10th August 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 intimation dated 03rd August 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 to discuss 1QFY27 Financial Performance" held on Thursday, 6th August 2026 at 09:00 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: 2026.08.10 23:01:48 +05'30'

Debadas Panda
Company Secretary & Compliance Officer

Encl: as above

"Automotive Axles Limited Q1 FY'27 Post-Results Earnings Conference Call"

August 06, 2026

MANAGEMENT: **MR. NAGARAJA GARGESHWARI – PRESIDENT & WHOLE-TIME DIRECTOR, AUTOMOTIVE AXLES LIMITED**
MR. RAMAN K – INTERIM CFO
MR. KISHAN KUMAR – WHOLE-TIME DIRECTOR, MERITOR HVS (INDIA) LIMITED

MODERATOR: **MR. SAILESH RAJA – 360 ONE CAPITAL MARKET PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Automotive Axles Limited Q1 FY 2027 Post-Results 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 this conference call, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sailesh Raja from 360 ONE Capital Market. Thank you, and over to you, sir.

Sailesh Raja: Thanks, Alaric. Good morning, and thanks to everyone for joining into Automotive Axles' Q1 FY 2027 Earnings Conference Call.

From the Management side, we have with us Mr. Nagaraja, who is President and Whole-Time Director of Automotive Axles Limited; Mr. Raman K – Interim CFO; and Mr. Kishan Kumar – Whole-Time Director, Meritor HVS India.

Now, I will ask Mr. Nagaraja for an opening remark, post which we will open for Q&A. Over to you, sir.

Nagaraja Gargeshwari: Thanks, Sailesh. Good morning, everyone. Thanks for joining us for this FY 2027 Quarter 1 Post-Results Call.

First of all, as you are aware, the market was relatively moderate. Even with that, we had really good results. If I can recall, this is probably one of the highest EBITDA percentage we ever achieved.

What we will do is, Raman will run you through the financials, and then we will open up for question and answers. Over to you, Raman.

Raman K: Thank you, NG. Good morning, everyone. Thanks for joining in for the Earnings Call today.

I am happy to present the following set of numbers:

For the Q1 ended June 2026, our revenue from operations stood at Rs. 5,168 million, and we had our other income, which includes treasury and non-treasury income, which is about Rs. 103 million. There was a lot of market recovery that helped us have a good other income in the quarter. Overall, our cost of raw materials, like overall our metal cost, was about 65% for the quarter. This is kind of helped by some one-off that we had to a small extent, also some favorable mix from the products that we had sold in the quarter.

Our employee benefit expenses came down when compared to sequential quarter, mainly for a couple of reasons:

In the last quarter, we had deployed a lot of workforce because the volume was quite significant and then we had pulled back.

The other thing that we had in the last quarter was also when we had the long-term settlement, we had taken some impact in Q4 as well, which is now moderated in the current Q1.

Our other expenses remain fairly in line with our revenue. Our other expenses stood at Rs. 813 million. Overall, the EBITDA stood at Rs. 702 million, which is at about 13.6%. In the last quarter, we reported 12.4% EBITDA. The same time last year, we had reported 9.7% EBITDA. As Nagaraja mentioned, this is one of the highest EBITDA that we have reported.

Moving down, I think we have had the EBIT percentage also stood at about close to 12%, which is again close to a 1% improvement quarter-over-quarter and close to 2% improvement year-over-year. So, broadly to note is there is some bit of help because of the mix that helped us also in this quarter and the momentum we will try to hold on to this. Especially in the other expenses, some bit of details are like, we had some cost headwinds, especially with respect to the post-war. During the war, the LPG, and we had some increases in the tooling and consumables. All that, we have been absorbing the cost. We are in the process of negotiation and all that. At this point, this takes into consideration the cost increases that has happened in this quarter.

Moving on, the profit for the year stood at Rs. 455 million. Obviously, net of the OCI, it is Rs. 452 million at about 8.7%. Again, this is with an EPS of about Rs. 30. I think in Q1, in the last four years, I think this is the highest quarterly EPS that we have reported.

That's from me. I am happy to take questions after Kishan's view on the market. Over to you, Kishan.

Kishan Kumar: Thanks, Raman. Good morning, all.

I would probably bring our attention to how we ended the last FY, especially the Q4, and then how we were looking at the overall FY 2027.

Most of this was the fact that FY 2026 was at the peak, going back to the FY 2019 levels and then usually the Q1, we see a dip. Even though we did see a dip, almost like 30%, but that quarter, Q1 ended up to be one of the highest in the past several years at almost 110,000 vehicles in the M&HCV segment. And just yesterday, the MPC was giving the further outlook for rest of the year and quarters. But also, there was a very specific mention on how the manufacturing industry performed in Q1, which also ended up in a very high GDP growth rate of at around 7%, outperforming the earlier forecast.

So, Q1 as such, the market performed very well. There were a couple of tailwinds. The momentum was carry-forwarded, and OEMs did a very good job in maintaining the production and the sales in both retail and dealers. Overall, it was a product mix as well as the new products that we launched. All that helped us keep that momentum from Q4 of last year. As a result, as Raman explained, our financial performance also showed up in a very similar way.

With that, probably, Sailesh, we can go for questions.

Moderator: Thank you. We will now begin with the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Sukrit Patel with Eyesight Fintrade. Please go ahead.

Sukrit Patel: Good morning to the team. I have two questions. My first question to Mr. Nagaraja. Beyond the regular outlook, what are the top two to three execution priorities you are focusing on in the next few quarters? Alongside that, what do you see as the biggest risk in demand shifts, the regulatory changes or competitive pressures? And how are you preparing to manage them while strengthening Automotive Axles' position in the driveline and axle space? That's my first question. I will ask my second question after this. Thank you.

Nagaraja Gargeshwari: Thank you, Mr. Patel. I will take the first part of the first question, then probably Kishan can answer the second part. So, like we mentioned, our first priority is to ensure that we are ready with the capacity investment, what we have been doing to recollect that we are implementing a Phase-1 and Phase-1(a) of CAPEX and nearly 40% of those investment are already done, and we have already started some level of production in that. So, with this, we are expecting Q4 to be again a stronger demand might be coming there. We are preparing ourselves. At the same time, like what Raman mentioned, one of the other area we are looking at it, how do we continuously improve our automation, bringing in more of automated lines.

Again, focusing on both safety and quality as well as improve our productivity, so that we can continuously not only improve our top line but at the same time add to our already strong bottom line. Kishan, can you take up the second part of the question, please?

Kishan Kumar: Sure. Thanks, Nagaraja. Specifically, the regulations and some of the trends that we have been very closely monitoring. If we look back, probably 10 years ago, it was all about the emission norms in BS-III, BS-IV. There was also this axle load rating increased and some of the fuel economy norms. We are behind that. All our products today are protected and performing well on those changes. In the recent years last four years, the BS-VI stage, the OBD-I, OBD-II that followed with that.

We do see minimum impact on our product lines because of those recent changes. Going forward in the next four years after 2030, we are anticipating AEBS norms and Type-II Endurance Braking and the BS-VII as well. These three may not have a significant impact on our product lines, but what we are anticipating in addition is the more stringent pass-by noise norms and HPFE Phase-1B. Both of these, what they mean is our products have to be more noise sensitive or should be having noise levels less than the current levels what is in the industry. And other trend that we are seeing in the industry is the increasing horsepower. There was a time when 60%-80% of the market was within 120-180 hp. That has significantly shifted over the several years, it will continue to do so and we will be in the range of (+300) hp in most of the heavy duty applications. For that, our current product strategy and the products that we have launched recently and the ones in the pipeline are well-matched. So, with that I think to summarize the regulations, we don't see a big impact on our product lines in the next four or five years.

Considering the market trend, yes, our products are getting bigger. There is a clear trend of higher HP and also shift towards the 4x2 tractor trailers, for which we already have a few products in the pipeline and in the market as well. Thank you.

Sukrit Patel: My second question, again to Mr. Kishan yourself, sir. Just want to understand a forward guidance from a partnership point of view. How are you aligning Meritor's HVS India collaboration with Automotive Axles to drive long-term growth? What risk do you see in global supply chains, technology adoption or industry dynamics and how are you preparing to mitigate them? Just want to understand your guidance on this. Thank you.

Kishan Kumar: Sure. Thank you so much. Let's talk about the next 5 to 10 years horizon for the CV industry, mainly in M&HCV industry. There are a couple of things. One, as I said, the regulations the product mix, which is typical for any industry, and that Indian industry is also following. The advantage for us is we already have products in the Western world which have gone through these changes. It's about a matter of bringing them to India to specific applications because our OEMs still operate in a very different powertrain segment. When that happens, it's bringing the product here. The technology is available; the timing is important. Second one is which is more on how two companies working together to serve the market. How is the demand shaping up in the domestic market, and what kind of changes in the product will impact the capacity and the investment, what AAL is planning to do? This is not new for us. This is something we have been doing for several years, since the formation of both the companies, and we are continuing to do so. One other aspect, which you also touched upon, is we are also looking at as an overall global supply chain for Cummins Drivetrain Systems, how India can play a role. This is again, not new, but with the new investments coming in, we have been more deliberate on what actually is our strength and where India can play a major role in contributing to the rest of the Meritor or Cummins Drivetrain Systems.

So, both of them together, which is more of a commercial vehicle and the export scenario, we are also looking at the other industries like defense, for example. Defense is a very totally different ballgame. It requires a lot of patience. The gestation period for the product is much longer, and since they are all tender based, they require a totally different set of mindset. Even though there may be some overlap in the products, but we also need certain unique features and unique, I would say, the demanding applications that defense poses, we need a differentiation in the product line.

The last piece is the aftermarket, where there are things that we are doing within the MHVSIL, where we are selling through our distribution, the captive Meritor product. This is more for MHVSIL. We are also increasing our all-mix product range. That also will grow with the market.

One watch here is as we get into new products, the end market and the application demands more reliable products. That means that will have some way, starting from maybe five years from now, we will see because of the increased reliability, the parts that used to get replenished probably within one year or 18 months will probably extend to three years, six years. So, this is bound to happen with the technology progression that we are seeing. Thank you.

Sukrit Patel: Thank you and best wishes.

Kishan Kumar: Thank you so much.

Nagaraja Gargeshwari: Thank you.

Moderator: Thank you. The next question comes from the line of Milan Jain with Green Portfolio. Please go ahead.

Milan Jain: My question was around the CAPEX line of the Rs. 120 crore program. Roughly about how much is the genuine growth capacity versus the equipment replacement? Because I am asking from the guidance of the MHCV volumes broadly being flat about Rs. 5 lakh till FY 2030, and the shift of 8x2 to 4x2 key shift is strictly slowing. I want to understand what is the breakup of that CAPEX program.

Nagaraja Gargeshwari: It is a little bit challenging to split it in that particular way. The way we are doing is, obviously when we are putting up a new CAPEX, it is to either to upgrade the existing line or equipment or to completely replace that with a fully-automated equipment. So, the bottom line is, we are putting up enough capacity to see the next two to three years, whatever the market growth is going to happen. And like Kishan mentioned, also keep us ready so that the peak volumes which comes in a particular month or a quarter, and also the opportunity available for the potential exports we will be having there. So, roughly again, the capacity depends on the product mix. Roughly, I would say that we are looking at anywhere between 25%-30% capacity improvement.

Milan Jain: Also, my second question was around the next CAPEX phase that hinges partly on the export outlook and also the Bharat Forge that has acquired the American Axle's Indian business. So, I want to understand that how our exports and OEM opportunities are allocated between American Axles and Automotive Axles.

Nagaraja Gargeshwari: Again, we did mention during our last couple of investor calls, American Axles and Automotive Axles, we are competitors. We do not have much information about what American Axle is doing. We are focusing on our existing customers and trying to get additional increase our share of business and also acquire new customers. And our exports is to the mainly for the other CDBS global entities. So, that way our focus is on what we already have and how we can improve upon that. We cannot comment on any of our competitors' strategy or their plans.

Milan Jain: I understand, sir. Thank you. That's all from my side. I wish you all the very best.

Nagaraja Gargeshwari: Thank you.

Moderator: The next question comes from the line of Saket Kapoor with Kapoor Company. Please go ahead.

Saket Kapoor: Namaskar sir. Hope I am clearly audible to you. Hello?

Nagaraja Gargeshwari: Yes, please.

Saket Kapoor: Namaskar Sir. Thank you, firstly, for the opportunity. Sir, I joined a bit late. If you could have explained in the opening remarks also. There is a margin expansion on a Q-on-Q basis. So, is it a result of any price hike that we have received that has been factored into or what explains this margin expansion? Going ahead for the current financial year, what should be the steady state of the PBT margin or EBITDA margin that we envisage?

Nagaraja Gargeshwari: Raman, you want to take that?

Raman K: I will take that. Our top line kind of varies along with the market. So, if you see in the last quarter, I think we had reported about Rs. 669 crores of revenue. This time, obviously, the market was at the peak. This time our revenue stands at around Rs. 527 crores. But when you ask about on a percentage terms, that is the range, somewhere between 7.5%-8.5% is the margin range that we can at least as an overall band that you can take. We will be operating at that level. I was mentioning the PAT, not the EBITDA. So, I think this is something that we have as a target, and we will be working in this range.

Saket Kapoor: Sir, even on the 2030 roadmap also, this is what the margin range will be, or we will improve upon with the product introduction also and our capacity also moving up. Second point is I think so for the current year there will be an additional capacity that will come into play so how will this current year shape up in terms of the volume understanding, if you could throw some light?

Raman K: I think your previous question was about the next few quarters. That's why I gave the broad range for the quarters. But when you see at 2030, obviously, again, the market is expected to move up north as well as we are also increasing our capacity. So that's going to bring in some economies and the scale benefits. Obviously, we will be moving up the ladder in terms of the margin, keeping 2030 aspirations in mind. I believe that answers that part of the question. Second thing on the capacity expansions overall, when you see our return on assets has always been pretty strong. I think we will be continuing to focus on that, maintaining our return on assets or rather the return on capital employed, and trying to improve that upon. I hope that answers your question.

Saket Kapoor: Sir, I am trying to get some more sense of how are the incremental volumes likely to play in the ensuing year, and also with our new product introduction, I think so, and also with the incremental capacity, how are things shaping up for Automotive Axle for the year 2026-2027? If you could just give some more ballpark and understanding in terms of some quantitative number, that would suffice.

Nagaraja Gargeshwari: I think we try to avoid giving a kind of future guidance. Broadly, as Raman mentioned, as we bring in capacity, there is a certain business if we are not able to address it, either because of a capacity constraint or otherwise. Those are all the potential addressable business opportunities that we will be looking into. But at the same time, like Raman mentioned, if the market volumes are like a previous year, if it goes slightly higher, we will be able to do a much better conversion at a much better margin compared to the existing one. The bottom line is capacity we are putting just to make sure that we are ready when the opportunity comes. Otherwise, in this industry, if you don't put the capacity, you cannot even go after any potential new opportunities.

So, we continuously, like Kishan mentioned, looking at adjacencies, looking at the defense segment and all other areas, and also increasing share of business with existing customers. The prerequisite is we have the required capacity, not just at internal capacity, but also through the supply chain.

Saket Kapoor: Sir, the small point which I am trying to make understand, given the current business environment, what are the likelihoods of our company performing in comparison to the previous financial year in terms of volume growth? Secondly, sir, I think so with some notification from the State Government Bus Department in terms of some floor height and all were pending when you addressed your investors in the last call so any further clarification on the same and the introduction of those axles into the buses, what's the roadmap? If you could just articulate these two points.

Nagaraja Gargeshwari: Kishan, can you take that, please?

Kishan Kumar: I would probably answer that much more broadly. See, we keep talking about the product mix impact. Product mix is something that is pure end-market demand. There are seasonal demands, for example, the buses, school buses specifically. They all get into the order board just before the school starts, the replenishment. Today, what we are broadly seeing this year and maybe most part of next year, the demand is through the replacement cycle for the overall industry. The vehicles that were sold, let's say 2017-2018, and then there was a glitch in between because of the COVID, they are now getting into this seven years, eight years, nine years' service period from the customer. That is going to be a big shift in the volume that we are seeing. In 2017-2018, we did not have the heavy tonnage GVW vehicles. Today, the end customer has an option to upgrade to probably, let's say, instead of two 6x2s, he can go straight away to a 10x2 or a 4x2 tractor trailer. So, this is where we are focusing right now. We want to ensure our capacity and the products available for the demand, they are balanced so that we hit the numbers with the right product mix. The second is, which is a segmental shift, which is what we were talking about in the earlier investor calls, is about the bus axle. As I mentioned last time, the floor height is probably now every OEM has a different way of addressing that so which is good news because most of the cases, there is no need for a completely different product. So, it's like within the existing product portfolio, whether it is with us or not, OEMs are able to manage it. Our plan for the product launch in the bus, that is still in the pipeline. The validation is going through. I mentioned about the lower noise level requirements. That is where we are focusing. We don't want to do another iteration knowing that there is a passerby noise regulation that is coming in. We want to ensure the product that we launch has everything covered in terms of regulation and also market need. I hope that answers very broadly what you are trying to ask.

Saket Kapoor: Just to conclude here, the reason which we were wary about is now behind. Now, the product introduction will happen as per the plan. That understanding is correct because there was some ambiguity earlier, sir.

Kishan Kumar: That is true. We took time to understand the regulation. That's true.

Saket Kapoor: Lastly, sir, on the incremental, on the volume increase, if you could just give us some sense, how is the current market dynamics from the OEM shaping up in terms of their program schedules and also with new product introduction from our side? What should investors look forward in terms of the volume growth? Because turnover is a function of RM conversion. Secondly, sir, did we lose some market share from our main OEM, Ashok Leyland, for this quarter in terms of the income total pie, sir? These two points, if you could just throw some more light, sir.

Kishan Kumar: Let me give a very high-level outlook. Beginning of this year, we had a projection, which was 15%-20% lower than last year. Now, the revised forecast, which is also what the industry is speaking about, is it could be less than 5%-10% dip compared to last year. Just for reference, last year, the industry volume was 480,000. If you do the math, we should be north of 450,000. Best case, same as last year. That's how the rest of the year may pan out. Q4, as expected, is going to be another peak quarter for us, barring the headwinds that we see, the geopolitical tension and the monsoon effect. These are the two things that we are watching very closely. However, currently the delayed monsoon that is helping the industry because there is still good amount of freight movement and the replacement is also happening. Coming to the other part of the question, share of business. Product mix impact definitely has some impact, but that is not new for this year. That is always. So, when there are more buses, that is exactly the reason we want to launch the bus axles, we do see a slight dip. But it's not a loss of share of business. It's basically how the market behaves.

Saket Kapoor: Thank you, sir, for answering all the parts. Sir, then to conclude, Q2 is also in line with what exactly we have exited Q1, since you said that delayed monsoon and all have kept the demand engine on the uptick only and this is what should be the steady state of deliverables since we are now in the month of August. If only you could give us some qualitative number of how the environment has shaped up post the exit of the 1st Quarter.

Kishan Kumar: I am just thinking. Already I answered in terms of the overall industry outlook. The best case is match last year, and the trend will be very similar. Reasonable Q2, increasing demand in Q3, barring the monsoon question that I had, and then Q4 ending at a peak. That's how we see as a qualitative overall year.

Saket Kapoor: Thank you for all the elaborate answers and hope to connect again. Thank you to the team, sir.

Kishan Kumar: Thank you.

Saket Kapoor: All the best. Thank you.

Moderator: The next question comes from the line of Samarth with Janak Merchant Securities. Please go ahead.

Samarth: Sir, I have only two questions. First is, our overall sales growth has been lower than the CV production in the country for Quarter 1. Have we lost any market share to our leading customer? Going forward, as even American Axle enters the larger truck axles, do you see any potential loss of market share after two, three years? Thank you.

Kishan Kumar: Thank you, Samarth, for the question. The answer largely is the product mix and how we were able to convert some of the increase in the market in the last quarter. Combined to that, maybe you do see a dip, but if you really look at how we performed from the previous quarter of last year to this quarter with a 30% lower market, we were actually better than 5%, as per what Raman has already given the financials. And also the conversion of the new business, the products that we launched, that also contributed largely to the bottom line there.

Coming to the second question there, the company that you are referring, it's not new in the industry. They have been there in the industry for several years and both of us are doing businesses in the same segment with somewhat similar products and customers. For us, our strength is our product strategy and the manufacturing capabilities that we have in country. I don't see that as a threat. It is any two competitions, how they would play out in the market, and which is independent in this case.

Samarth: Sir, can you be more specific, like in terms of market share? Which are the categories where we have a good market share, and where we overlap more with the product profile of American Axles?

Kishan Kumar: I can talk about our segment-wise presence. So, our heavy presence is in the heavy-duty segment. That's globally also our strong foothold. All the new products also that we are planning to launch is in the heavy duty. When I say heavy duty, it's 40-ton and above. Of course, the competition data is available in the market. You can get independent reports, but the overlap today is minimal, which means the focus for both the companies are probably different. We are, as I mentioned, following the market trend, and to be sure we have the right product when the trend changes, and that's what we have been doing for the last 30-40 years.

Samarth: Thank you, sir.

Kishan Kumar: Thank you.

Moderator: The next question comes from the line of Kapil, an Individual Investor. Please go ahead.

Kapil: Sir, my question is regarding defense and mining application. What percentage of our products are used in these sectors? Do we have a planned strategy to increase those market shares in defense and mining?

Kishan Kumar: Thank you, Kapil. Defense, as I mentioned, it requires a totally different mindset. It's not a high volume, I would say it's more application demanding high-intensive product. That is number one in terms of product. Second is the way it spans out from the date we get the RFQ to the SOP. That can be any time between 3 to 10 years in some cases. So, we have been very watchful. We do want a diversified revenue; we don't want too much dependency on defense also. If you really want to develop something unique, it requires lot of investment and a complete different bandwidth. So, currently, our presence out of the revenue that we are generating, maybe defense goes 5%-10% depending on how the tenders are awarded. Some years it is lower, some years when the tenders come back-to-back, it can be higher. Coming to mining, that's something we are not really pursuing because the deep mining or the big mining equipments, what we see in India, one, the volumes are very low. Second, even though we may have the product portfolio globally, that is a totally different animal altogether. They are very different from the on-highway products. How we are typically engaging with the customer is to understand their overall strategy, how they want to play, and then introduce or offer them our global product portfolio. We had few products in the past, but unfortunately, those OEMs could not deliver them into the market. So, it's again, a very niche market, which I will not say we want to stay away, it's just based on the size of opportunity and the bandwidth and the focus, what we have today in the M&HCV without compromising that. That's how we are playing.

Moderator: The next question comes from the line of Shikha Mehta with Time & Tide Advisors. Please go ahead.

Shikha Mehta: I just actually had a few clarifications. I joined the call a little late. Could you help us with our export percentage for the quarter?

Raman K: So, Shikha, our exports are traditionally in the range of 8%-12%. I think that's been what we have seen in the last year. This time we were slightly better off in terms of exports. So, we were at about 13% for the quarter, on the overall pie.

Shikha Mehta: And we expect this to remain above the 8%-12% range for the year, or this was just something that happened this quarter?

Raman K: No, it was only a marginal shift. If you see maybe average, if you take even 10%, it is only close to 3% upwards. So, we would be in that range, 8%-12% will be the broad range overall in the year. Obviously, if there are opportunities that come maybe we may fare better in the future.

Shikha Mehta: Understood. Sir, there were a few new products that we were developing, especially for bus axles. Can you shed some light on that? I think there was earlier some change in law because of which we were a little tentative. What is the scenario now and how are we expecting this to move forward?

Kishan Kumar: I can take that. The regulation changed on the low-floor bus, which is what the reason we were reviewing back the product spec. That is behind us. Now, we do understand all the OEMs have different strategies, and it doesn't matter to the design specification of the product spec what we were planning to introduce. But on the future looking, forward-looking regulations that are coming in, especially from the pass-by noise standpoint, we are again going back to the drawing board and ensuring the product spec what we have is also going to cover those noise levels that the industry will meet. This will require a little bit more design-iteration to get to the right detailed gear and other things that will contribute to this. So, that is work-in-progress. We are pursuing this, considering we want to be present in this in the longer, not just the short-term market share gain.

Shikha Mehta: Right, sir. Other than this, do we have any other new products that are to be launched or that have been launched in this quarter?

Kishan Kumar: We are launching a new tandem axles, which is already in pilot batch, and it's getting into production mode as we speak. This is a 160 tandem, so we are launching this with one of the large customers.

Shikha Mehta: Got it. Sir, lastly, I think last quarter we discussed that for around 30%-50% of Ashok Leyland's requirements, we are the single sole supplier. Would that still hold true for us, and can you comment a bit on our market share with that?

Nagaraja Gargeshwari: Yes. That's how we want to play in the market. We would like to have all the new products that we launch; we want that to be a single source. However, each OEM, it's not just about Ashok Leyland, each OEM has a dual sourcing strategy, and timing is what they look for. Broadly, yes, we want to have a combination of common, also single source, the status for the products that we have launched. Sorry, what was your second question there?

Shikha Mehta: About the market share, sir.

Nagaraja Gargeshwari: Market share. I answered that question in the previous sessions. It is largely the product mix impact. The new products that we launched, the segmental shift that we see, seasonal shift that we see, depending on that, it is not a fixed number. It always changes month-over-month, quarter-over-quarter. But what we ensure is we get what has been agreed with that customer, that minimum share of business.

Shikha Mehta: Understood. Broadly, we would have maintained our market share with Ashok Leyland, right?

Nagaraja Gargeshwari: That's true.

Shikha Mehta: Great. Thank you for answering my questions.

Moderator: The next question comes from the line of Anand Darshan. Please go ahead.

Anand Darshan: Good morning, sir. Thanks for the opportunity, congrats on the great market share. My first question is on the cost measures, sir. This quarter, we did see a sharp rise in steel prices. Even the gas costs went up. So, how did we manage to control those conversion costs, sir?

Raman K: I will take the first part, NG, if you don't mind.

Nagaraja Gargeshwari: Yes.

Raman K: On the steel prices, see all the commodities are always settled back-to-back with the customer. We don't have any impact. It's a complete passthrough of all the commodities, be it steel, casting, forging, any commodity increase will be passed through. The second part of the question on the conversion cost. Yes, there were some price increases that are there, which we have absorbed this quarter but in parallel, we are working with our customers, to offset the impacts in the future. NG, if you want to add anything, please.

Nagaraja Gargeshwari: Good. Also, like last time we told, just in time, our electrification of one of our furnaces was completed so that also kind of helped us to manage production in spite of we are running with a lower or less availability of LPG.

Anand Darshan: Sir, my next question. You had mentioned export percentage had improved to 13% in the current quarter. What's your mix to Meritor Group and non-Meritor, sir? Did we find any logistics issue in the export part?

Nagaraja Gargeshwari: I will take that. Again, we export only to the CDBS global centers or global plants. This is almost for the last two-three years, we always have one or the other. The logistic is always a challenge. Sea freights rates are changing kind of randomly. Sometimes it is really ad hoc. We are trying to bring in a system where we are trying to plan very well ahead, especially for some of the imports, what we do but at the same time, in many of the cases, the export is Ex-Works, so we kind of get support from our customers also. That's the nature of the freights. Sea freights are always challenging, non-predictable. So far it was not a major hurdle for us at this point of time.

Anand Darshan: Thanks. That's it.

Moderator: The next question comes from the line of Kapil, an individual investor. Please go ahead.

Kapil: Sir, kindly explain in simple terms, what is the support we are getting from Meritor? Our agreement was extended till 2027, I have read. How it was in the past, how it is present, and what could be the future, the support and the role of Meritor or the collaboration with Meritor?

Nagaraja Gargeshwari: As you can see, Meritor gives us all the new product licensing, and they also help us test those products for India-specific applications. Also, the global products cannot be applicated as is because the local or domestic truck configurations are totally different. It requires a different kind of endurance testing. Meritor not only brings in this expertise, both in terms of developing or updating the design to suit India application, but also do application analysis. Also, as a part of the service agreement, they also work with our customers in terms of applicating these products. They also kind of help us in formulating the product strategies and customer go-to strategy. So, that has been already being done, and that will continue for the foreseeable future.

Kapil: Thanks.

Nagaraja Gargeshwari: Thank you.

Moderator: The next question comes from the line of Saket Kapoor with Kapoor Company. Please go ahead.

Saket Kapoor: Sir, only a small clarification on the part. You mentioned that we were penciling in a degrowth for the industry for the current financial year at 20%. Now, we are revising it to 5%. I missed your number on the same.

Kishan Kumar: I can take that. Yes, you are right. At the beginning of the year or even before that, when we were looking at the forecast for FY 2027 and knowing where FY 2026 ended, we were looking at 15%-20% lower markets. Today, the revised forecast that we are having for rest of the year suggests it could be 5%-10%, within that range. The best case is if the industry navigates all the geopolitical cost escalations, the monsoon plays out well for rest of the year, and then we see a comeback from September, October, and the festive season helps us, then the best forecast we have is going back to last year.

Saket Kapoor: Mainly it is because of the geopolitical and the logistic issues that led to the lowering, or was it the higher base and consolidation is expected from the industry for the current year? Actually, what factors led us to lower down, first of all, the estimates?

Kishan Kumar: Our view is how the last year ended and, to certain extent what has started happening in Q4 of last year and the Q1 of this year, the geopolitical tension. But to start with, it was all how the last year ended. We kept that same outlook, considering what is going on in the other headwinds that I mentioned about. Now, the delayed monsoon is actually helping a better sale even today otherwise, we would see a dip in this quarter as well. That is holding on. The festive season and coming back to a strong Q4, that was always there. I think Q1 to some extent and Q2 is going to help us bring volumes, which otherwise we would have considered lower than last year.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the Management for the closing remarks.

Nagaraja Gargeshwari: Thank you, Sailesh. Thanks once again for all of you to join this call and then getting the clarification that you are looking for. Hopefully, the team has answered all your questions. Again, just to kind of summarize, Kishan mentioned, we are looking at a market which may be 5%-10% lower compared to last year, or at the best case, it can be matched last year volumes. Our share of business has been steady, while there is always a focus on looking at how we can continuously work to increase those shares of business. We have both headwinds and tailwinds. The headwind is monsoon. We do not know how it is going to play out. Barring that, there is a potential opportunity for us to look at keeping that exports, the sales steady and stronger.

With that, we are signing off. Thanks once again for having confidence in Automotive Axles. Look forward to next quarter's investor call. Thank you.

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