Automotive Axles Limited

17th November 2026

The BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Scrip Code: 505010

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G- Block
Bandra (E)
Mumbai – 400 051
Scrip Code: AUTOAXLES

Attn: Listing Department

Dear Sir/Madam,

Sub: Analyst / Investor Conference Call Transcript.

In continuation to our earlier disclosure dated 09th November 2026 regarding Intimation of Analyst / Investor Conference Call and with reference to Regulation 30 read with Schedule III, Part A, Para 15 (b)(ii) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 enclosed herewith Transcript of Analyst/Investor Conference Call conducted to discuss on the **"Automotive Axles Limited 2QFY27 Financial Performance'** held on **Friday, 13th November 2026** at **10:00 AM (IST).**

The Transcription and Audio Recordings of the same is available on the website of the Company www.autoaxle.com

This is for your information and record.

Thanking you,

Yours Truly,

For Automotive Axles Limited
DEBADAS PANDA
Digitally signed by DEBADAS PANDA
Date: 2026.11.17 15:07:00 +05'30'

Debadas Panda
Company Secretary & Compliance Officer

Encl: as above

Automotive Axles Limited

Q2 FY '27 Earnings Conference Call"

November 13, 2026

Automotive Axles Limited

360 ONE

CHORUS CALL

MANAGEMENT: **MR. NAGARAJA GARGESHWARI – PRESIDENT AND WHOLE TIME DIRECTOR – AUTOMOTIVE AXLES LIMITED**
MR. RAMAN K. – CHIEF FINANCIAL OFFICER – AUTOMOTIVE AXLES LIMITED
MR. KISHAN KUMAR UDUPI – WHOLE-TIME DIRECTOR – MERITOR HVS (INDIA) LIMITED

MODERATOR: **MR. ANAND DARSHAN – 360 ONE CAPITAL MARKETS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Automotive Axles Limited Q2 FY27 Post-Result Earnings Conference Call hosted by 360 ONE Capital Market Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anand Darshan from 360 ONE Capital Market Private Limited. Thank you, and over to you, Sir.

Anand Darshan: Yes. Thanks, Shaurya. Good morning and thank you everyone for joining Automotive Axles Q2 FY27 earnings conference call. From the management side, we have with us Mr. Nagaraja, Mr. Raman K., Chief Financial Officer, and Mr. Kishan Kumar. Now, I will ask Mr. Nagaraja for his opening remarks, post which we will open for Q&A. Over to you, Sir.

Nagaraja Gargeshwari: Thank you. Good morning all. This is Nagaraja Gargeshwari. I warmly welcome all of you to this investor call. Firstly, I would like to congratulate Mr. Raman on being appointed as full-time CFO for Automotive Axles. We had a very good quarter. We were able to grow both our top line and bottom line.

Our investment in capacities kind of getting realized now. More work to do there. However, we also have headwinds with respect to certain commodity supply chain constraints, which we are addressing as we speak. I firstly request Kishan Kumar, Director MHVSIL, to give a quick market update and followed by Raman sharing the financial results for the quarter. Over to you, Kishan.

Kishan Kumar: Thanks, Nagaraja. Good morning, and I hope all of you had a good Diwali. To start with, I think all of us are experiencing probably all the right things happening in the country with respect to the overall economy. So the Q1 was a very strong performance in terms of GDP with a very high 7.8%, and followed by Q2, even though it was slightly downward from the earlier, but it started with a strong base, so it was at 7.35 estimated.

Even though the inflation was slightly higher in August, I think overall resilient market and domestic consumption actually is helping the economy. And to add to that, all the infrastructure projects, the high industrial production rate, freight activities, and the surprise factor was monsoon. It was probably better than what it was forecasted earlier. So all these things are actually helping the overall economy and also our industry.

In addition, specific to our industry, what we should notice is the replacement cycle for the vehicles. There is a large volume of vehicles which were sold between 2018 and 2020, which are now six to nine years old. If you remember, that was the BS6 launch, so there was a lot of pre-buys that happened. All those vehicles now are getting old and the replacement has kicked in.

I would say the GST 2.0 started the momentum. It carried forward with all of the positive sentiments. The replacements are happening. As a result, the result is very clear. The Q1 was record high compared to the previous year. The Q2 also had a pretty high volume based on the

previous similar quarters, previous years. With all that, the industry volume compared to the last quarter was also the highest ever.

We see this momentum going forward as well. The replacement is still happening. There are certain regulation changes expected. There are certain pre-buys that we expect to go until April of next year. Overall, the sentiments and all the right things that I mentioned happening is giving us a very confident market outlook. How this will pan out beyond April up to September, that is a little bit of a watch right now.

We are confident that overall the market would pan for this year +500, which is again a record because the previous highest was in 2018, 480,000, which we already did last year. This year crossing 500 is very much in the horizon, and we are confident the market will put a very strong performance. With that, I am here to take any questions later. Nagaraja, over to Raman.

Raman K.: Yes. Thanks, Kishan. Thanks, NG, for your presentation. Thank you all, gentlemen, for joining. I am happy to present the Q2 results for Automotive Axles. Our revenue from operations was INR6,625 million, which is up 28% quarter-over-quarter and 43% year-over-year. This has been our strongest ever Q2 revenue, thanks to the market being very favorable, as Kishan mentioned. Overall, our total income stood at INR6,709 million.

Compared to previous quarter, which was at INR5,271, this represents close to about 27% growth quarter-over-quarter. Year-over-year, the growth stood at 42.6%. The reason why revenue to this, there is margin difference is because of the other income. Our treasury income was slightly on the softer side this time. Last quarter, we had some one-offs that we had realized because of a very poor Q4. That kind of flattened out in Q2.

I think that is a very small impact. Overall, 27% QoQ and 42% year-over-year on the income side is the growth. Moving on to the costs, I think we were very efficient in managing our costs, though there are a lot of headwinds that are happening in the market with respect to the conversion cost increases on account of fuel as well as some of the raw materials that are coming from the other global markets.

We are very watchful, and we were able to kind of get the best out of what is available in the market. Overall, our metal costs for the quarter stood at 66.2%. All our other overheads are slightly lower in terms of percentages thanks to the higher top line of 28%. We did get a lot of absorption benefits.

So, that leaves us with EBITDA of close to about INR910 million at 13.7%. Last quarter, we reported 13.6% EBITDA. This time, we are slightly above that, in spite of the higher raw material costs quarter-over-quarter, which is on account of some mix and also some escalations that are there. Our EBIT stands at INR812 million at 12.3%. As compared to last quarter, we are about 31 basis points more. Our PBT stood at INR807 million, and again, close to 30 basis points more quarter-over-quarter. Our EPS for the quarter stood at INR39.8. Again, that also represents a similar 30% kind of a growth when compared to last quarter, and year-over-year, it's a 67% jump. Also, moving on, this being half-year ended, we also have the half-year results.

So, our revenue was about INR11,793 million, and a total income of INR11,981, and which is kind of a year-over-year growth of 23.6%. Our metal costs, again, remain more flattish year-over-year as well. So, I think in line with the top-line growth, our metal costs have also moved on the same lines. Nothing significant there.

We were able to get some efficiencies on the cost, so thereby leaving EBITDA of INR1,613 million, which is at about 13.7%, as against 12% last year. So, close to about 160 basis points expansion year-over-year. Our PAT for the half year overall is at INR1,057 million at 9%, up again 143 basis points year-over-year, which was 7.5% last year. So, another 143 basis points expansion. So, half-year EPS, we are ending up at INR69.9, again up close to 47% year-over-year. So, I think those are the financial set of numbers.

I'll be happy to take any questions that you may have later in the call. I'll hand over it to Nagaraja for the comments.

Nagaraja Gargeshwari: No, thanks, Raman. Thanks, Kishan. Probably we'll take up the call, any questions now.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead. As there is no response, we move on to the next participant. The next question is from the line of Samarth from Janak Merchant Securities. Please go ahead.

Samarth: Hello, am I audible? Hello? Am I audible?

Moderator: Samarth, please go ahead with your question, please.

Samarth: Am I audible? Hello? Am I audible?

Moderator: Mr. Samarth?

Samarth: Are you having any issues on the bridge?

Moderator: No, Sir. I think the participants are not responding.

Samarth: Okay. Hello, am I audible?

Moderator: Samarth Sir? Are you able to hear me?

Samarth: Hello?

Moderator: Yes, Sir. Please go ahead with the question.

Samarth: Yes, am I audible?

Moderator: Yes, Sir. Please go ahead. Yes, you are audible. Please go ahead.

Samarth: Sir, three questions from my side. First is there any change in product mix for this quarter which has resulted in the margins being on higher side? Second is, have we got any traction on the export business? The third question is, your largest customer is now moving in, they have started

accepting air suspensions. Globally, we have this product, so any plans to get in this? Thank you.

Nagaraja Gargeshwari: Okay. I will take the first two questions, and then probably Kishan will talk about the product air suspension. Our product, whatever the product we introduced about two or three quarters ago, those volumes are going up, which kind of helping us. But generally, this is the product mix we have been telling the market that what customer wants and what we have already developed and then supplying.

On the export front, right now, the capacities have been stretched to even meet the domestic market. While we still exploring the potential export opportunities, we continue to serve the current business, whatever is there. But we will continue to explore additional opportunity now that we have putting in additional capacities. Kishan, can you take up the last question?

Kishan Kumar: Yes, sure. So specific to the air suspension, we are not into that category of suspension, even in India and also globally. But our products are very well proven, because in the Western world, the axles that we sell in India, they all go with the air suspension mostly. So our products are very well proven, and those vehicles which you mentioned, they already have our axles. The required customization for that type of a suspension is already done. So we are well protected. That changeover, shift over will not impact us in terms of our share of business. Thank you.

Samarth: Thank you, Sir.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: Hello?

Moderator: Yes, Sir, you are audible. Please go ahead.

Saket Kapoor: Yes. Thank you for the opportunity. Namaskar to the team, and Shubh Deepavali to everybody. Sir, firstly, if you could just give us an understanding of how are we prepared for our capacity augmentation exercise. I think so the closing capital work-in-progress is closer to INR27 crore. So going into the second half, what kind of additional capacity are we coming up, and what is the roadmap ahead for us. I think so in our earlier conversation, we have spoken about INR5,000 crores of top line closer to 2030 year. So if you could just give us some more color, how are these numbers indicating to the trajectory that we have articulated earlier?

Nagaraja Gargeshwari: Thanks for your questions. Let me take the first part, and then Raman can address the other one. Like I mentioned, the capacity what we have put, what we anticipated, even though there was a bit delay in realizing those capacity, now they are in place. We are still kind of fine-tuning everything and putting it in place, because as we trying to meet the customer demand and manage the supply chain constraints, we are working on that.

With this phase one capacity expansion, we should be good with the current market demands. We are also kind of exploring how the future scenario, whether this particular market is a short-term spike or it is going to sustain. We continue to evaluate that, and then we are working on

our phase two strategy when it comes to capacity. With respect to top line, probably Raman, do you want to take that? Or Kishan?

Saket Kapoor: Sir, just to add, we have not added, no new capacity has been augmented as of for the first half. For the second half also, do we have plan for any incremental capacity that gets capitalized? Because we are—

Nagaraja Gargeshwari: No, we…

Saket Kapoor: I think so we have some cap. Yes, please.

Nagaraja Gargeshwari: Yes. See, right now, if you had not invested in the capacity, we would have been having a big challenge in meeting the customer demand and then achieving this kind of a top-line growth. We started investing in our capacity to enhance it by at least 20%-30%, which we are getting realized now. Not completely, but we will be completing it by next quarter. So we are going to have the required capacity in place for a market of this size. And from there, whether we need to add the capacity in what specific areas we need to add it, that we are working on the strategy. Once we get a confirmation from the board, then we will be sharing with you. Over to you, Raman.

Raman K.: Yes. So, you touched upon the INR26 crores capital work-in-progress, right? As Nagaraja mentioned, so this represents the final phase of the last previous INR120 crores that we had committed, which is more towards the final stages of implementation. And there is, as he mentioned, that is to meet the current demands. Yes, we have a line of sight of. Sorry, rather what we presented was a INR5,000 crores top line by 2030.

So, we are looking at areas where we need to invest and what sort of product line that is going to fetch us there, and what sort of technology that we need to invest. That is a strategy, as Nagaraja mentioned, that we will be working with the board, taking their consensus, and then we will be investing over the next few years.

Saket Kapoor: Just to conclude, so we are currently prepared with a five lakh tonnage market in the MHCV segment. As you mentioned earlier, that we have aligned our product profile in a way that we can service market up to that tonnage. So, five lakh number. That understanding is correct that we are fully geared up with our portfolio to cater to what the current market opportunities are?

Nagaraja Gargeshwari: Yes.

Saket Kapoor: Can I move to the next question?

Nagaraja Gargeshwari: Yes, go ahead. Yes, your understanding is correct. This capacity, what we are there, we should be able to manage these peaks. But like what Raman mentioned, we are also looking forward, and to the earlier question, exploring more and more export opportunities. As we kind of finalize that roadmap, we will be going and looking at adding additional capacity where it is required.

Saket Kapoor: Two small points, Sir. Firstly, how are you seeing currently H2 looking up? Although you gave some color of how the current entering quarter is shaping up with the demand scenario, but how

do you see H2 shaping up in terms of the EBITDA margin trajectory and also the incremental volume, if any?

Secondly, Sir, there was some state regulation pending for some floor meter height for the buses for which our axles were developed, and we were in the process of. Even the OEMs were preparing themselves for the launches. So, where are we in terms of the regulatory part, and are we supplying those axles currently? If you could just give some color on the same.

Nagaraja Gargeshwari: I will take the first question, and Kishan will probably answer the preceding questions. While we do not make the forward-looking statement, we feel that the market is going to hold at least for the next couple of quarters. As we have demonstrated in Q1 and Q2, when there is a market demand, we will be able to convert it very strongly.

Having said that, I already mentioned that there are quite a bit of headwinds are there, both in terms of the price increase and the supply chain constraints. While we are working, engaging with them and trying to make the best out of it, we feel confident that we should be able to convert any of the potential demand or market opportunities, we should be able to convert it very positively. Kishan, can you take the other question?

Moderator: Mr. Kishan, we are not able to hear you.

Kishan Kumar: Hello, am I audible now?

Moderator: Yes, Sir. Please go ahead.

Kishan Kumar: Yes, sorry. I was mentioning there were two axles specifically to the bus market. One was the coach axle, which we have already launched for the 13.5 and 15 m two quarters ago. That is in production. The second one, which you specifically are referring to the regulation-related. The regulation as such doesn't impact our axle. It was more of how the OEMs want to take that regulation and configure their vehicle.

That development of that new axle, that is still in progress. We have slightly slowed down for the reason that the current demand that we see is forcing us to develop alternate suppliers, and all these alternate suppliers have to go through certain validation. We are freeing up our lab capacity to support that, which is the need of the hour.

When the time is right, we will launch the bus axle, which is almost ready. I would say 90%, 95% all the validation is done. We are just looking at how the overall market is behaving, where the demand is. Right now, the demand is in the heavy-duty segment, heavy-duty truck segment. That is where our focus is to ramp up that product, which we launched a couple of years ago. The second product which we launched for the heavy-duty segment, the tandem axle, which will get into production, and we will get into a ramp-up by Q4 of this year.

Saket Kapoor: Right, Sir. Last point is on the income tax paid part in the cash flow. We see INR31 crores being the amount paid, but it is mentioned as net of refund. Can you quantify what has been our payment towards the advanced taxes for the first half?

Raman K.: Yes. It is as per our estimated profits for the year. As per the statutory limits, we have paid 45% of what was supposed to be paid.

Saket Kapoor: Okay. So, INR31 crores is…

Raman K.: Yes.

Saket Kapoor: Okay.

Raman K.: It represents thereabouts. Anyway, we have a limit of minimum 80%, right? I think we are well within that limits.

Saket Kapoor: Okay. Second, investors look forward for a plant visit at our Mysuru unit. Are we entertaining any request, we as investors can come?

Nagaraja Gargeshwari: Yes, I think you can. Yes, you can do that. Please reach out to our—

Saket Kapoor: Company secretary.

Nagaraja Gargeshwari: Company secretary, and then he will be able to arrange for it. You are welcome to visit our plant anytime. Okay?

Saket Kapoor: Right, Sir. Sir, I am…

Nagaraja Gargeshwari: Thank you.

Saket Kapoor: Writing the Q&A. These are really very encouraging set of numbers after, I think, the Q1, Q2, twice quarter-on-quarter. We are delivering on the expected lines, Sir. All the best to the—

Nagaraja Gargeshwari: Okay. Thank you very much. Thank you.

Saket Kapoor: Thank you.

Moderator: Thank you. The next question from the line of Lakshminarayanan from Tunga Investments. Please go ahead.

Lakshminarayanan: Yes, thank you. A few questions. In the first half, can you just help me understand what is your product mix in terms of domestic and exports? And second, what is the mix of different type of vehicle categories? And the third is, what is the type of product mix in terms of axles and various other things?

Nagaraja Gargeshwari: I don't think

Raman K.: Take the first part.

Nagaraja Gargeshwari: I don't think. Yes, sorry, go ahead.

Raman K.: Yes. Sorry, Mr. Lakshminarayanan, thanks for the question. Our export has remained consistent in the same levels as what we had last year. And the main focus is, as Kishan as well as NG

mentioned, is the domestic market, where there is a lot of traction happening, so we are servicing that. But at this point, we are maintaining our share of business on our exports. Over to you, NG.

Nagaraja Gargeshwari: Yes, I think it is very difficult for us to change, share those things in terms of product mix. But generally, Kishan mentioned that you know there is a big demand in the heavy-duty segment, so there are a lot of tractors and tipper volumes coming, along with some air suspension models. I think that is the product mix which has been predominant in the last couple of quarters. It is very difficult for us to predict what kind of product mix going forward. We are ready to sell the customer depending upon what they need. Right now, we do not have any major concerns with respect to the product mix.

Lakshminarayanan: I understand there is a movement towards higher tonnage, and also there is a movement towards tractor trailer, right? The third, there is also a change in various regulations like electronic suspension or ADAS and all those things, right? As these things, all of them come in, one is regulation-driven, safety-driven, and also there is a tonnage increase, and the way in which the haulage is done is also changing. How our product mix would change, and how fast we can maneuver ourselves to capitalize on all these underlying opportunities? Can you just help me understand that?

Nagaraja Gargeshwari: Kishan, will you take it?

Kishan Kumar: Yes, I can. I do not want to downplay what is happening in the Indian regulatory system. I think we are probably the only country right now catching up very fast. We see every year there are multiple regulations coming in the CV industry. All are with a good intention and in the right direction. What we have to remind ourselves is specifically for a company like us, where we have a very large footprint outside India, and these Western countries have already gone through most of these regulations, barring BS7 or Euro 7, that is still pending.

All the others, what we are talking about right now in terms of safety, ABS, EBS, suspension, these are already done in rest of the world, and they have been there for last 20 years. The products that we have in India, they are already proven for those. And there are next-generation axles which are yet to come to India, which will be focusing on efficiency. We are already talking to some of the customers and OEMs here, how do we get into the market as a first player. Mostly we are ahead of the curve in terms of technology and product availability, thanks to our global portfolio.

And when the Indian domestic market catches up, we are ready with that. The best example is the 185, where it is getting into high numbers now, but the product was available with us three, four years ago. And we anticipated the high tonnage, high power HP shift to tractor trailer will happen in India with all the right indicators of better infrastructure, better roads, and the regulation. So, we are very closely monitoring, and our product portfolio for the next three to four years is protected for that.

Lakshminarayanan: Got it. And two things, and also hear that the planning cycle, at least among the Indian OEMs, are very volatile because they themselves are unable to really predict the down demand. And how you are looking at it to ensure that there is no whiplash effect on us, either in terms of we

are running out of capacity or we actually have more materials and we are unable to I mean, the demand suddenly goes down.

How you are improving the predictability of your business? And second, in the last six months or so, steel prices have actually gone up in high double digits. So, if you look at your business, how much of the revenues have been accounted by sheer metal price increase, and if you can just help me on these two things.

Nagaraja Gargeshwari: Okay. So, first of all, you are right. Sometimes the forecast is kind of volatile. And also, we are having quite a lot of variance to cater to the customer requirements. So, we have been very prudent in terms of planning our material. So, again, obsolescence is always a challenge, but we also have a very good understanding and agreement with the customer, where we do not inventorize slow-moving or non-moving material.

So, it's a challenge. So, that is where we are also kind of finding some constraints because some of the materials, like gears, they may have anywhere between kind of six to eight weeks of lead time from getting the steel all the way to finishing those parts.

So, it's challenging, but I think we have a very capable team, and also we continuously engage with the customer to ensure that how the product mix changes and how we can react to that. The capacity is one thing. We knew that, and we wanted to put in for this kind of a market. We will try to bring in as much as productivity, so that we can not only turn around in a good time but also optimize our inventory.

Lakshminarayanan: Got it, Sir. Then to the metal price increase in terms of contribution to our revenue in the first half?

Nagaraja Gargeshwari: Yes, it is like, again, those are all too much of details based on the product mix, lot of things can change. What I would say that, we always have the any material or commodity increase back-to-back with the customer. That arrangement is there, which is pretty much standard in the industry. So that way, unless and otherwise, if something else is happening, we are covered for that because it is back-to-back with both the customers and the suppliers. So, for us, the impact is neutral.

Lakshminarayanan: Got it. Thank you.

Nagaraja Gargeshwari: Okay. Thank you.

Moderator: Thank you. Just a reminder to all the participants to press star and one for more questions. The next question is from the line of Akash from ADV Capital Group. Please go ahead.

Akash: Hi, Sir. Am I audible?

Moderator: Yes, please go ahead.

Akash: Yes. Firstly, congrats on a good set of numbers. Just wanted to be double sure on one thing that we have capacity in place to be able to onboard 20% higher volumes than what we handled last year in H2. Just wanted to be sure on that.

Nagaraja Gargeshwari: Again, it is a little bit tricky question. I think, when I look at it, the overall things, there are two things which will impact our performance or deliveries. The first one is in-house capacity. Like I mentioned, we have been putting in the capacity. A portion of that we are already getting realized. Like I said, by early next quarter, we will be having the required capacity in-house. But having said that, there is also, you must have heard in the market, the scarcity of availability of steel, and then also the capacity constraints at the supply chain. Just now, the other gentleman asked about a sudden product mix change. All those things can have an impact on overall performance. But we have been very positive in engaging in each one of these, both the challenges and opportunities to make the best use of it.

The rest assured, we are having a capacity for this kind of a market. Like I said, as we continue to work on the constraints, we should be able to convert or we should be able to meet all the customer demands.

Akash: Thanks, Sir. My second question will be on the margin front, Sir. This time we see both our gross margins and EBITDA margins going sequentially as well as year-over-year basis going up. Do we expect EBITDA margins could increase even further from here, given our execution rates and capacity, everything has increased?

Raman K.: I will take that question. Currently at these revenue levels, right, you also have a lot of absorption benefits where you build in efficiency. That is where you are seeing the margin expansion. Again, it is all linked to how the market performs in H2 and going forward. But our endeavor is to ensure that we remain lean and ensure that we protect our margins.

Akash: Sorry, Sir. I actually did not I am not sure whether my question got addressed here. If you could repeat your answer.

Raman K.: No, I was saying, like, see, the margins, the expansion of margins is also. There are two, three reasons, right? One, how our product mix works. Second, how efficiently we are able to convert the higher revenues. That would also give us a margin expansion.

Akash: Correct.

Raman K.: As I said, right, if the market remains consistent, we will be in a position to deliver similar margin levels. But again, it is all subjective to how the market performs over the next half.

Akash: Given the current market Sorry to interrupt. Given the current market conditions, if the tilt is more in favor of the heavy-duty side, is it favorable for our margins as well?

Raman K.: Again, as NG mentioned, there is quite a few of product mix that we have, even within the heavy-duty axles. That will determine how our margins will be there in upcoming quarters.

Akash: Okay, Sir.

Moderator: Do you have any follow-up questions?

Akash: Actually, I genuinely did not understand my answer to the earlier question itself. Just wanted to be sure that if the tilt is more on the heavier side, heavier axles, my understanding is that the margins, it should be favorable for our margins. But Sir

Nagaraja Gargeshwari: So again, we do not want to dwell too much upon the margins based on a particular product. But yes, I think probably it makes sense, bigger axles, not just a margin, but also how efficient we are in converting it. Okay? Like I said, there are commodity headwinds are there, and our overall performance, inventory management, everything will contribute for it. What I can say that is, as we are putting in our capacity, as the market demands are very strong, we should be able to perform pretty well, convert more efficiently wherever the opportunity is there. That is how I would like to summarize.

Akash: Got it, Sir. That is it from my side. Thank you. All the best.

Nagaraja Gargeshwari: Thank you.

Moderator: Thank you. The next question is from the line of Lakshminarayanan from Tunga Investments. Please go ahead.

Lakshminarayanan: Sir, the question is that, as there is movement towards electric buses and electric commercial vehicles, et cetera, and also this emission change norm that is coming in, how those things would actually increase the value of components which we actually supply? And also, is there something like the Smart Axles where there is some kind of information that actually flows from the axles to the control systems? Is it something which is prototyped in India, or is it something which we can work as and when the demand comes?

Kishan Kumar: Thank you. I will take that question. This is Kishan. I will answer the later part first, which is the Smart Axle. Globally, there are projects, and even in India, we have done certain projects on telematics, which will provide data to the cabin or the vehicle system, vehicle level system, in terms of the axle health. As a feature, even though it is available, this is not something the OEMs are focusing today.

I think there is a lot more that is happening in the safety and the engine itself, right? Emission systems. The entire focus is there. Globally also, these are probably the last piece of technology that would be on the vehicle, depending on what the end customer will see or perceive it as a value.

Yes, the answer is yes, there are solutions available, but whether they are marketable and commercialized today, probably no. Even in the Western world, that is not happening. There are multiple solutions available, and Smart Axle is a very large area of many different things that we can do within the axle's architecture. Now, the first question, which is more specific to the regulations or in general what is happening in India.

Emissions per se, we do not have any impact on both axles and brakes. It is more towards the engine only. What will happen, which we are already seeing, is with higher HP, our engine, our vehicle platform, or axle platform will change. Like we have already shifted to the largest axle

available in the portfolio today. There are next two levels or three levels of products available, which we will evaluate and get in.

What actually will be a game changer in terms of technology or need in the market is axle efficiency. Today, there is no real norm or regulation that is asking OEMs to demonstrate. In the Western world, this is already there. We have to declare our axle efficiency to the OEMs, and in some cases, OEMs also declare the axle efficiency and vehicle efficiency together. That regulation norm is not yet in India.

When that norm comes, the overall look of the axle may not change, but how we design some of the aspects, for example, the gears and bearings, they will be different. They will be high efficient or more lightweight. There are a lot of other technology that we already have demonstrated in the global market that is available to us. When the Indian market is ready, we will be ready to launch them.

It is not that the Indian OEMs are not interested. Right now, I think the focus is elsewhere, which is where the entire industry OEMs are focusing on in terms of how to address those regulation changes and ensure that we have a long-term product strategy or overall vehicle strategy available with us to align with the regulations when and whenever they come into place. I hope that has answered your question.

Lakshminarayanan: Yes. Just one follow-up question on that. As an organization, I understand that we do a lot of innovations and R&D, and want to understand how do you benchmark or how do you measure your innovation, either by new product development or so? If so, what has been the number for whichever way you track for the last six months? We go deeper in the existing relationship and give more products, and we also identify new customers in general. So, what is our tilt in terms of, or the measure towards existing products with existing customers, existing products with new customers, and new customers with new products? Some kind of a picture would be helpful.

Kishan Kumar: Sure. I think I missed one part of your earlier question, the EV. You mentioned about EV.

Lakshminarayanan: Yes, Sir.

Kishan Kumar: As we speak, in the EV space, the architecture is central motor or remote motor and regular powertrain. Our current product portfolio and also the next generation product portfolio within the mechanical traditional axle is protected. I just wanted to answer that as well. Moving on to your next question in terms of innovation. Some facts. Cummins Meritor or Meritor assets globally, we are the number one independent drive axle manufacturers.

Globally, I am talking about. Even in India, being here for last 40-plus years, we still hold that position. It is not just because of the innovative products, it is also our ability to cater to the market what it actually needs. As Nagaraja mentioned earlier, in India, we like varieties. For one OEM, we may be having under one axle platform 20 - 30 varieties, variations.

That is what is helping us to cater to the dynamic requirement of the market and ensure that we have slicing of products available across 7 to 60, 70 ton of GVW. That is probably, I would say, is currently more important for India. Next is innovation, where, as I mentioned, giving some of

the examples, we already have this innovation or technology available. Usually, in every region, we are the first one to introduce a new product.

We talked about Smart Axle. We had introduced Smart Axle 20 years ago, right? But the market readiness and acceptance, that is different in each region. Europe is totally different, North America is different, India is different. India is more inclined towards following the Europe regulation, but then at the same time, very cost-sensitive. Our innovations are addressing both.

I cannot put a number to that, but we know from the track record what we have, we are usually ahead of the competition when it comes to medium and heavy-duty vehicles.

Lakshminarayanan: Got it. Is it, I mean, from our new products, which are the new, I mean, the unit straddling from seven gross weight to higher, is it almost like a fifth of the products which you have in the market right now did not exist in our portfolio couple of years back? Or some kind of a number would be helpful.

Kishan Kumar: Probably I will take 2020 as the timeframe. 2020 to now, we have launched four products] which were not there before, and they are all addressing the shift that we are seeing in the market. Even for the EV, which I mentioned, which are remote mount, there are specific design changes in the previous generation of product, which we are now refining. 2020 onwards, there are four to five new products which were not there earlier because the market has also shifted. There are other factors that influence these changes. All these four, five, we are ahead. The competition is now catching up.

Lakshminarayanan: Okay. Thank you. Thank you, Sir.

Moderator: Thank you. This is a reminder to all the participants to press star and one on the touchtone telephone for more questions. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Nagaraja Gargeshwari: Okay. Once again, thanks everyone for joining this conference. As I mentioned, the team at Automotive Axles is fully prepared to meet the customer demands. Just to summarize, as we kind of realizing the capacities where we have made an investment and the market demand being strong, we should be able to continue to cater to all the customer requirements. Hopefully, the H2 will be as strong as H1, and we should be able to convert the additional opportunity, if any, with higher margins. Once again, thanks for having confidence in Automotive Axles. Have a great day.

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

Nagaraja Gargeshwari: Thank you. Thank you very much. Appreciate it.

Raman K.: Thank you all. Thank you, everyone.

Kishan Kumar: Thank you.