May 22, 2026

To,
BSE Limited,
Corporate Relations Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001
Scrip code: 544723

To,
National Stock Exchange of India Limited,
Listing Department,
Exchange Plaza, 5th Floor, Plot No. C/1,
G block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051
NSE Symbol: SEDEMAC

Dear Sir/Madam,

Sub: Transcript of the earnings conference call on Audited Financial Results for the quarter and financial year ended March 31, 2026

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please find enclosed herewith the transcript of the conference call held on May 18, 2026, to discuss the audited financial results for the quarter and financial year ended March 31, 2026, conducted after the meeting of the Board of Directors held on May 18, 2026.

This intimation will also be uploaded on the Company's website at https://www.sedemac.com.

You are requested to kindly take note of the same.

Thanking you,

For SEDEMAC Mechatronics Limited
(Formerly SEDEMAC Mechatronics Private Limited)

Prasad Rajendra Chavan
Digitally signed by Prasad Rajendra Chavan
Date: 2026.05.22 15:09:36 +05'30'

Prasad Rajendra Chavan
Company Secretary and Compliance Officer
Membership No.: A49921

Encl: As above

SEDEMAC

SEDEMAC Mechatronics Limited

Q4FY26 & FY26, Investor Earnings Call

May 18, 2026

MANAGEMENT:

Prof. Shashikanth Suryanarayanan	**- Managing Director**
Mr. Amit Arun Dixit	**- Joint Managing Director**
Mr. Rajesh Sheth	**- Chief Financial Officer**

SEDEMAC Q4FY26 FY26, Investor Earnings Call (via MS Teams)-20260518_113113UTC-Meeting Recording

18 May 2026, 17:00 pm

1h 20m 27s

Shashikanth Suryanarayanan 1:24

We'll start the first investor call of our journey as a listed company. Some of you who have engaged with SEDEMAC before,
would have come to other calls like this. We had six of them, in fact, prior to us initiating the IPO process.
But for many people, this will be new. And of course, for us, this is the first as a listed company.
Yeah, there are three people on this call. Amit will be the main talker. Amit is the joint managing director, and he will do the presentation.
and I will take over for the Q&A.

Amit Dixit 2:22

Yeah, thanks, Shashi. Good afternoon, everybody. I mean, the standard disclaimer will make some statements which may be forward-looking in nature based on our today's beliefs and assumptions, and the actual results may be materially different.
Since there can be several people who have not engaged with us so far, I'll just spend a minute in providing a brief introduction about what we do, etc.
So we design and supply critical control intensive ECUs, that is electronic control units, to major vehicle and industrial equipment manufacturers in India, US and Europe.
So when I say critical, it means the products that we sell are critical to the application. So if our products don't work, then some core functionality of the vehicle or the industrial equipment will not work. So it's critical to application. Control intensive means our products will incorporate some sort of non-trivial understanding, so physics, math of the application and of the, you know, of the system for which they are applied.
And many of our products incorporate novel control technologies that we build in-house. Okay, so the entire technology building, product design, manufacturing is all done completely in-house. We do not have any technical collaboration.
And we sell these ECUs in fairly large numbers, in millions, as you can see from the bar chart. In FY26, we sold more than 3.9 million of this control intensive ECUs, which was more than 60% compared to FY25. In fact, since majority of our revenue

comes from the sale of control intensive ECUs. This number of ECUs is actually a good proxy for our
revenue, so a change in the number of control intensive ECUs is, you know, gives a ballpark idea of the change in revenue.

So coming to Q4 FY26 financials, there is a very big revenue growth that we have seen in Q4, more than 60%, along with even higher growth, even higher growth in our profitability. That is EBITDA and PAT. And of course,
profitability growth is higher than the revenue growth because of several reasons. One of them is the operating leverage.
And a similar trend of growth is also seen for our annual results. So our FY26 revenue was 1,058 crore, the first time that we have crossed 1,000 crore in revenue, highest ever. And it was a 61% up compared to FY25 revenue.

Amit Dixit 5:22

It was a three-year CAGR of 36%. So in our business, we feel that this three-year CAGR in various metrics is a good way to look at because of the nature of the business. And this strong revenue growth has also come with a growth in profitability percentage as well, as well as much higher growth in the absolute terms in profits. And all this is happening with very excellent RoCE percentage. Our RoCE for FY26 was 40%. So overall, this is a story of high growth, profitable growth, while being capital efficient. So it's a very strong sort of performance. And if you look at the business segments that we are operating in,
There is mobility and industrial and the split is also shown here. So as you can see from this split, the growth has come from both the mobility as well as industrial segments. Okay, the strong growth is on both mobility and industrial, which is also not usual.
So, in the next slide, we'll give more insights about this FY26 performance, the non-numbers, the qualitative insights. So, the markets that we saw today, of course, today's revenue has come from these markets, current markets. On the mobility side, are two and three wheelers, both ICE, two and three wheelers, that is engine powered, as well as electric. And on the industrial side, the backup power generators. And the main products that we sell are motor controllers. So ISG ECU is a motor controller for ICE. ISG + EFI, of course, also has motor controller and the MCUs, which is used for EVs.
Then engine controllers, the EFI ECU is the engine controller, both for the mobility as well as industrial. And then genset controllers, which are supervisory controllers.

More details about these products, etc. are in our RHP. So now coming to the key updates.

The first is on the ISG ECU for ICE 3 wheeler. So there was a big ramp up in FY26 of our ISG ECU for ICE 3 wheeler. This happened along with the OBD 2B norm change that came into effect from 1st April.

Of 2025, and as a result of that, now in the domestic Ice three-wheeler market, there is a widespread adoption of SEDEMAC ISG.

Okay, and the adoption of ISG on exports is also happening. It has started and we expect it to ramp up further.

Then the second update is on the ramp up of our MCUs for electric two and three wheelers. Our e3W MCU was launched in Q4 of FY25 and it saw the ramp up in FY26. And our e2W MCU SOP happened in FY26 and a partial ramp up has also happened. This of course is important for us because now our EV MCU volumes have also come to decent numbers.

Then there was a significant ramp up of our ISG + EFI ECU, this product. And this is important. This happened along with the, again, the OBD to B norm change. And this is relevant because the ISG + EFI product where the ISG ECU and EFI ECU are combined together in a single electronic unit.

This makes the ISG proposition even more compelling, because in, you know, with respect to buying the ISG and EFI ECU separately, if OEM decides to buy ISG + EFI ECU, then there are significant cost benefits on account of integration of electronics. So we believe that this ISG plus EFI proposition is going to be crucial in increasing the adoption of ISG technology.

And finally, in terms of just the number of two, three-wheelers produced with ISG in India, it was 8.4 million in FY26 compared to if you look at three years back, it was 5.1 million. So it can be seen that as a technology, the penetration of ISG has been increasing.

And importantly, SEDEMAC is crucial in making this technology adoption happen. If you look at the FY26 volume growth, more than 80% of that came because of SEDEMAC. That is, it was with SEDEMAC ISG. Okay, so we are crucial in driving this adoption of ISG technology. And now three out of the top 4 two-wheeler OEMs in India use our sensorless ISG.

You know, again, those who are not familiar, our ISG incorporates our sensorless motor control technology. We call it SLC technology. It's A fundamental motor control technology which has wide applicability, including ISG, EV MCUs, you know, as well as different other applications.

And on the industrial side, there was a market launch and ramp up of our EFI ECUs for the North American genset market. So what happened there was that the

dominant market leader adopted our EFI ECU as default in some of their key models. Okay, so these were the key updates from FY26. And importantly, if you see it is not just the significant revenue and profitability growth, that is the number growth that has happened, but there have been several developments which have made the business more robust. So for example, this
ICE three-wheeler ISG ECU, then this, you know, e3W MCU, and then this EFI ECU, these three are with three different customers.
Okay, so the share of other customers is also increasing. I mean, the growth is coming across different customers. Then of course, this e2W wheeler and E 3-wheeler MCUs ramping up is a sign that we are making a dent in the EV market as well.
So overall, it's not just that it was a great year in terms of numbers, but it has also made the business more robust. The developments have made the business more robust.
Now coming to the markets under development, these markets are, of course, we are not selling to, but engaged with, which include on the mobility side, the commercial vehicle, both engine powered as well as electric, and the power tools on the industrial side.
On the commercial vehicle, our after treatment controller is likely to get into production in H2 of FY27. The development is on track. This will of course be the first SOP for us for the CV market. Then this market basically becomes a current market for us. And then the EFI ECU and MCU development is also on track.
Importantly, on the power tool side, we have had the first BizWin done with a small but established power tool maker for the motor controller with the sensorless control technology. Now, this power tool market is a, in terms of numbers, a massive market, more than 300 million power-tools are sold every year.
So, you know, of course, the first business win is with a small player, and we don't know, you know, how big we can get in the overall market. But purely in terms of numbers, it's a massive market. So it's an important development, and it is a motor controller with our sensorless control technology.
The start of production is likely to happen over the next four to five quarters.

Then this strong revenue growth has basically meant that our capacity utilization, the manufacturing capacity utilisation has been quite high. So we are also investing in new manufacturing plants. So this MF1 is our current manufacturing plant. We are also putting together this MF3, which has a much bigger shop floor space compared to our current plant. And the shipment of ECUs from this plant is expected to happen from Q2 of this financial year. Then there is also this MF4, which is a plant that is

made for manufacturing of electric machines / electric motors. And we expect the shipments to start from Q3 of this financial year. In addition, we have also acquired land in Shoolagiri for future shipments to customers who have plants in the southern India region.

So we are expanding our manufacturing capacity significantly. And one thing to note here is that what we are doing here is that we are laying out the basic infrastructure, you know, for increasing the manufacturing capacity substantially and the actual line capex that is actually putting the manufacturing equipments
is something that we will do in accordance with the business forecast.

Now, when we are expanding the capacity or when you talk about revenue growth, a natural question that arises is how is this growth going to get funded? So this chart that is made is to provide some pointers towards that. So what you see here, the area charts are
the sources of funds. So we have debt, then the internal accruals and the equity capital, these three. And the bars are where the investment is happening. So there is working capital, then tangible investments. Tangible investment mostly is the plant. and plant related investments. And then the cumulative product development expenses. So we invest into building products, you know, the ECU products. So this is the investment that goes in that.

So some things that are useful to note is that if you look at the plant CapEx, so if you just look at this number, this 227 crore is the cumulative plant CapEx that we have done till March of 2025.

Okay. And usually what happens is that the plant CapEx, you know, is what will lead to revenue. And if the utilisation of capacity is high, then this plant CapEx to this revenue, next year's revenue, because of course the planned CapEx has to be done in a few months ahead.

Amit Dixit 16:25

gives you a good relationship on for high capacity utilization, a certain plant investment will result in what sort of revenue? Okay, so if you simply look at these numbers, then this year we did 1058 crore with high capacity utilization, which essentially means that

Amit Dixit 16:44

this 227 crore of tangible investment that we have done, that has led to roughly, you can say, 1058 crore of revenue. In fact, it's a little bit more because our Q4 annualised rate was more than this. Okay, so roughly, you would say 20% to 22% sort of

Amit Dixit 17:05

CapEx, plant CapEx is required or tangible CapEx is required for us to generate additional revenue compared to what we have today. Similarly, if you look at the working capital number, which tends to be more, you know, less of a delay between the investment and the realisation of revenue. So for
1058 crore revenue. We have had 135 crore of working capital investment, so that gives you a ratio of about 13% or so.
Okay, so for 100 crore of additional revenue, additional revenue, we would need a one-time investment of about 20 crore in fixed assets. And so plant CapEx and roughly 13 crore to 15 crore or maybe 12 to 15 crore.
in working capital. So that sort of gives you an idea of what sort of investment is required. And if you look at our internal crash accruals, you know, you can see that it is quite significant. So our EBIT percentage, if you see our EBITDA has been more than 20% and our EBIT
is roughly 15%. So a large portion of the growth or the EBIT can find a significant amount of growth is what comes out from this. Also, if you look at this orange bar, that is the product development.
investment that we have done. It's about 256 crore. And this design of unique products, you know, is what propels growth. And this 250 crore bit of investment that we have done so far. You know, that has been crucial in attending this sort of revenue growth.
So now coming to the risk assessment survey. So in the first week of May, we had conducted this survey of risk assessment where we had invited about 20 of the investment professionals to provide feedback on the risks in our business. There were a set of risks covered.
You know, including customer concentration, then you know, ISG penetration, product quality, delivery, then the markets going down, EV relevance, et cetera, several factors. And what you see here is the overall summary. So the number of responses, you know, for this risk, eight people had assessed.
This risk is low, you know, that sort of a thing, and then the overall risk score. This is

a weighted average of these three responses, so zero for low, 0.5 for medium, and one for high. So, this is the weighted average, and this is a summary of the result, and as...
You know, a couple of comments here. First of all, if you look at the top three of these, it is 0.37, 0.38 and 0.34. So in each case, it is less than 0.5, which was the medium score that we had assigned. So essentially what we are saying is that the top risks as assessed.
Assessed by the, you know, people who took the survey are between low and medium.
Okay, so none of them in average sense is even medium. Secondly, these risks themselves, you know, are quite reasonable. I mean, as an investment for an investor, we would think that these are, you know, the right sort of risks that the investor should be looking at.
So in the next slide, we'll comment on these top three risks.
The first is about customer concentration. And the metric that is shown here is the percentage revenue from the biggest customer minus the sum of revenue from the next four. We think that this is a reasonable metric to look at. It gives you a sense of how the customer concentration is shaping up. And as you can see, over the last three,

Amit Dixit 21:15

financial years, this metric is coming down, which is not surprising given there has been a significant growth in different markets as well as with different customers. So apart from just the metric, there are a couple of comments that are worth noting.
sort of entity that we have, the sort of business that we have, where we take some unique propositions to the market and attempt a widespread deployment of that. It is often the case that initially there is an anchor customer who adopts the solution. And once it is deployed in good volume by the anchor customer, then the other customers come in.
So it is very natural that in the early stages of the, you know, when the adoption is happening, there is some sort of a customer concentration. We have seen this in the past in the other propositions that we have made. And what we have found is that if we succeed, then over a period of time, the customer concentration.
comes down. Also, fundamentally, we are in the automotive industry where the number of big customers itself is small.
And also the products that we are selling are, like I mentioned, they are complex

products. They are, you know, critical to application products, which means that there is a significant investment done by the customer in adopting our products. So it is a sort of a sticky business with mutual dependence.
Then coming to the two three-wheeler EV relevance, I think just the metric itself is enough. So in FY26, we had about 7.4% of the two three-wheeler revenue coming from EV products, that is EV MCU essentially. And if you look at the penetration, of EVs in the E2-wheeler market, or if you look at combined E2-wheeler and three-wheeler market, then we feel that as long as we are broadly in the same ballpark as the EV penetration, we are in fact robust because we are not overly dependent on EVs as well as, you know, not overly dependent on ICE. And in time to come, we do think that...
this penetration will also further increase.
The third risk was about R&D efforts, you know, not yielding future solutions, future compelling propositions. Fundamentally, because R&D, you know, this new technology development is fundamentally a high risk thing. It's an uncertain thing. So this risk is never going to go away for anybody. It's not just SEDEMAC. This is not going to go away for any innovative company, wherever the company is. So one can only argue looking at the track record. So far, our track record has been quite good. We have consistently been able to come up with new propositions and see the widespread.
deployment of that. So we will essentially have to leave it at that.
Now coming to the FY27 outlook, we are listing both the key growth drivers as well as the key dampeners, anticipated dampeners. On the growth driver, the SEDEMAC ISG issue is going to get introduced on three popular
That is, you know, models that consistently feature in the top 10 sold in India, motorcycle models of three of the top four OEMs. Okay, this is likely to happen. So 3 motorcycles, which are popular motorcycles, they appear in top 10, are going to have ISG. From SEDEMAC.
OK, and these three are three different customers.
So all these motorcycles are with wet magneto. The wet magneto configuration essentially means that the sensorless control technology that we have becomes very crucial. The standard hall sensor-based ISG cannot be used for this. Out of these, two launches are expected in Q1, and for one of them,
At our end, the production has already started. Production and dispatches have already started. And the third launch is expected in Q4 of this FY.
Then the second driver is going to be the e2W MCUs. It got launched in Q3 of FY26 and a partial ramp up had happened. We expect it to ramp up further this financial year.

And then the ramp up of ISG ECUs for the export three-wheeler. I briefly mentioned this, that for the India market, the three-wheeler ISG ECUs is now widespread and for export it has started. The SOP has already happened in Q4 and now we're in the ramp up phase.

Now coming to the dampeners, as you know, everybody would be aware, over the last year there has been significant inflation of commodity prices. And in addition, we are also seeing some tightening of the semiconductor supply chain. And as a result of that, some RM cost increase

is likely and it will, you know, it is expected to put a mild pressure on EBITDA percentage. We don't expect this to be anything dramatic, but some pressure is to be expected. I think this will be the case across the industry.

And secondly, there are reports of a strong El Nino in CY26 being active. So if that happens, then it could potentially have negative impact on Indian monsoon and also on the US hurricane season. And the potential impact on Indian monsoon could translate to impact on the India's two-wheeler market.

And the US hurricane season, if it gets impacted, it could have some impact on the US home stand by generator market. Both are the markets that we are, you know, selling to in quite some volume.

Okay, so to summarize, we have had a very strong FY26, strong revenue growth, 60% plus, and now we are more, we are 1000 crore plus revenue company, more than 200 crore EBITDA, 21% EBITDA percentage, and more than 100 crore PAT with extremely strong RoCE. So there are very few companies.

with this sort of a combination of numbers.

FY27 is also looking good with the introduction of ISG on more models, so more ISG penetration and that too in the top models. And then continued e2W MCU growth.

And like I mentioned, we do see some challenges, but we don't expect them to be significant.

And over the year, because of various developments, there has been evidence of risk mitigation, including on customer concentration, 2/3W EV relevance. And we are also putting up plans to ease the capacity utilization.

Okay, so that's it. We can go to Q&A.

Shashikanth Suryanarayanan 28:16

Yeah, I think I'll go by hand raises. I may not go by exactly the same order in which you raise the hand, but I'll see the people I've conducted.

So we'll go start with Priyansh. You can introduce yourself and then ask your question.

Priyansh Miri 28:48
Hello, sir, hope I'm audible.


Shashikanth Suryanarayanan 28:50
Yeah, now you are audible.

Priyansh Miri 28:52
OK, yeah. Sir, my is Priyansh. I'm an analyst at NGP Family Office. Great set of numbers, sir. Congrats to the execution and the whole management team. Sir, my first question is on the MF3 and MF4 as well as the Shoolgiri.


Shashikanth Suryanarayanan 29:03
Thank you.

Priyansh Miri 29:11
a capex that we are doing, what sort of product that we are going to target from the production standpoint and what is the like 100% utilisation or max potential revenue out of this site if you can throw some light on that.


Shashikanth Suryanarayanan 29:28
Have you looked at our RHP carefully?

Priyansh Miri 29:33
yes, sir

Shashikanth Suryanarayanan 29:35
Yeah, so the RHP sort of sets it out. MF3. Amit, can you go to that slide?


Shashikanth Suryanarayanan 29:46
So MF3 will produce ECUs, things that we are selling today.
It will produce, it will effectively become our mother plant for ECUs and it will provide the 3x opportunity to grow. So our current mother plant is 40,000 square foot. This is 120,000 square foot. So if we have the same product mix, you can think 3x, we can grow up to 3x.
Second is that MF4, we have already mentioned to you that we'll produce electric machines, which are motor specific. So we will start selling electric machines for the two-wheeler industry soon. So these are the two things that we will sell, controllers

and electric machines.
So, even in the Shoolagiri plant, whenever it comes up, we will sell the same things.

Priyansh Miri 30:41
OK, so I just want to understand, like, are they plan fungible or dedicated to specific product type

Shashikanth Suryanarayanan 30:49
No, they're fungible too.

Priyansh Miri 30:49
okay.

Shashikanth Suryanarayanan 30:53
The lines themselves are fungible.

Priyansh Miri 30:56
Oh, understood, sir. I will join back on it.

Shashikanth Suryanarayanan 31:02
You go Mukesh.

Mukesh Saraf 31:06
Yes, sir, good evening. I hope I'm audible.

Shashikanth Suryanarayanan 31:08
Yeah, yeah, of course.

Mukesh Saraf 31:10
Okay, so my first question is more on the ISG penetration. Based on what you mentioned, 8.6 million kind of ISGs that the industry has already seen. So we are at about 35 to 37 percent penetration and the same number if I look at F25 was probably 25 percent.
So, and given that you're 80% of this incremental number, could you give some understanding on how you see this penetration evolve for the next couple of years? That'll probably give us some sense, given that you have 3 new motorcycles, etc. coming up.

Shashikanth Suryanarayanan 31:41
Yeah.
Yeah, so can you go to that slide, FY27 Outlook, or maybe the FY26 number? Okay, so the first thing is that the numbers, it should be clear, India produced about 27 million two, three wheelers, including exports, if you look at exports. Some of our stuff has started going into exports, but like you mentioned, most of it is in domestic.

Mukesh Saraf 32:05
Right.
Okay.

Shashikanth Suryanarayanan 32:15
One way to think about whether the penetration is really happening in a significant way is to look at the question of whether the penetration of the top 10 models is working out right. Okay, so it's not a secret anymore on which models in the top 10 have ISG. So there is the

Shashikanth Suryanarayanan 32:34
Honda Activa, there is a Honda Shine. These are the two top 10 models from Honda which have ISG.

Shashikanth Suryanarayanan 32:40
Then there is a TVS Jupiter, there is a TVS XL 100, and one variant of the Pulsar which have ISG. There is a Raider sometimes comes in the top 10, sometimes not in the top 10.

Mukesh Saraf 32:48
Right.

Shashikanth Suryanarayanan 32:53
Then there are vehicles which are in the top 10, which have not yet gotten ISG, you know, the Splendor class, then the Apache.

Shashikanth Suryanarayanan 33:04
many variants of pulsar etc. So there are various things, vehicle models that have not fully adopted.

So the increasing penetration that we mentioned to you on motorcycle models coming up in FY27 is not very difficult to figure out which models this will go into. Okay.

Mukesh Saraf 33:22
Sure.

Shashikanth Suryanarayanan 33:24
And what we have maintained as the proponents of ISG and also given the ISG adoption and given ISG + EFI making it easier and easier for ISG itself to be consumed without seeing cost delta, significant cost delta, we think all ICE 2 wheelers will have ISG eventually. So when that eventuality will happen, we don't know.

Mukesh Saraf 33:39
Right.

Shashikanth Suryanarayanan 33:47
and how fast it will happen also we don't know. But these are, it's dictated by divisions of OEMs who look at competition, who look at whether their engineering abilities are suited, aligned, also their own plans of various features and various models or does global product planning.
for example. So all of that put together leads to the decisions for people to adopt or not. But overall, we believe that it will be there in everything. All ICE will eventually have ISG. Is what we believe. When we make a statement like that, we are talking about very large percentages.

Mukesh Saraf 34:10

Okay.
Correct.

Shashikanth Suryanarayanan 34:38
was coming in, etc. So that journey is going to continue for several more years.

Mukesh Saraf 34:44
Got it, got it. That's clear. And second question is, again, in relation to this, you

mentioned about the ISG + EFI ECU in the early growth phase. While we do understand, you know, the reasons why it kind of makes sense for the OEM to adopt, Is there a reason why they will just buy only the ISG ECU from you and not the ISG+EFI ECU? The reason I'm asking this question is, yeah, the reason I'm asking this question is, I mean, we know your ISG volume, so can we kind of assume a very aggressive ISG + EFI volume for you because it just makes a lot of sense for the OEM to buy that product.

Shashikanth Suryanarayanan 35:09
Yeah, they could do that.
No, no, what do you what do you assume about as we cannot as assumption is an assumption.

MS

Mukesh Saraf 35:26
Sure, sure. No, the reason, the question here is, will they not, will, is there a reason for them not to buy the ISG + EFI product?

Shashikanth Suryanarayanan 35:34
Yeah, so there is a reason. It depends on whether they want to depend on both ISG and EFI on us. Okay. EFI has had a history of its own sources. And for various reasons, the commitments that they've made or, you know, some performance that they've seen or integrated something else with it.

Shashikanth Suryanarayanan 35:53
etc. They may want to maintain the EFI source, but in many cases, they may not want to maintain it either. So ultimately, it is a very hard proposition to argue against. Okay, ISG plus EFI will win on numbers and on performance, it will win.

MS

Mukesh Saraf 35:58
Thank you.
Right.
No.

Shashikanth Suryanarayanan 36:13
So you will have to have a strategic reason. Strategic reason means something other than money. You have to have a reason for why you may not want to go with one

source on that. And those could be valid reasons. So we are not saying that everywhere it will be the case that ISG plus EFI will happen. But increasingly it will happen because

Mukesh Saraf 36:14
Oh.
Right.
The.

Shashikanth Suryanarayanan 36:31
it will keep eroding into the strategic argument.

Mukesh Saraf 36:35
Got it, got it. Makes sense, and just the last one very quickly, would you be able to provide any sense on the markets and the development, like for example, you have the ACU SOP starting the second-half, any sense you're providing on the potential volumes, potential revenue of some of these new product lines?
If you are providing, I'd be happy to hear that. Thank you.

Shashikanth Suryanarayanan 36:59
No, we are not providing any numbers, quantitative numbers. I think it will start becoming more and more evident as the months and years progress by. And once that gets some degree of steam, I think you will start seeing some of it in the...

Shashikanth Suryanarayanan 37:18
Volume numbers that we share, and also you will hear a little bit about that during our future calls.

Mukesh Saraf 37:18
Right.
Got it. Thank you so much. I'll get back in the queue.

Shashikanth Suryanarayanan 37:31
I don't know if I'm following the order in which the hand raises have come. I have 6 hand raises. I'll go to Nisarg.

Nisarg Shah 37:40

Thank you so much, sir, for the opportunity. I am an investment associate at PKD Investments. So my first and also congratulations on great set of numbers. So my first question comes on the EV market side. So I understand that we're producing MCUs in EV.
So which are the customers that are adopting it in the early stage and what is the next phase of growth in this? And what is SEDEMAC's right to win for MCUs as compared to legacy players in the MCU market?

Shashikanth Suryanarayanan 38:15
Yeah, so first of all, we will not say who we are selling what to exactly. If you are aware of the marketplace and you open up vehicles and there are a lot of YouTube videos and you will know which vehicles our stuff goes on, we can tell you that we only engage with the top players. So we are talking about the leader
or leaders in the market who adopt our MCUs. Secondly, regarding what is special about our MCUs, again, I do not know, it seems like you have not read our RHP, but if you have, you will know that one of the things that will become significant for us in the future is that we'll be the only company in the world.

Nisarg Shah 38:37
No.
Yeah.

Shashikanth Suryanarayanan 38:51
which will have sensorless enabled even in electric two-wheelers. Okay, are you aware that we have something called sensorless commutation?

Nisarg Shah 39:02
Yes, I thought it was.

Shashikanth Suryanarayanan 39:04
So that is the technology. So every single EV electric machine, whether it is up-mounted or mid-mounted, uses some sort of physical sensor to tell it the position of the road with respect to the stator and therefore uses that information for a job called commutation. Without commutation, you cannot
Run the electric machine, and especially hub motors, these are prone to failures. I mean, there are a plethora of videos for that, even our website hosts some.
And essentially, we'll be the first to do that. So the right to win is not only on this technology, but it is also that we are already one of the largest makers of motor

controllers in the country. We produce more than 3 million motor controllers a year already. There is nobody else except Shindengen

Nisarg Shah 39:53
Yeah.

Shashikanth Suryanarayanan 39:53
maybe who produces that as many for mobility application.
So not only is the technology strong and unique, where we have a global first order position, but we also have a very well-oiled supply chain, very well-oiled set of designs, which are well-tested across various applications. So we think if anybody from the supplier space is going to
win the motor controller game, we are definitely one of them.

Nisarg Shah 40:22
Thank you so much for that clarity. So the second question was related to margins. Is there any guidance because there are new products coming in. So what is the margin impact going to be moving ahead in the quarters?

Shashikanth Suryanarayanan 40:37
We won't provide you any information on product level margins. You will have to wait for the future quarters to see that. In general, the basic comment is very simple, and I think everybody knows it, is that your long-term competitive advantage determines your long-term margins.
So our pricing in the automotive market is not, you can't simply increase or decrease prices easily. They get ossified over a long period of discussions with customers. And what we are, the numbers we have presented to you also includes EV motor controllers, it also includes Genset controllers.
It of course includes 2-3 wheeler ICE as well. So it's a blend, but we will not be able to comment on individual margins of product lines.

Nisarg Shah 41:31
No worries, thank you so much.

Shashikanth Suryanarayanan 41:41
We can go to Radha.

Radha 41:46
Hi, sir, am I audible?


Shashikanth Suryanarayanan 41:49
Yeah, yeah, you are good.

Radha 41:49
Thank you for the opportunity. So, ISG ECUs are often perceived to be more suitable for cost optimization in the mass market commuter vehicles. So, how competitive is SEDEMAC technology in the slightly premium and high performance two-wheeler segment where OE is typically
prioritise responsiveness, performance, calibration, accuracy, and refinement over cost? And are there any examples of premium platforms where your sensorless ECU has been adopted against established global competitors?


Shashikanth Suryanarayanan 42:26
First of all, the first statement is wrong. Okay. It's not that it's only in commuter vehicles that ISG is adopted or can be adopted. You may have seen that in Activa and therefore you're making some conclusion like this. I do not know what you call Raider, what you call Ronin. Is Ronin a premium vehicle?

Radha 42:49
No, sir.


Shashikanth Suryanarayanan 42:51
What is the premium vehicle?

Radha 42:54
So, 400cc.


Shashikanth Suryanarayanan 42:54
For you, what is the premium?
400 CC.

Radha 42:57
Thank you.
Yeah.

Shashikanth Suryanarayanan 42:59
So 400 CC, et cetera, is not one that is going to give us big revenue. But there is nothing fundamentally that prevents us from utilising that. And there are various demos that we have done with various customers as well, potential customers. Right now, we do not have anything beyond 230 CC.
which is the three-wheeler as well as the Ronin sort of category that have so far adopted ISG, but there is nothing that prevents this from getting utilised in larger CC vehicles as well. There is no technology limitation as such. But in the sort of mass market, the premium, I thought you were asking about, you know,
No, etcetera. So, there is those things are going to definitely have it in the time to come. That's the first market, and then you seem to comment that there are many competitors in the market in ISG, and then we have to compete with some global players, etcetera. There are very few in the world. OK, and in two sensorless, that is motor control, we are the only one.
So it's not that there are 5, 10 competitors for ISG and we are also trying to enter that marketplace or something like that. So we have mentioned the key competitors in our RHP globally because of their presence with Honda. Shindengen is one of the significant competitors who have succeeded very well in
engagement with Honda. Not too many others have succeeded, Denso has succeeded to some extent.

Radha 44:29
Thank you, sir. Secondly, does the sensorless ECU product fully eliminate the need for physical sensors or only reduces their count? And how does the performance, reliability, and response accuracy of the algorithm-driven sensorless ECU compare with the conventional sensor-based systems?
especially under challenging conditions like higher RPMs or higher engine temperatures.

Shashikanth Suryanarayanan 44:56
Yeah, first of all, there is, we are talking about one set of sensors that completely gets eliminated. It's not like there are 10 sensors and we are eliminating 5. There is a set of sensors which gets completely eliminated. And this is now running on 10, 12 million vehicles. So there is no question of high temperature and blah, blah being an issue.
You know, so it's a highly tested technology at this point in time. In 2018, maybe this question was relevant.

Radha 45:27
Alright, sir, thanks and all the best.

Shashikanth Suryanarayanan 45:27
Yeah, yeah, thank you. Yeah, so maybe we'll go to Hitesh next.

Hitesh goel 45:34
Thank you for taking my question. My name is Hitesh. I'm a part of Origin Capital, Singapore based fund. Basically, I want to understand on the export side, like you suggested that you are the only one with the sensorless technology, right? And you know, in Indian two-wheeler system is globally, actually there's Honda, Yamaha, or Chinese players, right, in the EV.
In the EV, say Chinese are pretty big, right? So there is no competition for you from a Chinese EV perspective globally. Nobody's making in Chinese ecosystem these sensorless controllers.

Shashikanth Suryanarayanan 46:05
Not that we know of. By the way, this is not about just making. This is about the invention of a technology. So we are not aware. And we are also engaged through potential partners with having initial discussions with the Chinese folks, and we know where they are. So we do not think that currently there is a direct competitor to the technology.
What?

Hitesh goel 46:26
So it saves cost, basically, right, sir? It saves cost performance similar, and it saves cost. That's the key USP.

Shashikanth Suryanarayanan 46:34
No.

Hitesh goel 46:34
Or the performance is also better versus sensorless versus.

Shashikanth Suryanarayanan 46:37
So, I think you should spend a little bit more time on understanding what the

technology can do. So, for example, in EVs, the main proposition is not cost. The main proposition is reliability.

Hitesh goel 46:44
Yeah.

Shashikanth Suryanarayanan 46:53
So if you call that as performance and it is reliable, there are various walk home situations that this avoids.

Hitesh goel 46:58
Hi.

Shashikanth Suryanarayanan 47:00
whether it is due to dust ingress, water ingress, et cetera, all of that is eliminated. So it's not a cost problem.

Hitesh goel 47:07
Okay, so any outlook on exports, basically like exports, you're talking about more from Indian two-wheeler exports, basically, which will be your first target, or you're talking about penetrating to Honda, Yamaha, and Chinese players globally. If you can just give us some sense over 5 years time, I will.

Shashikanth Suryanarayanan 47:23
See, first of all, our current exports is all in the genset space. Okay. About 10 million, I don't know what the export number was, maybe something like $10 million in FY26 we exported. All of that is in the genset space. Okay. Our current sales for the two or three wheeler market is all Indian.

Hitesh goel 47:27
Yeah.

Shashikanth Suryanarayanan 47:45
in the sense that we build Indian entities and they export. Our products, of course, are used in various countries in the world, maybe 100 countries in the world right now because the people we sell to, they export in a very significant way.
In the future, we hope that we will be of relevance to the Japanese biggies. And we are having some conversations, but we hope to be of relevance. At that point in time,

whether it will be to the Indian entity or to the various global entities, we do not know what we will set. So right now, this is our split of exports and
Uh, and domestic.

Hitesh goel 48:24
Great, sir. Thank you. All the best.

Shashikanth Suryanarayanan 48:27
Thank you.
Keshav.

Keshav Parwal 48:33
Hi, sir. Keshav from Expansion Capital. Sir, I have two questions. One with respect to ISG plus EFI. So what is the contribution of ISG plus EFI product in our current revenue and how is that mix expected to change going forward?

Shashikanth Suryanarayanan 48:50
We will not be able to comment on individual product lines and their contributions, etc. We will be giving too much information. And the only thing we can say is you will have to wait for milestone announcements. Let's say we get 1 million ISG plus EFI, etc. We give you some sort of idea or
Of what is the rate of adoption, but we will not be able to tell you that today we are at so many percent, and there are going to be something else that will be too much.

Keshav Parwal 49:10
And...
Got it, got it. And my second question is with respect to power tools market. So what is the ASP of power tools as compared to our ISG product? So in terms of volume, ISG volumes are roughly, power tools volume are roughly 4 to 5x of.
of ISG volumes. So, but in terms of value, what is the...

Shashikanth Suryanarayanan 49:39
Not ISG, two wheeler, two wheeler volumes.

Keshav Parwal 49:41
2W volumes. So, in terms of value, what is the rough estimate of the market size?

Shashikanth Suryanarayanan 49:49

So, the so this also we have we have sort of mentioned in the in the RHP. So, the one thing we're learning for you is that motor controllers largely their pricing largely scales with kilowatt. OK, so similar kilowatt products across markets will tend to be similarly priced, even though the components may change a little bit some.

Keshav Parwal 49:53
No.
And.
I.

Shashikanth Suryanarayanan 50:11
automotive grade may be more expensive, industrial grade may be less expensive, etc. So one of the things about power tools is that their kilowatt ratings are very similar to kilowatt ratings of two-wheelers. So in fact, so they're all in the same category of small powertrains. And one of the reasons why we are addressing them

Keshav Parwal 50:17
Oh.
Okay.

Shashikanth Suryanarayanan 50:31
fairly easily. So the prices of motor controllers will go by kilowatt largely. And these are like 1 kilowatt, sort of 1/2 kilowatt sort of motor controllers that will enter the power tools.

Keshav Parwal 50:35
Yeah.

Shashikanth Suryanarayanan 50:50
So I would say comparable, but maybe a little lesser, but comparable.

Keshav Parwal 50:50
No.
Okay, all right. Thank you so much, sir, and congratulations for the greeting.

Shashikanth Suryanarayanan 51:01
You, Prashantji, you were there, I think. Are you still there?

Prashant Jain 51:08
So, and then my question just got answered.

Shashikanth Suryanarayanan 51:12
Okay.

Prashant Jain 51:13
No, thank you. Many congratulations. Many congratulations.

Shashikanth Suryanarayanan 51:15
Yeah, thank you. Thanks.
Uh...
I am just going by the order. Maybe it is team is playing games. I have Deep Gandhi. Please go ahead.

Deep Gandhi 51:29
Yeah, hi sir. This is Deep Gandhi from I thought PMS Chennai. So first question I had was around ISG, so you can correct me if I'm wrong, but broadly what I understand is ISG also requires starter generator, right? So I understand that we are making the ECU and we are, I mean, quite good in that, but are we also making the starter generator or are we buying it from some other OEM as of now?

Shashikanth Suryanarayanan 51:53
We don't buy, the OEM buys. By the way, the word OEM is used for the vehicle manufacturer by me. You seem to be using it for some. So the vehicle manufacturer buys it from their existing sources at this point in time. The MF4 plant that you saw there will start shipping the

Deep Gandhi 51:59
Yeah.

Shashikanth Suryanarayanan 52:11
electric machine also, which is what you are calling as a starter generator. So the electric machine plus the controller, the ISG ECU, that becomes the starter generator together. So the electric machine will also, to some extent, start getting shipped from our facilities beginning Q3 is our expectation.

Deep Gandhi 52:32
Sure, so you mean to say from the new plant you can start getting into that product also. I mean, so you will make the complete ISG then.

Shashikanth Suryanarayanan 52:40
We will make electric machines, and we are already making controllers.
Yes, so in systems where both the electric machine and the ISG ECU goes, yes, the complete ISG system goes from us.

Deep Gandhi 52:45
Okay.
Sure, and I mean any understanding from the OEMs, will they still want to buy it from their partners or do they think, I mean, this might be more cost effective for them? I mean, have you had any conversations with the OEMs?

Shashikanth Suryanarayanan 53:04
It's not just cost. Everybody seems to be bothered only about cost. It's not just cost. The electric machine and controller maker can have synergy in technical synergy because your electric machine design can shape your controller matters and controller design can shape your.
electric machine matters. So it's not just costs, but in some cases it could be that as well. It's not that we are going to do something special in the electric machine market in so far as ISG relevant electric machines go because they're already out in the market, 10, 12 million of them. So here it will be more about this exploiting the synergy in favour of the OEMs who want quicker development.
That's their primary motivation. So whether they will buy lots from us or continue to buy from other people and use us as a sort of speeding up of their projects, etc. remains to be seen. But we will be in business and we will try to win what is meaningful for us.

Deep Gandhi 54:08
So second question is again on the ISG side. So as of now, I mean, for FY26, can you broadly mention what was, I mean, what kind of volumes, even saying percentage terms we saw coming from 2 wheelers and also from 3 wheelers. And I think in the opening remarks, you talked about some change in the regulatory requirement because of which 3 wheeler volumes are also expected to pick up.

So, I mean, what is what kind of opportunity you see in next two to three years on the three wheeler side for ISG?

Shashikanth Suryanarayanan 54:38
It's all done to a good extent. I don't know if you registered it. Most, except for one big manufacturer, most three-wheelers that are produced domestic have our ISG already. And in exports as well, they've just started going and over FY27, most exports will have it.
One manufacturer still remains, and we are working. There is a good likelihood that we will, we will, we will then, but we do not know.

Deep Gandhi 55:07
Yeah, and so, lastly, just I mean, on the competition side, so normally what we hear from the OEM is they don't want to be dependent on, you know, any one supplier for any of their products. So, I mean, for now, in ISG, you are the sole supplier in a way. So, I mean, do you see someone else coming up in the next two to three years?

Shashikanth Suryanarayanan 55:25
Yeah.

Deep Gandhi 55:26
Although you might still have major wallet share, but maybe 10, 20% of the volumes getting allocated to some other supplier. Do you see someone very close in that sense?

Shashikanth Suryanarayanan 55:35
Nobody maintains a monopoly forever. If you have this sort of dominance in the marketplace, there will be people who attempt to crack it in various ways. It's not that nobody, people have just been sitting and suddenly they woke up to SEDEMAC. In the last seven, eight years, people have been trying to crack. I'm talking about competitors.
but it's not an easy problem to solve. So we do think that over a period of time, some of the more technically competent people may solve it and there may be some competition, but we will have our own improvements. We are in Gen 4 right now. We'll keep doing something to maintain a good share is our hope.

Deep Gandhi 56:14
Okay, thank you. That's it from my side.

Shashikanth Suryanarayanan 56:16
Yeah.
There are five or six more people here, so...
Maybe my request is keep it to one or two questions and not a series of questions.
So Ameet.

ameet joshi 56:35
Thank you, sir, for the opportunity. Am I audible?

Shashikanth Suryanarayanan 56:39
Yes.

ameet joshi 56:40
Thank you, sir. And great set of numbers. Very happy with the initial performance. And then congratulations to across the 1000 crore revenue mark. Just very small question. Do we need anything? See, because of all Hromuz and all of these things, there's a lot of worry that I have.
When, when, when we have to acquire anything from outside the outside of the country, anything that we manufacture, do we require anything that we have to import from any other country?

Shashikanth Suryanarayanan 57:09
Yes, we import all our, by the way, nobody makes electronics in India. All semiconductors are imported. And so all semiconductor components come from outside.

ameet joshi 57:16
Okay.
I see, I see. So is there a supply chain risk ever you see that that may come in in future?

Shashikanth Suryanarayanan 57:31
Because of the Iran war.

ameet joshi 57:34
Not just Iran war, but just geopolitical tensions where one country doesn't want to supply. OK.

Shashikanth Suryanarayanan 57:39
Yeah, it can come. During COVID, there was a big shortage, just after COVID, because of the massive movement towards consumer electronics, just after COVID, there was a big shortage of components for electronics, for automotive. So that sort of thing we are not immune to. We are
We are buyers of semiconductor components, and...
We actually came across very well during that phase. So supply chain shocks coming from some global issue is something that we naturally have to deal with. And we are very, very well equipped to deal with that because we have the ability to conjure up new designs and we have complete control over what we are doing based on available components, etc. So we are not immune to
supply chain shocks, but so far it doesn't seem like the Iran situation is like the... really bad COVID situation that was there.

ameet joshi 58:33
Right, right. That's it, sir. Thank you and all the best. Congratulations again.

Shashikanth Suryanarayanan 58:37
Thank you for that. Thanks, Saurabh.

Saurabh Sadhwani 58:44
Good evening, Professor. First of all, I think this is one of the most transparent presentations I've seen in the listed space. I hope you keep it up. And the second is one small question. I was, could you disclose what is the
CapEx budgeted for FY27 and 28.

Shashikanth Suryanarayanan 59:05
No, we won't disclose it, so we, if you go to that slide, Amit.
We have given you the history so far. And I think it's best to just look at the history. Part of the reason why we will not tell you future numbers is that we also do not know it because it all is dependent on business demand and what we want to invest in at what point in time.

Saurabh Sadhwani 59:20
Correct.
Okay.

Shashikanth Suryanarayanan 59:35
I don't think that you get a whole lot out of it. For example, what will you do with the number of 333 crore? It gives you a sense of the extent to which our business can potentially grow. It will not guarantee that the business can grow that much. So we will not be able to give it to you. And I don't think it helps you very much as well.

Saurabh Sadhwani 59:48
Mm.
That's correct.

Shashikanth Suryanarayanan 59:56
Yeah, go ahead.

Saurabh Sadhwani 59:57
Okay, sir. No problem. Thanks.

Shashikanth Suryanarayanan 1:00:01
Uhh...
Parikshit.

Parikshit Gujrati 1:00:05
Yeah, thank you for this opportunity, sir. So, so I just had two small questions. So, this ISG, we have a product, we...
We have a quite good share in two wheelers. So aren't we looking to introduce our product to four wheelers?

Shashikanth Suryanarayanan 1:00:25
Yeah, so this is a common question for someone who doesn't know exactly what we've done. So the two-wheelers have a specific architecture of crankshaft mounted alternators that's not there in four-wheelers at all. This is not a this is not like a stripped down cousin of the four-wheeler. OK.
And crank shaft mounted alternators naturally allow you to implement ISG smoothly. And in four wheelers, the equivalent of this is the belt starter generator, BSG, that's been around for a while. We do not intend to move into the BSG market. We had some early discussions with the BSG leader of the world around 2016-17.
Of incorporating our sensorless, etcetera.
But in terms of the delta impact that we can make there, we didn't think it was the

right time and, you know, EV momentum, etc. was there, so we didn't think it was a worthwhile thing to do. So, ISGs for passenger cars is not on the angle.

Parikshit Gujrati 1:01:25
And the same case will be for MCU also.

Shashikanth Suryanarayanan 1:01:30
No, no, please don't put both. It's not that we cannot address 4 wheelers or...

Parikshit Gujrati 1:01:34
No, no, I so I was asking for EV MCU.
So in four wheeler review it will not go.

Shashikanth Suryanarayanan 1:01:38
EV MCU, we are already in LCVs. We are already in. I do not know if you saw that we are going to be in production on EV MCUs for LCVs. So that's kind of the same same kilowatt rating.

Parikshit Gujrati 1:01:51
Okay, got it. And so my second question was in the RHP you mentioned that you will be...
Producing rare-earth free motors, so can you throw a light on that, that when will with with the the production comments?

Shashikanth Suryanarayanan 1:02:03
Yeah, so, so first of all, there used to be, there seems to be some big distance for rare-earth free, rare-earth free. Every every ice two-wheeler already has an rare-earth free, ferrite-based electric machine. OK, in the electric space, because of torque density desires.
rare earth based designs have gained popularity. So you can keep the compact volume while providing the same sort of torques, but it doesn't mean that either ferrite or other material cannot be used, which do not use rare earth magnets. So we do have a set of designs where we have electric machines as well as
Electric machines integrated with controllers that we are testing out both internally and in conjunction with customers. If some development happens there, we'll let you know, but for now there is nothing more to share, then that we have designs, and we will definitely be interested in that market, both just from electric machine side as well as electric Machines integrated with controllers.

Parikshit Gujrati 1:03:08
Got it. Thank you so much, sir.

Shashikanth Suryanarayanan 1:03:12
Okay, so we are past the one hour thing, but we will take the last five. So Praveen, Venkat Siva, Shreya, Prasad, Chaitanya. Anybody else who wants to put their name on? Vinay, I don't know if I've spoken to you.
So, maybe we'll go with Vinay, so this will be our last six, because I think...
that to keep track of time as well. Yeah, go ahead, please.
Vinay?
Okay, so we can move to... Yeah, yeah, now you're audible. Yeah, go ahead, please.

Vinay 1:03:53
Hello, am I am I audible?
Yes, so congratulations first of all. And what I would like to ask is that what is the actual attrition that you are seeing in your company in your core R&D and engineering team and what are the measures that you because yours is a R&D focused company basically.
So, what are the, you know, benchmarks that you have set for the current fiscal year?

Shashikanth Suryanarayanan 1:04:26
Yeah, so we have already declared this in our RHP on what our attrition numbers are. See, for us, attrition has never been like some big issue. The main reason for it is that the founders, as well as the core team that the founders have built around themselves, they are all themselves very strong engineers.
And because they are very strong engineers, they're able to attract other people to come and work with them. It's like a football team or a cricket team. If you have strong players, other strong players will come and want to work with you. So will RCB really be bothered about some attrition of some batsmen? The answer is yes, to some extent, but it's not like you cannot get other people if you have Kohli and other people playing for you.
is very similar in our case. So we do have some attrition, but we also have very good influx every year. In several of the campuses like IIT Bombay, IIT Madras, and Surathkal, etc. We are one of the favourite people. There are lots of alumni who are telling people that, you know, this is a good company to work for.
So attrition has never been a big issue for us.

Vinay 1:05:29
And, sir, for the back deadless motors, you have this MF4 coming up in the motors, the electric motors, you have the MF4 coming up in the maybe the third quarter. So, what is the kind of capacity that we are looking for, you know, in terms of the numbers, and will it be targeting to initially for two-wheelers or?

Shashikanth Suryanarayanan 1:05:34
What, what motors?
Yes, okay. Electric machines, yeah.

Shashikanth Suryanarayanan 1:05:53
It will be two and three, the market is the same, just the sizes will be a little bit more in the case of three-wheeler. So, at this point in time, we will not be able to tell you what volume numbers, etcetera, we are targeting. If we get to the point that we want to share the motor numbers once they get some steam,
You will hear only at that point in time. Right now, no comments on it.

Vinay 1:06:15
Thank you. Thanks a lot.

Shashikanth Suryanarayanan 1:06:17
Yeah, Praveen

Addagatla, Praveen (AllianzGI) 1:06:22
Hello, so Praveen from Allianz Global Investors here. Just one question. Given analogue chips are used in ISGs and the expectation at least on the street is that for your Infineons or on semis of the world, that the prices of these MOSFETs, et cetera, would increase meaningfully over the course of this year due to AI.
Would you expect any disruption due to that in the sense that if the price of these chips goes haywire, would OEM stop putting ISGs into their production? That's sort of just the one question in my head.

Shashikanth Suryanarayanan 1:06:52
Nothing goes haywire.
I don't know if you know the market. This is a mature market. It doesn't go haywire or anything like that. Yes, there could be some price increases and we have mentioned

that actually the supply chain situation is tightening, but it's not like it'll go haywire or anything like that. We don't expect that. If at all it had to go haywire, it did in COVID.

Addagatla, Praveen (AllianzGI) 1:07:13
But, but if there is a meaningful.
Yeah, but say a similar scenario, right? The cost increase is meaningful. Would that mean that the OEMs could make a choice not to include ISGs in their H2 production?

Shashikanth Suryanarayanan 1:07:29
They can make any choice; they can, they can today decide not to put ISG. on anything; ISG is not a requirement.
Okay, but the reason they are putting it is not because the cost is lesser. In fact, in most situations where ISG was introduced, it increased the cost of the vehicle.
So we do not expect some dramatic changes where this will impact the OEM decision to implement it or not. It could have some impact on our EBITDA numbers being a little bit under pressure if our costs go up. That's about it.

Addagatla, Praveen (AllianzGI) 1:08:01
Sure, thank you.

Shashikanth Suryanarayanan 1:08:07
Okay, Venkata Siva.

Venkata Siva Ram 1:08:17
No questions, sir. Thanks.

Shashikanth Suryanarayanan 1:08:17
I'm going to see what you're OK, Shreya.

Shreya Ruia 1:08:22
Hi, Shashikanth, am I audible?

Shashikanth Suryanarayanan 1:08:25
Yes, you are.

Shreya Ruia 1:08:26
Yeah, so a few quick questions. Like from your RHP, so we do currently 80 to 85%

capacity utilization. So like it is fair enough to consider that we'll be maintaining this rate for our MS3 and MS4 as well.

Shashikanth Suryanarayanan 1:08:46
No.
MF3 is 3 times the size.

Shreya Ruia 1:08:51
No, I'm talking about capacity utilisation of 80 to eighty-five percent. We'll see it once it commercializes.

Shashikanth Suryanarayanan 1:08:51
Yeah, if you...
Yeah, if we utilise 3 times the size facility at 80 to 85 percent capacity, we will be 3x revenue in the coming year. We won't do that.

Shreya Ruia 1:09:06
Okay, so like if you could give a little guidance over there.

Shashikanth Suryanarayanan 1:09:12
We won't give any guidance. See, the whole point of the establishment of MF3 is to ease the capacity utilisation in MF1. That's one thing. And if you're going for something like that, you're thinking about the future as well. So we think MF3 is rightly suited to become the mother plant. How much of it will get utilized? It all depends on how much business we get.
So we cannot decide its utilization. Our customers will decide its utilization.

Shreya Ruia 1:09:41
Right. So like.

Shashikanth Suryanarayanan 1:09:42
Yeah, so we will not be able to comment on that.

Shreya Ruia 1:09:45
Okay, and like, is there anything which you can provide that this is the current demand which we are getting, but because of capacity, you know, utilization?

Shashikanth Suryanarayanan 1:09:54
No, we don't have such situations. We are meeting current demand.

Shreya Ruia 1:09:58
Okay, and if you could provide the amount of current like order standing in our books.

Shashikanth Suryanarayanan 1:10:06
No, nothing will be provided. By the way, one more thing about automotive industry, it is not like you have a set of orders.

Shreya Ruia 1:10:15
Mhm.

Shashikanth Suryanarayanan 1:10:15
You are an enlisted supplier for certain critical, in our case, certain critical parts, and depending on what the OEM wants to produce, you are given firm orders for a short period. That is how automotive world works everywhere.
The OEM also wants you, treats you as a long-term partner. So the OEM gives you a broad idea of what is going to happen in the year, what is going to happen in the quarter. So it's not like they're saying, I will order this many number of pieces from you for the entire year. They're giving you a broad idea and then giving you a better idea for the quarter, and then they're giving you firm orders for a month.

Shreya Ruia 1:10:40
Right.

Shashikanth Suryanarayanan 1:10:50
This is how it works everywhere. This order book idea is, I think, I think not relevant here. This is not a project business.

Shreya Ruia 1:10:56
Well, yeah, very right, Shashikanth. And just one last question: So, like, where do you see SEDEMAC three to five years down the line?

Shashikanth Suryanarayanan 1:11:07
Oh, no response to this. Sorry.

Shreya Ruia 1:11:11
Okay.

Shashikanth Suryanarayanan 1:11:11
So, you, there is, I mean, this sort of question, when three to five years, we we don't we don't venture into that at all.

Shreya Ruia 1:11:17
Not in terms of revenue, but in terms of, you know, where we stand in the market or any aspiration which you guys have, you know, like you would.

Shashikanth Suryanarayanan 1:11:27
The only aspiration since the beginning of the company has been the same. We want to produce fresh control technologies and see widespread adoption. That will never change and that will continue to remain.

Shreya Ruia 1:11:38
Okay, got it. Thanks and all the best.

Shashikanth Suryanarayanan 1:11:42
Thank you.
Prasad.
Prasad.
Okay, I think everybody's getting tired. Chaitanya, this is the last person.

Chaitanya Nimodiya 1:12:10
Yeah, hi, sir. Good evening. Congratulations for the great number, sir.

Shashikanth Suryanarayanan 1:12:12
Yeah.

Prasad Hase 1:12:13
****.

Shashikanth Suryanarayanan 1:12:14
Thank you.

Chaitanya Nimodiya 1:12:15
Am I audible?

Shashikanth Suryanarayanan 1:12:17
Yes, you are audible.

Chaitanya Nimodiya 1:12:19
Yeah, hi, sir. So, just a quick question, sir. If you can just focus on the revenue mix only from product sale and service sale, so out of this 1058 crore.

Shashikanth Suryanarayanan 1:12:35
Services will be very little. It's actually mentioned in our...
In our this thing, so it's almost all products.

Chaitanya Nimodiya 1:12:45
OK, OK, OK, and would you how you will differentiate yourself from the auto ancillary company from the traditional auto ancillary company?

Shashikanth Suryanarayanan 1:12:57
Call it.

Chaitanya Nimodiya 1:13:01
So I believe it is more a technology company.

Shashikanth Suryanarayanan 1:13:05
Yeah.
So you are able to produce fresh technology and you are able to see widespread adoption. Very few Indian auto ancs manage that. Largely what the play of the Indian auto ancs has been that something that has worked in the West.

Chaitanya Nimodiya 1:13:09
Okay.
Okay, okay, yeah.

Shashikanth Suryanarayanan 1:13:25
So, the so the so there is a departure from there, you look at the founder group, look

at the auto anc founder group business family set at the technical founder group, so there are several several differences, but it should be it should have been obvious.

Chaitanya Nimodiya 1:13:41
Okay, okay, yeah, thank you, sir.

Shashikanth Suryanarayanan 1:13:43
Thank you. Hello, one last question, Soumya, you, because you are a shareholder, so you are the last one.

Prasad Hase 1:13:48
Hello.

Saumya Jain 1:13:52
Yeah, so, Shashikanth, this power tool business that you have got a first, just want to understand what is the first application that customers looking like, which kind of power tool is going to apply this, if you can give some colours on that.

Shashikanth Suryanarayanan 1:14:08
I do not know. I think Amit, do you know the angle grinder or something like that? I don't know what it is.

Amit Dixit 1:14:16
Yeah, it is a it is a concrete concrete render.

Shashikanth Suryanarayanan 1:14:17
Amit, are you there?
Concrete grinder, so...
Application will be over time, and there can be lots of lots of applications.

Saumya Jain 1:14:24
Okay.

Shashikanth Suryanarayanan 1:14:30
So, first, first tool, first tool will is going for this, apparently, I don't.

Saumya Jain 1:14:30
But no, I thought it's a more battery driven. You're going to have a first application in,

but I thought it's first application going to be more cordless or battery driven. Is it same? Similar going to be similar?

Shashikanth Suryanarayanan 1:14:40
No, it's all battery.

Saumya Jain 1:14:42
Okay.

Shashikanth Suryanarayanan 1:14:43
So, this will be a battery-powered tool.
And in some cases, if it's a higher kilowatt, it could be a corded tool also. So battery as well as corded both will probably get addressed. Concrete grinder requires quite a bit of power, so corded tools are also there.

Saumya Jain 1:15:01
Got it. Okay. Thank you.

Prasad Hase 1:15:06
Hello!

Shashikanth Suryanarayanan 1:15:08
Yeah.
Yeah.

Prasad Hase 1:15:15
So I have two questions. One was a very simple bookkeeping question. Sir, can you provide a revenue contribution from non-critical components? Because the reason why I'm asking, sir, is on the volume which you reported in April 2nd. So that seems to does not incorporate this segment. That's why for apple to apple comparison.

Shashikanth Suryanarayanan 1:15:39
Correct, correct. So, no, no, apple to apple only. Everywhere we have reported only control intensive ECUs. And in the RHP, I think it's very clear if we are doing 85 to 90% from control intensive ECUs, and the rest of it from non-critical components.

Prasad Hase 1:15:39
Very.

Yeah.
Oh.

Shashikanth Suryanarayanan 1:15:55
So, and that component, the percentage is going down as we become more and more relevant in the marketplace. So, yeah, it's not it's not a very important thing.

PH

Prasad Hase 1:16:01
Okay, sure..
Sure. So, and our second question was, so our quarterly run-rate for industrial segment was a bit suppressed this quarter. And we understand that it is largely coming from genset products and gensets are largely export based. So are you seeing any, you know, demand challenges on Industrial segment, mainly from geopolitics.

Shashikanth Suryanarayanan 1:16:34
First of all, the genset market is not is not like the automotive market. It does have a fair bit of I mean, Amit, can you go to that?
FY 23 to 26 revenue.
So, we, we in this, you can see between FY 23 to 24, actually, there was a there was a 10% drop, 83 is a 76. OK, so even at a yearly level, there are there are drops, but it is a fairly stable stable industry, so because it all depends on.

PH

Prasad Hase 1:16:59
Right.

Shashikanth Suryanarayanan 1:17:11
who is buying gensets and in what sort of situation. So one of the things that we have mentioned in our FY27 outlook.
is that because that 94 to 146, that growth is heavily around US customers buying our genset control products. If there is a demand drop there on account of poor hurricane season, it so happens that gensets get produced more if the hurricane season is strong because power outages are there.
People get scared, you know, snowstorms can kill people and all that. So if that hurricane season is weak, generally the genset demand is weak.
It's a little bit like Indian monsoon.

PH

Prasad Hase 1:17:51

Okay.
It shows.

Shashikanth Suryanarayanan 1:17:53
So yeah, those sort of things we have no control over and we'll always be exposed to. But in general, it's an industry which is a very stable industry. You can rely on it on a three-four year basis.

PH

Prasad Hase 1:18:07
Sure, sure, sir. Thank you. That's it for myself.

Shashikanth Suryanarayanan 1:18:09
Yeah.
Okay, great. Thank you very much for participating and hopefully it was a useful session, both the presentation as well as the Q&A. We do want to mention to you that we do not intend to meet you every quarter. We intend to meet you every six months. Okay. We think each of our sessions should be meaningful. We hope this one was. And we don't want to just simply come and say something because something has to be said in a quarter time frame. Of course, we will report as per requirements of our listing obligations. But we do think a six-month time frame is a better time frame than

Shashikanth Suryanarayanan 1:18:53
than a three-month time frame because some significant developments could have happened in our sort of industry. If for some reason we think that there is enough of that has happened in the three months, then we could hold a call within three months, but it is more likely to be six months from now. And we will keep updating the audience for anything that we think is price sensitive.
whether it is on volumes or any other major developments that do occur. Thank you very much for participating.