Sharda Motor Industries Ltd.

SMIL: LISTING/27-28/2011/01 **November 20, 2026**

BSE Limited	**National Stock Exchange of India Limited**
Department of Corporate Services	Exchange Plaza, 5th Floor
Pheroze Jeejeebhoy Towers	Plot No. C/1, G Block
Dalal Street, Mumbai - 400 001	Bandra - Kurla Complex, Mumbai - 400 051
(SCRIP CODE - 535602)	**(Symbol - SHARDAMOTR) (Series - EQ)**

Sub: Submission of Transcript of Conference Call held to discuss the Operational & financial performance for quarter ended September 30, 2026

Ref: Regulation 30 read with Part A to Schedule III of SEBI (Listing Obligations and Disclosure Requirement), Regulations, 2015

Dear Sir / Madam,

In pursuant to the applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 and in furtherance to our letter no. **SMIL: LISTING/26-27/0911** dated **November 09, 2026** with respect to the convening of Investors / Analyst conference call "Earning Call" on **Friday, November 13, 2026 at 15.00 (IST)** onwards, for discussing the financial performance of the Company for second quarter ended September 30, 2026 for the financial year 2026-27, in this regard please find enclosed herewith the transcript of the earning call.

Further the same is also being available on the website of the Company at www.shardamotor.com.

This is for your information and record.

Thanking You,

Your's Faithfully

Iti Goyal
Digitally signed by Iti Goyal
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Asst. Company Secretary &
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Encl. as above

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"Sharda Motor Industries Limited

Q2 FY27 Earnings Conference Call"

November 13, 2026

MANAGEMENT: **MR. AASHIM RELAN – GROUP CHIEF EXECUTIVE OFFICER – SHARDA MOTOR INDUSTRIES LIMITED**
MR. ASHWANI MAHESHWARI – DEPUTY MANAGING DIRECTOR – SHARDA MOTOR INDUSTRIES LIMITED
MR. G.D. TAKKAR – GROUP CHIEF FINANCIAL OFFICER – SHARDA MOTOR INDUSTRIES LIMITED
MR. K.K. SHARMA – CHIEF MANUFACTURING OFFICER – SHARDA MOTOR INDUSTRIES LIMITED

MODERATOR: **MR. MIHIR VORA – EQUIRUS SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Sharda Motor Industries Limited Q2 FY27 Earnings Conference Call. 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 star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mihir Vora. Thank you, and over to you, sir.

Mihir Vora: Yes, thank you, Avirat. Good afternoon, everyone, and welcome to the Q2 FY27 and the first half FY27 post-results conference call of Sharda Motor Industries Limited. From the management team, we have Mr. Aashim Relan, Group CEO; Mr. Ashwani Maheshwari, Deputy Managing Director; and Mr. G.D. Takkar, Group CFO.

Without taking much of the time, I now hand it over to G.D. sir for opening remarks. Over to you, sir.

G.D. Takkar: Thank you very much, Mihir. Thanks a lot. Good day, everyone. My name is G.D. Takkar, and I would like to thank all of you for joining today's call, and I extend warm wishes on belated Happy Deepavali. I also want to share that I am joined by our Group CEO, as Mihir also mentioned, Mr. Aashim Relan; our Deputy Managing Director, Mr. Ashwani Maheshwari; and our Chief Manufacturing Officer, Mr. K.K. Sharma.

I trust you have had the opportunity to review our Q2 and H1 FY27 results and investor presentation, which are already available on the stock exchanges and as well as our website. Before we discuss the company's financial performance, I would like to briefly touch upon the performance of the Indian automobile industry during Q2 FY27.

The industry maintained healthy momentum during the quarter, with growth visible across key vehicle categories and continued traction in both domestic as well as export markets. Overall, automobile production increased by 18.6% year-on-year to 105.6 lakh units, while domestic sales grew by 18.2% to 83.9 lakh units, and exports increased by 23.9% to 20.9 lakh units, reflecting broad-based industry activity during the quarter.

Passenger vehicle production grew by 24.9% year-on-year to 16.59 lakh units, primarily led by utility vehicles, where production increased by 28.9%, reflecting continued consumer preference for this segment. The commercial vehicle segment also witnessed healthy momentum, with overall production growing by 33.9% year-on-year to 3.54 lakh units. Within this, light commercial vehicle production increased by 32.7% to 2.27 lakh units, supported by continued activity across goods movement and passenger transportation.

Two-wheelers, on the other side, also recorded healthy growth, with production increasing by 16.5% year-on-year to 80.95 lakh units. Within this segment, motorcycle production grew by 9.8% to over 50 lakh units, and scooters registered a stronger growth of over 30%. Three-wheelers also maintained healthy momentum, with production increasing by 24.2% year-on-year to 4.46 lakh units during the quarter.

From an industry perspective, demand conditions continue to be very healthy across all vehicle segments where we are present. Passenger vehicles, particularly utility vehicles, continue to support industry volumes, while commercial vehicles also benefiting from infrastructure activity, freight movement, and logistics demand.

Two-wheelers are also witnessing healthy traction, supported by demand across both motorcycles and scooters, and three-wheelers continue to see steady demand, supported by urban mobility and last-mile delivery requirements. While the current demand environment remains encouraging, we continue to closely track evolving market conditions and maintain a measured outlook.

Coming now to our performance for Q2 FY27, we continue to remain focused on disciplined execution, cost control, and operating efficiency. Our approach continues to be centered on delivering sustainable and profitable growth while maintaining financial discipline. We continue to place strong emphasis on working capital efficiency, prudent capital allocation, cash flow generation, and maintaining healthy balance sheet.

From an industry perspective, demand conditions across the vehicle segment relevant to our business remained healthy during the quarter. Passenger vehicles continued to see good traction, particularly in the utility vehicle segment, which I just said, and commercial vehicle also demand was supported by various factors, including freight movement, replacement demand, and infrastructure activity.

As we move into the second half of the year, while the underlying demand environment remains stable, we continue to maintain a stable outlook and closely track evolving market conditions. At the same time, the medium to long-term structural drivers for the automobile sector remain intact, supported by rising mobility requirements, replacement demand, infrastructure spending, formalization of logistics, premiumization, and export opportunities.

Let me now walk you through the operational and financial performance for the quarter ended September 30th. For Q2 FY27, on a consolidated basis, the company reported revenues of INR1,211.2 crores, representing year-on-year growth of 54%. Gross profit for the quarter stood at INR233.1 crores, reflecting year-on-year growth of 20%. In addition, to improve growth visibility, we will be sharing the year-on-year value-added sales growth rate from this quarter onwards. For Q2, value-added sales grew by 27%.

EBITDA for Q2 came in at INR125.7 crores, reflecting year-on-year growth of 24%, with EBITDA margins at 10.4%. Profit before tax, before exceptional items, stood at INR131.2 crores for the quarter after factoring in our share of profit from joint ventures and associates. In the corresponding quarter last year, profit before tax stood at INR101.9 crores, and profit after tax for Q2 FY27 stood at INR99.4 crores.

Now coming to half-yearly performance. For the first half of FY27, on a consolidated basis, the company reported revenues of INR2,222.3 crores, representing year-on-year growth of 44%. Gross profit for H1 FY27 stood at INR437 crores, growing 14% year-on-year. For the same

period, value-added sales grew by 18%. EBITDA for the first half stood at INR229 crores, registering year-on-year growth of 14.8%, with an EBITDA margin of 10.3%.

Profit before tax, before exceptional items, stood at INR246.3 crores for H1 FY27 after factoring in our share of profit from joint ventures and associates, compared with INR209.6 crores in the corresponding period last year. Profit after tax for first half stood at INR186 crores.

Overall, the first half performance reflects steady execution across businesses while we continue to remain focused on profitable growth, operating efficiency, and maintaining a strong financial position.

With this, now I hand over to Mr. Ashwani Maheshwari, Deputy Managing Director of the company, to take you through the key business updates. Over to you, Mr. Ashwani Maheshwari.

Ashwani Maheshwari: Thanks a lot, G.D., for the updates. Good afternoon, everyone. This is Ashwani Maheshwari. I extend a warm welcome to everyone on the call, and I am pleased to share our business and strategic updates for the second quarter and H1 of FY27. During the first half of FY27, we made further progress in converting the strategic priorities discussed in earlier calls into customer orders, technology development, and new business opportunities.

Let me touch upon the broader industry environment. The Indian automotive market has continued to show encouraging demand momentum. More importantly, the market is evolving across multiple fuels and powertrains. In August 26, as per retail sales data from FADA, CNG, LPG, hybrids, and EVs together accounted for 41.9% of passenger vehicle retail sales, exceeding petrol at 40.8% for the first time. In September, the two were almost at parity at 41% and 41.2%, respectively.

October, it continues to be the same. Conventional petrol and diesel vehicles remain relevant, while CNG, hybrids, and electric vehicles are gaining acceptance across customer segments. We do not expect one powertrain to dominate every segment. Affordability, infrastructure, vehicle usage, and regulatory requirement will shape different technology choices.

This creates opportunity for suppliers capable of serving multiple platforms and pursuing a powertrain-agnostic growth strategy. For Sharda, this reinforces our two complementary priorities; engineered emission systems for combustion-based application and powertrain-agnostic light-weighting products for a broad range of vehicles.

At the operating level, supply chain conditions are becoming more predictable, although material, people, logistics, and other conversion costs remain area of focus. We continue to manage these through sourcing efficiencies, localization, productivity, and appropriate customer commercial discussions. Against this industry backdrop, let me now turn to Sharda's strategic direction and the progress which we have made during the first half.

We have been systematically expanding our business across products, powertrain, and geography. Our objective is to develop multiple engines of growth by strengthening our core

emission business, expanding into vehicle segments as well as adjacencies, scaling lightweighting, and developing global customer relationships.

During H1 FY27, we have secured orders in our identified strategic categories of premium two-wheeler emission systems, powertrain-agnostic lightweighting, and global businesses. Together, these orders in new strategic area represent a $61.5 million in combined lifetime business value. What is important to note is not only the order value, but the widening participation across customer segments and applications.

Now, coming to our lightweighting business, which remains a key pillar of our powertrain-agnostic growth strategy. I am happy to announce that during H1 FY27, we have secured a new control arm order from a new strategic customer, an emerging Indian passenger vehicle manufacturer.

The order with an annual business value of approximately $3.9 million and lifetime value of $19.5 million. SOP is currently planned for Q4 FY 2028. This order notably has been secured by leveraging the global capabilities of Donghee, which is a very encouraging start to our partnership. Our technology licensing agreement and relationship with Donghee also extend our portfolio beyond control arms and links into subframe and torsion beams.

Following the joint product and technology showcase to Indian OEMs in Q1, we have received several RFQs for subframes, which are currently under active business development. We are hopeful of converting these opportunities into new business over time. Existing control arm and link programs in lightweighting continue to progress through their respective production and ramp-up stages in line with customer schedules.

Let me now move to our global business and exports, where we continue to build relationships and expand our product participation. Our principal focus is on the Americas and Europe, and on engine and genset applications, commercial vehicle emissions, agriculture equipments, temperature-controlled tubes, and selected adjacencies.

During H1 FY27, we secured incremental global orders for engineered tubes supplied to a global agriculture equipment manufacturer and low-pressure tube business for a global construction mining equipment manufacturer. This reinforces our strategy on continued attractiveness of global opportunity. We have developed new strategic international customers over the past two years and expect our wallet share and growth per customer to start increasing as we successfully execute on the current orders.

Our work continues on previously announced export programs, including orders from North American engine and genset manufacturer, as well as large heavy industrial emission company, with SOPs continuing as per the announced schedule. At the same time, we remain watchful of global uncertainties, including changes in trade policies, tariffs, and customer investment planning. We continue to work closely with customers, maintaining flexibility in our production and investment plans as requirements evolve.

Turning now to our emission business and adjacencies application, I would like to highlight a very important new customer segment. I am really excited to share that we have successfully entered the premium two-wheeler segment during H1 FY27. We secured emission systems order from a leading premium motorcycle manufacturer with combined annual business value of approximately $8.1 million and lifetime value of approximately $40.4 million. The SOP is planned for Q1 FY 2028.

These orders represent a meaningful entry into the premium two-wheeler segment, where engineering performance, quality, and regulatory compliance are particularly important. We will leverage our existing R&D, testing, and manufacturing capabilities for these orders with controlled incremental investment, primarily towards product-specific tooling and development.

Alongside this, we continue to develop opportunities in multi-fuel applications, WLTP-related products, temperature-controlled tubes, and other emission adjacencies. Moving on to infrastructure and capacity, our investments continue to be linked to confirmed program and customer requirements.

Our Chakan-3 lightweighting facility is ramping up in line with customer schedules. We have also received the factory license for our new Uttarakhand plant, and SOP remains on schedule. Moving on to technology and R&D, we have continued to strengthen our engineering capabilities and intellectual property portfolio. During the quarter, we filed two additional patent applications, taking cumulative filing to 26.

We also received two additional patent grants, taking total patents granted to six. Our engineering team continued to focus on product development, testing, validation, localization, and manufacturing resilience across emission systems, thermal management, and lightweighting.

Moving on to regulatory environment, there have been important developments that reinforce our technology strategy. The regulatory environment continued to attract investment in vehicle efficiency and emission technology. CAFE 3, notified in September 2026 and applicable from April 1st, 2027, provides a framework for progressively improving fleet-level fuel efficiency and carbon dioxide performance in passenger vehicles.

We expect OEMs to respond through a combination of more efficient conventional engines, CNG, hybrid, and electric powertrain, as well as vehicle lightweighting. A further development is the recently published draft standards for Bharat Stage 7 emission regulations. The draft proposes an initial phase for passenger vehicles from April 2029, with further requirements phased in over subsequent years.

The draft is open for consultation, and final notifications are awaited. We, therefore, view this as an important indication of longer-term regulatory direction rather than a basis of quantifying incremental content at this stage. Directionally, BS7 could increase emission system content per vehicle, depending upon the final norms and OEM designs.

Before BS7, the nearer-term challenge is WLTP testing under BS6. This is applicable from April 1st, 2027 to M1 passenger vehicles and M2 vehicles up to 3.5 tons. A separate draft proposes WLTP for M1 light commercial vehicles from April 1st, 2028. This more representative test procedure is increasing focus on catalyst efficiency, calibration, thermal management, and durability. We have already secured WLTP-related orders and continue to work with customers on system development, validations, and readiness. Moving on to acquisitions, we continue to evaluate selective inorganic opportunities.

We are analyzing a few potential acquisition opportunities that could strengthen our technology base, product portfolio, customer access, or geographic reach. These opportunities are at different stages of assessment. We remain selective and disciplined, with particular emphasis on strategic fit, valuation, integration feasibility, and return on capital employed. We will share updates when developments become material.

Finally, let me conclude with the outlook and priorities for the remainder of the year. Looking ahead, Q3 FY26 was a strong quarter, following the GST-led demand recovery and festive season. Therefore, the high base may moderate year-on-year industry growth in Q3 FY27, even though underlying demand continues to remain healthy.

For Sharda, growth during H2 FY27 will be supported by the ramp-up of existing lightweighting orders, additional control arm programs, temperature-controlled tubes, and North American export programs. The exact quarterly contribution will depend on customer production schedules and the pace of new program ramp-ups.

Our focus remains on timely execution of awarded programs, converting customer RFQs into orders, and disciplined capital deployment. Our long-term objective remains to build Sharda into a more diversified, technology-led, and globally relevant automotive component company, delivering sustainable growth and attractive returns. Thank you so much.

We will now be happy to take your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Preet Pitani from InCred AMC. Please go ahead.

Preet Pitani: Thank you for the opportunity, sir. First question is on the line of value-added sales, which you mentioned, 27% growth. If you could quantify that amount and also help us, how are you calculating this value-added sales?

G.D. Takkar: Thank you very much, Preet. Thanks a lot for your question. From this period, which means this quarter and this half year, we have started sharing value-added sales growth. In terms of numbers, we will get back on that in due course of time. We are still working on it. As of now, in order to improve the understanding about the growth of the company, we have just started sharing the value-added growth versus the same period last year. As we get to that level of sharing the numbers, then you would know that as well. Just bear with us for some more time for specific numbers in this regard.

Preet Pitani: Sure, sir. Just a follow-up on the same, 27% value-added growth, whereas gross profit growth is around 20%. Do we mean to say that the value-added products which you are selling have a less margin as compared to our corporate margin?

Also, if you could give some insights that we have grown gross profit has been grown at around 20%, whereas if we see the ICE segment growth, which is relevant for us, is comparatively less. How that delta will be coming? Is it from the ramping up of exports or due to higher growth in suspension? If you could give some insight on the same.

G.D. Takkar: Sure, Preet. You rightly said, our gross profit growth for this quarter is 20%, and our value-added sales growth is 27%. This value-added sales and gross profit growth were typically in line for us so far in past. However, this time, this is higher. That means value-added sales growth is higher, both on account of overall growth in our core segment, emission segment, and also on the back of additional revenues from the new programs which have gone into SOP from our growing lightweighting vertical.

This has not translated into the similar growth in gross profit because these new programs are still at ramp-up stage, at startup stage, and there are associated startup costs as well. As these programs mature and scale up, then you will see a more meaningful benefit of these programs becoming visible.

In addition to that, in value-added sales, there was some impact of product mix also, and there was some impact of non-indexed commodities also, which has impacted that. Therefore, gross profit growth was broadly at 20%, despite value-added sales growing at 27%.

Preet Pitani: Yes, sir. On the same line, I have asked around 20% gross profit growth as compared to ICE segment growth. If we see, it is relatively less. From where the delta would be coming? Is it because of export ramp-up or because of higher growth in suspension?

G.D. Takkar: This growth, value-added sales growth has come both from our existing emission segment, which also I just mentioned in my response, and also from lightweighting vertical. From exports, it is still to kick in. As we get into the SOPs of the orders, then I think the export contribution will be additional to this. This current growth is partly from our existing emission vertical and partly from new programs which have gone into SOP from our lightweighting vertical.

Preet Pitani: Got it. We have not yet started the export vertical, export orders which we were mentioning in the previous presentation. This has not yet started for us. This will come in coming quarters.

G.D. Takkar: Right. Right, Preet.

Preet Pitani: Thank you. Thank you so much, sir. I will join back into queue.

G.D. Takkar: Thank you.

Moderator: Thank you. The next question is from the line of Manpreet Arora from Northern Lights Wealth. Please go ahead.

Manpreet Arora: Yes. Thank you for the opportunity. Sir, on all the orders that where we have written SOP started in the presentation, is it fair to assume that they have ramped up now to their projected annual value that is shown in the presentation?

Ashwani Maheshwari: Hi, Manpreet. Welcome. Thanks for the question. We stated earlier as well and during, I think, this call also, that what we show as the value is the peak annual business value. So typically, when the SOP starts, there is a ramp-up phase of the SOP, and we follow the customer schedules. But typically, what we have seen is the customer schedule also ramp up, reaching to a peak value in approximately 1.5 years to two years' time.

Manpreet Arora: Okay. 1.5 years to 2 years.

Ashwani Maheshwari: Yes, that is the average. It would depend upon project to project, but I will say this is the average.

Manpreet Arora: Okay. The ones where the SOP started, let us say in Q3 FY26, and now we are in Q2 FY27, still, we are maybe not past that one-year time, and it is still ramping up. Is that how…?

Ashwani Maheshwari: That is right. Your understanding is right.

Manpreet Arora: Okay, great. Then, we see that there are a couple of programs where the SOP is Q3 FY27, and we are right now in the middle of Q3 FY27. So have those started, those programs? Especially on the North American largest engine and genset manufacturer, there is one, and then there is another one. I think both are for the North American largest genset manufacturer. Both SOPs had to be started by Q3 FY27. We are right now in the middle. Has it started?

Ashwani Maheshwari: We are on track for SOP. SOP has, in automotive parlance, we call it startup production, but there is a preceding activity which happens, which is a long lead of setting up line, and then the PPAP, and then start shipping. We are fully on target. In Q3 FY27, we will be starting the SOP for these North American genset manufacturing orders.

Manpreet Arora: Okay. None of these orders are linked to the EPA norms in the U.S., or some of them linked to the EPA norms in the U.S.?

Ashwani Maheshwari: Orders which we get. There are various inputs to orders which we get. We have announced multiple orders. These orders input are from variety of requirements. It can be a new product which the customer is developing. It can be a cost-advantageous strategy which the customer might be following. Or can the new product combination of the new norms which are coming up? Various orders which we have announced would be linked to various categories. I think one of the order might be linked to the norms.

Manpreet Arora: All right. The reason I was asking was because we are seeing some back and forth in the U.S. on the EPA norms and maybe some delay. I was just trying to understand if some of these SOPs may get pushed down further.

Ashwani Maheshwari: This I want to clarify very categorically that even if the current North American genset orders, as of now, even if they are linked to whether it is a backward integration or a new program, there is no indication or no requirement of postponement as of now from the customer. We continue to follow the customer schedule, and as of now, even when we are at the SOP point, there is no delay or no postponement which has come from this specific customer.

Manpreet Arora: Great. That was helpful. The other question is on the lightweighting side. Now, our capabilities are on the high-tensile steel side or aluminum as well? I mean, are we working on both? And traditionally, we have talked about our capabilities on the stamping side. So these control arms, do they require our stamping capabilities or they are into we require casting, forging as well? I know it's a pretty technical question, but just want to understand your capabilities.

Ashwani Maheshwari: No, fair question. I think couple of quarters back also we had answered this question. Now, there are two parts to the question. One is what goes into a control arm capability and what capability do we have because of the orders come to us. First is lightweighting, control arm lightweighting is high-tensile steel stamping, which itself is a capability. That's one.

Our control arm does not only require a stamping capability. We, as in my opening script, I had said that our current win is also based on our partnership with Donghee. Now, what Donghee brings in is the cutting-edge product and the process technology, which is design and manufacturing. So it is not only stamping, it is the way you design, it is the way you lightweight depending upon the specification, and the way you assemble and integrate. It's all these competencies put together at eventually the end of my testing and delivery.

Manpreet Arora: Okay. We will then have…

Ashwani Maheshwari: Yes, Manpreet, I guess we can have certainly a separate conversation on this. This is a very, very interesting topic and…

Manpreet Arora: Okay. Thanks. I will come back to you.

Moderator: Thank you. The next question is from the line of Anubhav Mukherjee from Prescient Capital. Please go ahead.

Anubhav Mukherjee: Hello. Am I audible?

Ashwani Maheshwari: Yes, you are.

Anubhav Mukherjee: Okay. Sir, you mentioned the WLTP…

Ashwani Maheshwari: Sorry, Anubhav, can you give your name? Because I couldn't hear your name properly.

Anubhav Mukherjee: Okay. Sir, this is Anubhav Mukherjee from Prescient Capital.

Ashwani Maheshwari: Hi, Anubhav. Yes.

Anubhav Mukherjee: Can I go ahead?

Ashwani Maheshwari: Yes, please.

Anubhav Mukherjee: Sir, you mentioned the upcoming WLTP emission norms upgrade. Will that lead to some content per vehicle increase for us?

Ashwani Maheshwari: WLTP upgrade is primarily a measurement technique, where there is a real-time measurement. It essentially leads to an increase in the technology of the emission systems. Some of the emission systems which we currently supply are capable of WLTP. Some of the new orders which we have acquired are being converted to WLTP. However, the impact on content per vehicle is marginal. It is not something which needs to be mentioned.

I spoke about this in our conversation or in our call, business call, was essentially to say that there is a technological advancement which is gradually happening in the emission systems. We are moving from BS6 to WLTP and then to BS7, including CAFE. This entire emissions technology is becoming very interesting.

Anubhav Mukherjee: I get that. But does it help in increasing our share of business or adding new OEMs? Does it help in that aspect for us?

Ashwani Maheshwari: I cannot comment on the share of business, and that is an OEM decision, that I cannot comment on. But technological upgrade and a local testing facility. See, what we are relying on or what our competencies are local R&D capability. And I emphasize on the word local, which is in India. We have a very big R&D center in Chennai, India. We spoke about 26 patents being filed and six patents granted. What we essentially rely on is this technology R&D capability of ours. And that is what gets us into the markets.

Anubhav Mukherjee: I get that. Sir, finally, like you mentioned that you are evaluating some acquisition targets. Do we have a sense of any timeline, like in the next one year or so? Can we complete some of these acquisitions?

Ashwani Maheshwari: Anubhav, we do not wish to put a timeline. The reason we do not wish to put a timeline is, there are certain, there is a framework which we want to operate in. The acquisition has to be value accretive, it has to be technologically in the right spot which we want, it has to be integratable. We are working on a few opportunities which fall in this gamut. In terms of our priorities, our priorities, we want to do an acquisition, but we do not want to come under pressure on a timeline. It's very difficult for me to put a timeline to it, but that's part of an active strategy.

Anubhav Mukherjee: I get that. Sir, just one comment as an investor, like, because we have a lot of cash on books and some of our peer-listed auto component companies, they have been very successful at acquiring

businesses also from some of the MNCs, sort of wanting to leave their operations in India. Just a comment that acquisitions have worked really wonderfully for some of our peer-listed auto component companies, and we also have a lot of cash on books. Just that, I'll leave it at that. Yes.

Ashwani Maheshwari: No, absolutely. I can again have a separate discussion with you on where acquisitions have worked and where they haven't. It's again a very interesting topic. But certainly happy to take it offline.

Anubhav Mukherjee: Sure. Thanks. I will get back to you.

Moderator: Thank you. The next question is from the line of Shubham Bhatra from Ambit AMC. Please go ahead.

Shubham Bhatra: Hi, sir. Thanks for taking my question, and congratulations on a very, very strong set of numbers. Sir, firstly, we have managed to crack a two-wheeler exhaust order this quarter. It is coming from the premium segment as the PPT highlights. Just wanted to understand our plan in this segment. Are we looking to only cater to the premium end of motorcycles or scooters, or are we also looking to enter the commuter end? And how do we want to scale up this segment for us?

Ashwani Maheshwari: Yes. Thanks, Shubham. We have entered this premium higher-CC motorcycle segment primarily because it has higher engineering content and value. And we do expect the ICE engines to remain relevant in this segment for a longer period. This is essentially a very natural extension of our capabilities.

Shubham Bhatra: Got it, sir. Do you also plan on getting to the commuter segment?

Ashwani Maheshwari: Our immediate priority, Shubham, is to execute these programs well. This we will do using our existing system engineering, the capabilities, our existing manufacturing setup, existing R&D, with very incremental sort of activities. Our immediate priority is to execute these orders well. I am confident that once we execute these orders well, there are more opportunities which will open up in this segment of play which we want to be.

Shubham Bhatra: Got it, sir. Secondly, looking at our top customers in the PV space, they are having significant expansion plans which are coming up in the next three to five years. They are putting up significant capacity and doubling. In terms of incremental RFQs, are we also part of those expansion plans? Are we also looking to put up factories to supply to them, and have we got any indication from them?

Ashwani Maheshwari: Shubham, there are multiple questions in your single line there. I cannot comment on the OEM plans of expansion or putting up manufacturing capacities elsewhere. I am sure you listen to all the OEM calls, so you would know. What I would like to say is that, wherever our esteemed customers want to expand, want us to go, we go with them. Needless to say that, this is the situation even as on date. We are talking about our RFQs in line with their expansion plans.

Shubham Bhatra: Got it, sir. Understood. I will come back in the queue. Thank you.

Ashwani Maheshwari: Thanks a lot, Shubham.

Moderator: Thank you. The next question is from the line of Mihir Vora from Equirus Securities. Please go ahead.

Mihir Vora: Yes, hi. My question basically is on exports front now. Currently on exports, if we see our order book basically has been a bit stabilizing over last one or two quarters. But in terms of traction overall onto the RFQ fronts, how are we seeing things? Or else is it that now the customers would be waiting for executing the older orders and then start giving us more wallet share there? Some color onto how should we look at overall exports as a business for us?

Ashwani Maheshwari: Okay, I don't want to reiterate the strategy of export which we have spoken about, but fundamentally your question has got two points. One is, are we seeing good RFQs? Or are we seeing customers waiting to give us more RFQs? There is a segment which we have decided to claim. We have announced orders almost worth $17.8 million in combined peak business value, and I think it's around $94 million lifetime value.

Current orders are almost three segments. One is the North American genset manufacturer, second is the leading North American agriculture equipment OEM, and the large heavy industry emission company. With these, they have tremendous wallet share. As we successively keep on gaining incremental orders, the moment we start delivering these orders, there's a big wallet share which is available. We see a good traction of RFQs from the segment which we are in.

RFQ converting is depend upon how do we want to or which area do we want to respond to. If your question is saying, are we seeing visible traction from exports in terms of the demand? Yes, there is demand. Our strategy of exports is playing off fairly well. There is demand. Are we seeing conversion from existing customers? Incrementally, yes. We would see more access to the wallet share once we start getting.

Mihir Vora: All right. Got it. Secondly, sir, my second thing was just more of, Euro 7 starts coming up with effect from November 29 onwards, I think. I think many of our OEMs also would be exporting to Europe and all. On that basis, it would be something which would be in line with what BS7 requirement would be. Are we there in Euro 7 as well? We are ready with the products and what is going on there?

Ashwani Maheshwari: Yes. We are working currently with one of our esteemed OEM in developing a Euro 7 product for them, for their exports. That is, as we speak, it is happening. This will give us capability of expanding into the Euro 7 area. As far as the BS7 norms are concerned, as and when they come in, we are actually doing a lot of joint development for BS7 as well.

Mihir Vora: Okay. Got it. That is all from myself. Thank you.

Ashwani Maheshwari: Thank you.

Moderator: Thank you. The next question is from the line of Amit, an Individual Investor. Please go ahead.

Amit: Hi. Am I audible?

Ashwani Maheshwari: Yes, Amit, you are.

Amit: Yes. Hi. First of all, congratulations on a good set of numbers. I just wanted to get a little clarity on the catalyst pass-through in our revenue. First, if you could sort of just give an indication either in rupee terms or as a percentage of revenue, what was the catalyst pass-through for us in Q2 and in H1 of this year? Also, is the catalyst cost for us, does it happen with a lag of a quarter or is it on a real-time basis?

G.D. Takkar: Thank you, Amit. Thank you for your question. There are two parts to your question. First one, we have said previously also, due to the customer confidentiality, we cannot share the numbers with and without catalyst. Please bear with us for that. However, we also committed that in due course of time, we will start sharing data on value-added sales, which will give very good idea about the growth of the company, excluding those pass-through items.

From this quarter itself, we have started sharing our value-added sales growth versus same period last year. In due course, we will also start sharing value-added numbers as well. That will give you indirectly the numbers which you are looking for. Now, in terms of the impact of catalyst, these are pass-through items, and therefore, these happen as per the policies of the OEMs. These are largely customer-directed items, and accordingly, these are maintained and managed directly by the customers.

Amit: Okay. In terms of the one-offs which we had in Q1, which is largely the, would it be possible for you to give an indication of the Hyundai catch-up as well as the premium freight and normal stabilization? Because we had an impact in Q1. How much of that has been completed in Q2, and is there some headroom still left in there in terms of the catch-up, or are we back to a normal stage?

G.D. Takkar: Yes. There are two parts. One, the customer-related, the impact. On that, yes, the customer has largely recovered from that production loss. So there is some positive impact of that recovery for us in this quarter. However, it is not significant to quantify it separately. If you recall in Q1, despite all of these impacts, our growth was largely in line with the industry growth after adjusting for the areas where we are not present, for example, EV and Japanese OEM, etcetera.

In short, recovery has already happened. However, impact is not very significant. On the other side, on the premium raw material purchases, that also had some impact last quarter, as you rightly mentioned. These costs also are gradually normalizing. However, there is some impact of some non-indexed items like consumables, some BOPs, freight inwards, etcetera. So there is some impact of those items, which we are trying to offset by internal efficiencies, value engineering, and negotiations with the customers.

Amit: Okay. I am assuming the same applies for the premium freight also, which we had impact we had taken in Q1.

G.D. Takkar: Yes. That has largely normalized. That part is over, but there is some impact of non-indexed commodities, which I just wanted to highlight, which we are currently dealing with in this quarter. That has impacted, not very significantly, but still these items have got impacted because of adverse movement in last few months. That is something which has impacted marginally our results this quarter.

Amit: Okay. Thank you. Just one last question in terms of the capital allocation. While we are looking at M&A opportunities and these can, considering the cash balance, in case we are unable to get a sizable or a good acquisition opportunity, has the board or the management considered another buyback? I know we had done one in a couple of fiscal years back. Are we considering a buyback as well?

G.D. Takkar: Amit, on this question, I think we have said previously also. While the allocation of the capital towards the right business opportunities will continue to be a priority, as Mr. Maheshwari also mentioned, at the same time, we have the dividend policy, which is in public domain, which allows us to reward the shareholders. Accordingly, the Board is taking decisions.

Now, with respect to buyback and other options, as and when board considers it, we would know that. In due course, that will be declared, and accordingly, we will move forward. We cannot comment on those aspects. However, this dividend policy, which is already in place, board has been recommending the dividends in line with that.

Amit: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Manpreet Arora from Northern Lights Wealth. You can go ahead.

Manpreet Arora: Yes. Thanks again. So, sir, on the CAFE 3 norms, you mentioned that they apply from April 2027 for M1 passenger vehicles.

G.D. Takkar: Yes.

Manpreet Arora: Then this target tightens for CO2 emissions, there is a target to tighten over the next few years. Is there anything for us in FY 2028 with respect to CAFE 3, or it is beyond?

Ashwani Maheshwari: Okay. As you are rightly saying, CAFE 3 is essentially efficiency norm, right? This efficiency norm would lead to various modes. There are credit points on EV, but there are also credit points on alternate fuel. There are two-pronged strategy which we are seeing customers or OEMs are following. One is the lightweighting, and the second thing is a multi-fuel technology.

Multi-fuel is extremely good for us, because it would include hybrid, it would include CNG, it would include alternate fuels, and it would include EVs as well. Besides EV, everywhere else,

there are emission systems which are used. In fact, hybrid, in our assessment, could also bring in a more technologically advanced content, because there is NVH requirements which will go up. Our opportunity lies in this. It is not like BS7, where there is a re-engineering of emission system which is happening.

Manpreet Arora: Okay. Thanks. Are we already part of a hybrid platform today?

Ashwani Maheshwari: Yes. We have got models for across. We have got CNG, we have got hybrid, we have got diesel, we have got petrols across fuel we participate.

Manpreet Arora: Okay. Sir, you mentioned about certain RFQs where we are jointly doing it with Donghee, especially on the subframe side. Let's say, we win one of those RFQs for certain platforms. What next after that? We will do some capex, and then Donghee will help us with process and designs and help us to manufacture? I mean, just want to know the next steps, what will happen in terms of capital allocation as well as

Ashwani Maheshwari: First point is there is no if. I have said in my business opening that we have already won an RFQ with the help of Donghee, which is this control arm. That is already won. Now, delivery of this particular product will happen from our existing facility. The second set of RFQs which we are talking about is in the product called subframes.

Now, subframes winning would require establishment of the facility or the capex. That capex will follow the order. When we win the order, there is a timeline to deliver the order. During that timeline, we are going to establish the manufacturing capability as well. Donghee partnership is for both process and manufacturing capability, design and process capability.

Manpreet Arora: Okay. Understood. Thank you, and all the best.

Moderator: Thank you. As there are no further questions, I would now like to hand it back over to the management for closing comments.

G.D. Takkar: Good evening, everyone. Thank you very much. Thanks a lot for your participation today, and I hope you got answers to all of your questions. If you still have some queries, you can reach out to our Investor Relations Advisors, E&Y. Thank you very much, and wish you a lovely evening ahead. Thanks a lot.

Ashwani Maheshwari: Thank you so much. Thanks.

Moderator: Thank you. On behalf of Sharda Motor Industries Limited, that concludes this conference. Thank you for joining us. You may now disconnect.