory at the EBT level. So, we were zero at the EBT level. We want to improve on the EBT level going forward. But this particular quarter that we are sitting in still carries the lag of the commodity. But once that is settled, we will be back on our feet strong and up.

Chirag Jain: Thank you so much, sir, for the detailed answer. I will come back in the queue.

Moderator: We take the next question from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor: My question is for Yashpalji. Yashpalji, we have closing working capital in progress at a closing balance of INR 104 crore. So, how much will be getting capitalized? And what is our CapEx program for this year and the next?

Yashpal Jain: So, Rs.115 crore is the slide number 12 that you are talking of, refering. Right?

Saket Kapoor: I am looking at the consolidated balance sheet at closing balance at INR 104 crore. Maybe you can continue, sir.

Yashpal Jain: Sure. So, the first question is this capital work in progress.

Saket Kapoor: Capital work in progress, closing, yes, closing balance is INR 104 crore. So, how much will get capitalized? And what is our CapEx program for the current financial year?

Yashpal Jain: So, like as we mentioned in our earlier participants' question, we expect our Sundaram-Clayton project to get shifted by the 2nd Quarter of this year. So, part of that will be capitalized at that point of time.

Secondly, the Khed City project will also be capitalized by end of Quarter 2. So, major portion will be done away in terms of capitalization by the end of 2nd Quarter.

In terms of Sanaswadi also, the lead date is end of Quarter 2. So, mostly the INR 115 crore, this is something revolving type of capital work in progress. New investments are done, it keeps on floating. So, while this figure will be capitalized by the end of 2nd Quarter, new figures might come in.

And in the earlier calls, our Chairman has mentioned that we keep our CapEx limited to 5% to 7% of our revenues. So, taking our 15% growth on the current year's revenue, which is roughly INR 5,500 crores, you can expect somehow capital outlay of INR 275 crores to around INR 310 crores for the upcoming financial year, which will include a part of growth CapEx, part of maintenance CapEx, part of upgradation CapEx required to upgrade our some old facilities also.

Saket Kapoor: Sir, as you alluded to a conservative number of 15% of revenue growth, and I think so earlier there was also an EBITDA margin trajectory that was guided to us. So, sir, where are we in terms of now the consolidated EBITDA margin that we may exhibit or our endeavor is for this current financial year? We exited, I think so at 11.08 for Q4 on a consolidated level. So, what should…

Yashpal Jain: So, like earlier we have discussed on over con calls that we also want to get into margins. And if you exclude the new projects, I think our performance has been very good this year also, in a consolidated basis also. And the new projects, the timelines we have set, so Slide number 6 and Slide number 7, I mean we have tried to mention how we have performed in our new projects.

And like as we discussed and we discussed in earlier calls also, every year we want to grow and improve our EBITDA levels by at least half a percent, in a range of half a percent, which could be 0.20, 0.30 or something like that. So, this year also we are expecting to improve our EBITDA margins in a range of half a percent, which could be 0.1, 0.2, 0.3, 0.4, depending on the market dynamics as far as addressed in the previous question.

And the new projects, we have already given the timelines, but yes, new projects this year won't be up to that level that market is expecting because part of the year they would be operational, part of the year they would be in the commissioning stage.

I hope that answers your question.

Saket Kapoor: So, on a consolidated level, we did the exit of the year at 10.57. So, there is very likelihood that on the commissioning of the new project and also on the revisiting on the cost front for aluminum in particular, the margin should grow from this 10.57 level to a band of 0.25 to 0.5. That should be the understanding as of now.

Yashpal Jain: Yes, as we mentioned, we also have a desire to grow and improve, keep a healthy margin basket, but at the same time you should also remember that we are executing some projects to keep the growth momentum. So, excluding the new projects that would be coming up, yes we could expect a growth of 0.25% in EBITDA margins.

But at the same time the new projects, these would be in the commercial production and new projects will be coming up during the current financial. So, it is an, I would say, ongoing process. One is finished. Another is taken up, so that we keep on growing. As sir has mentioned that 3 to 4--

Saket Kapoor: Sir, your last point, I missed out.

Yashpal Jain: So, what I was saying is that yes, we also have a desire and expectations to improve our EBITDA margins by 0.25% for our existing projects, but in case of new projects, more new projects would be coming up in the current financial year, which would again have a profitability turnaround period of another 1.5 years to 2 years' time.

So, this is a process, continuous process I would say, a revolving process which keeps on going. But the new projects are very well poised to achieve a growth in the margins as well as the revenues also. And every three to four years, as our chairman sir has mentioned, we want to just double our revenues.

Saket Kapoor: And lastly sir, between the case mix…

Moderator: Mr. Saket, I would request you to please join back the queue.

Saket Kapoor: Yes, I will join the queue.

Moderator: We take the next question from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.

Ashutosh Tiwari: Firstly, you talked about that for new projects, you can do 2.5x revenue on investments in this year. Correct number? So, can we do INR 80 crore plus from their side?

Yashpal Jain: You mean to say 2.5% of the revenues we could do from the current…

Ashutosh Tiwari: Yes. I think it was mentioned by sir that from investment of INR 342 crores on new projects, you can do 2.5x revenue this year. Is it correct?

Yashpal Jain: Yes. It is possible. It is correct. We expect to do so.

Ashutosh Tiwari: So, this INR 468 crore revenue that you did in this year can go to INR 800 crore plus in FY '27?

Yashpal Jain: 2.5% you can say INR 700 crores, INR 750 crores something. I mean, it is a range sir has given. 2.5x, which can be 2x to 2.5x basically, I would say. So, around INR 750 crores of revenue these projects can do. 468 they have already delivered. But as I mentioned…

Jayant Davar: Yes, Ashutosh, there is a two-way sword here in some sense. What I mentioned earlier that there is every likelihood that this year would call for a price retrigger. So, the overall concept of revenue will also grow with the increase in prices that we will charge the customers for all our existing products.

This has happened because see at one point of time it was only commodities. But this particular year there has every level of costing and input has gone up. And therefore, the entire industry will recalibrate in some sense.

Ashutosh Tiwari: And we had marginal EBITDA, yes, please go ahead.

Jayant Davar: Where? Marginal EBITDA where?

Ashutosh Tiwari: I was saying that you had a marginal EBITDA loss this year. So, with this kind of growth in revenue, will you make good profits in this? Like not good, but yes, not company level, but will you make a decent profit from this new business?

Jayant Davar: Yes, absolutely. So, we will obviously improve the margins. We will have to wait and see how it affects on the EBT stage. But do remember that while these will turn around to a large degree where I think it is written in the presentation as to when they will turn around. The Sundaram-Clayton business will turn around in Quarter 3, Khed City in Quarter 2, Sanaswadi in Quarter 2. The EV business we are saying Financial Year '28, Romania in Financial Year '28.

But besides of these, there is also growth that is happening and that growth is happening in several areas with several new projects. So, like Yashpalji said, it is a continuous dynamic scenario that we are going through if we have to meet and prepare for the growth that we have in mind of doubling our revenue every 3 to 4 years.

So, there will be something in a project stage, there will be something in a loss stage, there will be something in a turnaround stage. And at the same time we are making an endeavor that our business which are established and stable keep improving on the margins for which a 0.25% increase like Yashpalji has said is what is being targeted. I hope this has clarified a lot of things to you.

Ashutosh Tiwari: Yes. And how much has the revenue in Sundaram-Clayton this year for the full year?

Yashpal Jain: It was INR 369 crores, sir.

Ashutosh Tiwari: And secondly, you alluded to the fact that because of Aluminum price increase, there will be some margin pressure in Q1 in the overseas business. Will there be margin pressure in India business as well in Q1 because of this increase in the steel?

Jayant Davar: Yes, there is. We have suffered some loss on account of that. But we are hopeful now with the new prices kicking in, unless they go up again, the prices, we should be able to get that benefit in the current period.

Ashutosh Tiwari: So, India business, the increase has already happened in this quarter, let's say from May, basically, or it will happen in the lag in India as well?

Jayant Davar: See, a large part of the increase happened in the month of March and April. April was the worst affected. So, April pass-throughs will start from the month of June, in that quarter.

Yes, so it can take a lag of three months, typically, as to how it happens in India. Like I said, we are talking to the customers now to make it more proactive and not do it three-month basis. I think the entire industry is talking to the customers, saying that this needs to be done every month. It hasn't happened so far, but we are hopeful that something could happen.

Ashutosh Tiwari: That is all from my side.

Moderator: We take the next question from the line of Aditya Kondawar from Complete Circle Capital. Please go ahead.

Aditya Kondawar: Hi, Team Sandhar. First of all, big congratulations on the execution that you guys have done in the past 4 years. I think in a single quarter of Q4 FY '26, you guys have done more PAT than the entire full-year PAT of FY '22. So, kudos for that.

Jayant sir, thank you for the commentary that you gave at the start of the con call. I just wanted to ask you, I mean, at the end of FY '30 or '31, is it safe to assume that Sandhar will do a PAT of anywhere of INR 150 crores to INR 200 crores? And what are the margins that we are aspiring towards? That is my first question.

Jayant Davar: I didn't understand. INR 150 crores in 2030? Is that what I heard?

Aditya Kondawar: Yes. Basically, you did your entire year's PAT after 4 years. So, I wanted to ask whether you can do the same in the next 4 years.

Jayant Davar: Are you saying every quarter?

Aditya Kondawar: Yes.

Jayant Davar: Well, I think, Yashpalji, what is our projection? Do you want to give some...

Yashpal Jain: Yes, sure. So, like, Aditya, sir has mentioned, three to four years, we want to double our revenue. So, in case we touch INR 10,000 crores or more, we would expect that our return on capital employed sees improvement because we are more focusing on return on capital employed as the volumes will go up because the percent of margin is a limiting factor for us in terms of EBITDA and EBT. But we are targeting an improvement return on capital employed starting with a post-tax return of 15%, going something at a highest peak of 20%.

So, in that scenario, you can expect that on a INR 10,000 crores of revenue, we could be in a position to generate a PAT of around INR 450 crores, something around that, to achieve that return on capital employed. This is how we expect.

Aditya Kondawar: And any EBITDA margin guidance, sir?

Yashpal Jain: EBITDA, as you know, that we, I mean, manufacturing diversified products of die casting, locks and mirrors, I mean, assembly as well as the manufacturing. So, while EBITDA levels will remain constant around 11%, but with the volumes coming up and the revenue going up, automatically in terms of absolute returns, our multiplier will be giving us a more return on capital employed. So, more of a cash with us in that terms.

So, at that point of time, the percent margins won't be of much importance in terms of EBITDA or EBT. And more focus would be on how to generate more absolute margins. And the focus going forward is again on ROE and ROCE, basically. So, even if at the EBITDA of 11%, you can take on INR 10,000 crores close to having INR 1100 crores, expect to return levels of 18% to 20% post-tax.

Aditya Kondawar: My second question is…

Jayant Davar: Let me just supplement it and give you some supplement to this. With whatever commentary I have given you in the beginning, where we have said that the revenue will grow by double every three to four years, it is safe to assume that the bottom line will improve better than that. Right?

Aditya Kondawar: Yes. Correct.

Jayant Davar: So, that should give you, we are sitting at INR 200-odd crores, the number that Yashpalji has given you of INR 450 crores seems quite safe.

Aditya Kondawar: So, my second question was on debt. You know, the near-term guidance on debt and the long-term guidance. So, even if you don't give me absolute numbers, just a commentary on debt-to-equity ratios that we are aspiring towards.

Yashpal Jain: So, like, in terms of debt levels, if you refer to our Slide number 14, I mean, we have a net debt of INR 897 crores and a gross debt of INR 948 crores, and largely out of that content of 948, 564 is working capital debt, largely linked to the revenue size, right? Because the receivables are normally 45 days, while the payables are even somewhat shorter period during this crisis as we sit on today.

So, I mean, the term loans are INR 384 crores, which will be automatically paid with the due schedules. This year we have a repayment commitment of around close to INR 103 crores with various banks. So, term debt will start pairing as the repayment schedule comes in, but as working capital debt is aligned directly to the business, so I don't think that is a point of worry. What we are borrowing is directly dependent on what we are earning and what we are selling to the customers. It is directly linked to the business part.

Term loans will automatically start to shut down and pair down in next three to four years unless a new project comes in. Because as I told, it is a going process. If a new project comes up, a greenfield project comes up, again we will be doing a fresh borrowing as mandated in the RBI covenants also, 25-75 or whatever the ratio is required.

But working capital loan will be continuing as per the business cycle. I hope that is okay. And even today the debt-equity ratio is fairly good for us, if we compare with other industry competitors. We are sitting on a very healthy debt-equity ratio.

Moderator: We take the next question from the line of Shashank from ICICI Securities. Please go ahead.

Shashank: Sir, in our press release, you mentioned about entering telematics kind of technology space. So, any head stuff we have in terms of any joint ventures you are supposed to do or something we have done in the captively in the R&D side, if you can throw some light.

Jayant Davar: GJ, you want to take that question?

Gurvinder Jeet Singh: Yes, sir. So, hi, good morning. So, on your question, yes, we are definitely working on these product lines. And as we mentioned earlier meetings also, we are very, very ahead of those discussions with the partners for those technologies and also in-house development of those products in our R&D center.

So, we feel that these products are going to be presented to the potential customers going forward. We have actually started presenting them to the customers. And there is a very good response from the customers. And now we are going to the next level of creating some POCs and submitting them. And then things will take way forward.

So, we feel that this year, current financial year, these are going to be informed or showcased to the customers. And next year, we feel that this should come into the development cycle. And then from the development, it will move to the production cycle.

Jayant Davar: Shashank, just adding to that, we are not looking at joint ventures at this time. We are considering transfer of technology or collaborations, which will be on the royalty basis rather than in the form of joint ventures. We want to use the infrastructure that we have already within the platform instead of creating more.

What we will do, we will do it on the basis of incremental capital costs using our existing infrastructure so that the return on capital employed and the return and margins have come much faster than they typically do in the preparation of joint ventures.

Shashank: Sir, given that the industry is moving towards this technology space, do we expect the company to expedite their look for a technology transfer kind of a thing in the near future? Or do you see that as a three, four years kind of a story to plan out for some Sandhar technologies?

Jayant Davar: We are already in the process. I am not at liberty to say, but we have identified some prospective partners who should be able to give us the technology that we seek. But of course, the finalization of that, we need the go ahead from the customers who like G. J. just said, the customers have it under consideration. We are having discussions. And as soon as we can lock in the kind of technology that is apt and is attributable to the Indian industry, we will lock it with that particular corresponding partner and take that to the market within the next 12 months.

Shashank: Is there any update on the Smart Key project? So, has the penetration kind of increased or has it got more acceptance from customers?

Jayant Davar: No, no, no. It is growing. Right now it is growing. I think we have reached a level, if I am not mistaken, it could be 10% up or down. I don't know daily numbers, but we have reached a level of about 5,000 locksets per month. And it is growing. The volumes are growing every month.

Shashank: And sir, lastly, our top line is most skewed in favor of tool list, right? So, it's got gradually increased from 60%, 62% to 67%. So, directionally, should we think of this line or directionally as a company, are you thinking of diversifying your revenue base more towards tangible things like PB or other line items?

Jayant Davar: We run after opportunities, young man. So, whether they appear in the two-wheeler market or the four-wheeler market or the construction market or the tractor market, we are quite agnostic to it.

See, we have the capital that we can employ is limited. And wherever we feel that we will get traction, at this stage, at this time, the two-wheeler market is going very rapidly and we are very well-trenched with our customers. And therefore, their dependency on us is an opportunity we don't want to lose.

It is quite possible and we continue to work on new technologies. We continue to work with new customers, including several four-wheeler ones. As and when we get the breakthroughs in those technologies with those customers, obviously we are in the game and there is every likelihood that the share of four-wheelers and other aspects of the auto industry will grow as a percentage to our revenue.

But are we just doing that? No, the answer is no. When the opportunities today are in the two-wheeler stage, we will not take the opportunity just because our percentage to that or our exposure to that particular category will become more.

Shashank: Thank you so much for the explanation and wish you all the best.

Moderator: We take the next question from the line of Rajit Aggarwal from Nilgiri Advisors. Please go ahead.

Rajit Aggarwal: Just first off, a quick clarification on the consolidated balance sheet numbers. So, there is a total debt number of €41 million. And this is as per Slide number 8 of the presentation. Q4 FY '25 oversees business outstanding borrowings of €41 million and Q4 FY '26 is €46.9 million.

If I look at the INR crore numbers for the same head, the number has increased from INR 380 crores to INR 506 crores, which is INR 126 crores. So, is that correct? I mean, €5 million leading to an increase of INR 120 crores?

Yashpal Jain: I will answer this question. I am Yashpal again. So, there is not an increase in the absolute debt. The earlier thing is that, if you know, while presenting our financials, earlier we were into bill discounting mode in overseas operations, which was proving to be costly for us. And bill discounting as per the standards IFRS and Indian Accounting Standards, they are clubbed with the current liabilities.

While we have shifted those bills payables, or I would say bill discounting to a clean debt because it was economical for us, so that is the reason as per the standards, it is now a part of the borrowings and shown in the borrowings. So, this is how the increase has been.

Rajit Aggarwal: I am sorry, sir, but what you are saying is in the euros and in rupees, I mean, the difference should be the same, right? Euro million and INR crores, the number, the difference in euro million is €5 million and INR crores is INR 120 crores. So, how does that, you know?

Yashpal Jain: No, it happens that we are presenting our financials into a group currency which is the Indian rupees. Today, the euro is reporting at around INR 111 per INR. It was around INR 108 in the month of March. Whereas two years back, it was around INR 90.

So, when you re-convert, re-transfer the financials as per the accounting standards, you need to take the closing rates. While our commitments are in euro itself, they are repayable in euro. So, this is not something mean to mean you can, I mean, classify or directly convert. At each every balance sheet date or each reporting date, we have to take the closing rates. It is a mandate.

Rajit Aggarwal: So, the increase in…

Jayant Davar: It is a notional value because it's been converted to Indian rupees. In effect, it is to be serviced by the overseas operations which will continue to be in euros.

Yashpal Jain: So, if it goes like INR 90 again, this INR content will again come down to that extent.

Rajit Aggarwal: So, overall increase is €5 million.

Yashpal Jain: Yes, €5 million that too, majority of the portion that we have shifted from bill discounting to a clean debt. So, largely, we are regrouping in the balance sheet heads itself. There is a little increase. I would not deny. Around half a million, we have done a fresh borrowing over there to meet their commitments.

Rajit Aggarwal: Now on the working capital, if I look at your working capital overall, the inventory, the receivables, number of days have gone up as of end of March 2026. And a large part of that increase it seems has come from overseas subsidiaries or your Indian subsidiaries either way. So, any thoughts around that, sir? I mean, are you looking to bring that down somehow?

Yashpal Jain: So, receivables period, yes, you must be referring Slide number 12, right? So, at the consolidated level, it is 44 days, standalone 51. There is some one-time receipts that we got. Because of that, the cycle has gone up.

Otherwise, our normal receivable cycle is 40 to 45 days itself. Inventory holding period is also from 54 to 55 days because in overseas, we are required to carry a large chunk of inventory compared to Indian operations.

Otherwise, in Indian operations, we are not even carrying an inventory of more than 12 to 13 days. This is the moment of inventory right now. So, I don't think it is going to rise. The receivables would be in a period of collection period of 40 to 45. And technically, if you see, if you go for a bill discounting, this would come down. But right now, it is costly. So, that is the reason.

So, it is more of a accounting presentation, I would say. If you go for a bill discounting, automatically, the receivables goes out of your books. And it goes to the current line head. So, this is a scenario. But on a normal basis, it is 40 to 45 days.

Moderator: We take the next question from the line of Mihir Damania from Fident AMC. Please go ahead.

Mihir Damania: So, my first question pertains to the overseas business. So, if you look on a full year basis, it has degrown by around 8.5% in Euro terms. €46 million revenue, a similar amount of debt. If we are taking a 3 to 5 year view, how do we actually ensure that this business also generates around, let's say, a mid-double-digit kind of an ROE? What is the strategy going there?

Of course, we have seen that you have shifted some of the plants. But even on growth, even on debt, because almost half of your debt sits outside of India. So, just wanted to understand more on a strategic perspective, what value does this add to the overall organization when the business is a business where we are probably going to deploy a lot more capital? What is the strategic outlook over here?

Jayant Davar: If I understand correctly, you are asking the justification for us and our overseas business, right?

Mihir Damania: Yes, and the strategic outlook of where you see the business over the next two to three years.

Jayant Davar: Yes. So, you are aware that Europe markets and American markets haven't done as well as India has. In the meantime, from what started off with the Ukraine war and the increase in prices of gas, which went up 800%, obviously, the margins have been affected since then for the last few years.

There is stability that is now being brought into the entire system. But for us, the strategic call is not about the business. It is about having your presence overseas because all the customers are now moving to India. And if you have your legs overseas, their dependence on companies even supplying from India.

To give you an example, some of the big majors who are our customers gave us business in India, which is now becoming stable and mature is largely because of the fact that we had experience dealing with them overseas. So, we were suppliers to them overseas and now they feel that we can do it from India.

So, I think there has been reference there. There has been relevance there. And also, the last couple of years, while your question is very valid because our investment and our return on capital employed falls dramatically on account of our overseas business and we have considered and reconsidered whether we should keep it or not, the fact that it was in losses made it even more difficult for us to take any strategic calls.

Now that we are hopeful that this particular year we would have all those sins washed away, we will relook at this business, but at this point of time it is very difficult for me to comment as to what is likely to happen before the end of the year.

Mihir Damania: Well, thank you. And my second question relates to, so one of our anchor customers has highlighted a major supply chain challenge in the month of April. Is that behind us? Does it impact us in some way or form? Or do you think that was just a temporary flip and business should be as usual in the remaining months?

Jayant Davar: Well, you know, the biggest problems that we faced in the month of April were, let's say, the availability of gas, the availability of raw materials, especially aluminum, and then the most serious became the availability of manpower.

From the time of Holi and then subsequent elections that happened in Bengal and Assam and then everywhere and Tamil Nadu, at one point of time the entire auto industry was grappling with an absenteeism of almost 20% with the thereon announcements of various state governments increasing the minimum wages by almost 30% to 40%. And yesterday, Karnataka giving an indication that that could be even higher than 50%, obviously, there is a lot of restlessness in the market on availability of manpower.

So, we as a company are trying to make the best possible out of this scenario. But as an industry, whether it is TVS Motors, whether it is Hero, whether it is Honda, or whether it is anybody else, or the entire industry, according to my understanding, would have lost somewhere in the region of almost 200,000 to 300,000 vehicles. And that reflects in the inventory which has come down dramatically. If you look at the two-wheeler, some of the customers who used to have a 60-day stock in the market is now to less than 14 days.

So, there is demand. I said that in the beginning. It continues to be very, very robust irrespective of the challenges that there are on a global scale. But for us, while these challenges are there, it is not individualized as a company. This is for the entire sector.

Things are improving as we speak. The month of May is better than what it was in April. And I am hopeful that by the end of June, irrespective of anything else except maybe some dramatic stuff that happens on a global scale, we should be back to work as normal.

Moderator: We take the next question from the line of Jai Prakash from Korman Capital. Please go ahead.

Jai Prakash: Sir, I have been following your company and we have been executing really well. And the growth has improved margin.

Sir, my question is basically I am trying to assess your franchise, right? So, when I look at your business, sheet metal, aluminum, die casting are majority of your business, right? So, I want to understand your differentiation. Is it the size which differentiates you that competition cannot come in? That is the first question.

And second question is where you are, let's say, when you say growth is like 15% growth, right? You have been conservative guiding 15%. And I feel you will be outperforming the industry. So, where this confidence comes from? Does it come from the new products like smart locks? I think you talked about battery chargers, which is kind of a new product, right?

So, if you can explain your right to win, I know smart locks, I think there is a couple of things. But battery chargers, if you can explain where you are in terms of the competition and where your confidence of 15% to 20% growth comes from, right? Is it from existing products or new products launches? That would be helpful, sir.

Jayant Davar: Let me put one thing aside, which is you said EV products. The EV products are still very, very insignificant to the entire company. Even if you are going from a INR 20 crore revenue to a INR 40 crore revenue, you would appreciate that that number is extremely small in the context of the size.

Yes, what we are doing in the EV business is that we are trying to now work as we become a little on scale. We should be able to reduce the negative portion or the bottom line to the best extent possible in this particular year.

When you talk about castings, for example, yes, we have several USPs. One USP comes from the international business that we have, which was to make spools. Now, these are thin-walled, machine-less castings, which are not done at open or by everybody in the country here, number one.

Number two, with the acquisition of the Sundaram-Clayton business, we become an integrated player in the casting scenario. You are aware that in the year before that, we had bought over the machining business from TVS as well.

With that happening, now we do both high-pressure die casting, we do low-pressure die casting, we do machining, and the entire context of not just small components, but from small to extremely large, including engine blocks. So, the size, scale, the flexibility across the supply chain in the aluminum business has gone up dramatically.

So, we are an integrated player, and that, in itself, is a big USP for us to grow, and the opportunities are showing very, very openly for us, because now people want, as our customers want to consolidate in terms of their supplier base, we fall in line with someone who can give them from zero to 100 in terms of whatever their requirements of casting are.

At the same time, you are also aware that we are possibly the only player who also does high-pressure zinc castings. We also do magnesium castings. So, anybody who wants any kind of casting is now available with Sandhar in every sense of the word. You wanted growth. You want growth, right?

Jai Prakash: Yes.

Jayant Davar: So, in terms of growth, at this time, the three major verticals, which is aluminum business, sheet metal business, the proprietary business, and in fact, even the construction business, all of them are rated at growth rates for this particular year, which are probably internally much higher than what I have quoted you.

I have been a little conservative. I said that right in the beginning. That is because of a little bit of confusion as to how this year would pan out, depending on global case scenarios and India case scenarios. But the overall growth estimate that I am giving you right seems conservative, and I also said it was without taking into purview the pricing re-trigger that is likely to happen. So, it is across every division and every product line that we manufacture that we are looking at the growth rates that I have told you.

Jai Prakash: And, sir, just a follow-up question because you mentioned that you work with zinc, magnesium, aluminum, right? And I heard another auto player, he talks about that they are able to really process these zinc, magnesium and few other things and that is how they were able ot move up the value chain in terms of getting into aerospace.

So, I am sure you have enough on your plate right now. But anything in terms of the future guidance where you want to see yourself? Do you want to expand the sectors you cater to or take these existing capabilities to anywhere else within the auto?

Jayant Davar: You know, that is a very big question. That is a very big question. It depends on the opportunity that is presented to us. Like I said, in terms of building our capability, that is what we are doing from zero to 100. Obviously, whether it is aerospace, whether it is defense, whether it is railways, whether it is auto, the present case scenario of where our capabilities lie in castings, we cover it all.

We are obviously concentrating on the existing customers that we have and the existing businesses that we have, where the volume play and the volume growth affords us to be busy for this particular year, but this is not taking away from the fact that we are very open to looking at various other possibilities and as and when something strikes, and we will keep you posted.

Moderator: Thank you. Ladies and gentlemen, we take that as a last question and conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

Jayant Davar: Once again, I just want to thank you all. Just telling you, informing you, and congratulating you that your company at this time is in solid stead. We are in a happy place. India is in a happy place. Our sector is in a happy place. And unless and until barring anything major that happens outside on the global horizon, we seem quite confident that this year will also be a year where we will have record numbers show up for the entire year.

With that, thank you once again. Thank you to Dolat Capital for putting this together. And I look forward to speaking to you again after the next quarter. Thank you very much. Bye-bye.

Moderator: On behalf of Dolat Capital Markets Private Limited, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.