“Tube Investments Of India Limited”
Q1 FY2026 Earnings Conference Call”

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MANAGEMENT: MR. M A M ARUNACHALAM - EXECUTIVE CHAIRMAN - TUBE INVESTMENTS OF INDIA LIMITED
MR. VELLAYAN SUBBIAH - VICE CHAIRMAN – TUBE INVESTMENTS OF INDIA LIMITED
MR. MUKESH AHUJA - MANAGING DIRECTOR - TUBE INVESTMENTS OF INDIA LIMITED
MR. AN MEYYAPPAN - CHIEF FINANCIAL OFFICER - TUBE INVESTMENTS OF INDIA LIMITED
MR. SHIVDEEP SINGH JAMMU - DIVISION HEAD - TPI
MR. SIVAKUMAR - DIVISION HEAD - METAL FORMED PRODUCT BUSINESS
MR. U RAJAGOPAL - DIVISION HEAD – TI CYCLES OF INDIA
MR. JALAJ GUPTA - MANAGING DIRECTOR –TICMPL
MR. N GOVINDARAJAN - CEO -3XPER INNOVENTURE LIMITED

ANALYST: MR. ANUPAM GUPTA – IIFL SECURITIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Tube Investments Q1 FY2026 earnings conference call hosted by IIFL Capital Services Limited. Please note all participants are currently in listen-only mode. There will be an opportunity for you to ask questions following the conclusion of the management's opening remarks. Please note this conference is being recorded. I now hand the conference over to Mr. Anupam Gupta from IIFL Capital. Over to you, sir.

Anupam Gupta: Thanks, Inba. And welcome everyone to the first quarter FY2026 results conference call for Tube Investments of India. From the management we have Mr. M A M Arunachalam, Executive Chairman for TI India, Mr. Vellayan Subbiah, Vice Chairman, Mr. Mukesh Ahuja, Managing Director for TI, Mr. AN Meyyappan, Chief Financial Officer, Mr. Shivdeep Singh Jammu, Division Head for TPI, Mr. Sivakumar, Division Head for Metal Formed Products Division, Mr. Rajagopal, Division Head for the cycles business. We have Mr. Jalaj Gupta, Managing Director for TICMPL and Mr. N Govindarajan, CEO for 3xper Innoventure. To start off, I will hand it over to the management for the opening remarks, a post which will have a Q&A. Over to you, sir.

Mukesh Ahuja: Yeah, good morning, everybody. The board of directors of Tube Investment of India Limited met on Friday and approved the financial results for quarter ended 30th June 2025. And just maybe give a glimpse of standalone result for the quarter. Revenue in Q1 was at Rs.2,007 Crores compared with the Rs.1,960 Crores of same period previous year. PBT was at Rs.222 Crores as against Rs.208 Crores in the same period previous year. ROIC at 39% for the quarter ended 30th June 2025, compared with the 47% in the previous year for the same period. Free cash flow for the quarter was Rs. 82 Crores and I will give you an idea about the various businesses.

Engineering division revenue for the quarter was Rs.1,298 Crores compared with the Rs.1,265 Crores in the corresponding quarter of the previous year. Profit before interest and tax for the quarter was Rs.153 Crores against Rs.157 Crores in the corresponding quarter for the previous year. Metal formed products, the revenue for the quarter was Rs.366 Crores compared with the Rs.358 Crores in the corresponding quarter of the previous year. Profit before interest and tax for the quarter was Rs.37 Crores against Rs.36 Crores in the corresponding quarter of the previous year. Coming to the mobility division, revenue for the quarter was Rs.198 Crores compared with Rs.181 Crores in the corresponding quarter of the previous year. Profit before interest and tax for the quarter was Rs.7 Crores against the profit of Rs.2 Crores in the corresponding quarter of the previous year. Others, the revenue for the quarter was Rs.236 Crores compared with Rs.247 Crores in the corresponding quarter of the previous year. Profit before interest and tax for the quarter was at Rs.17

Crores against Rs.15 Crores in the corresponding quarter of the previous year. Coming to the consolidated result, TI consolidated revenue for the quarter was Rs.5309 Crores against Rs.4,578 Crores in the corresponding quarter of the previous year. The profit before share of profit on associate and joint venture, exceptional items, and tax for the quarter was Rs.449 Crores against Rs.470 Crores in the corresponding quarter of the previous year. CG Power and Industrial Solutions, a subsidiary of TI, where we hold 58% stake, registered a consol revenue of Rs.2,878 Crores during the quarter against Rs.2,228 Crores in the corresponding quarter of the previous year. Profit before the tax for the quarter was Rs.364 Crores against Rs.336 Crores in the corresponding quarter of the previous year. Shanti Gears Limited, a subsidiary in the gears business in which company holds 70.46% stake, registered revenue of Rs.135 Crores against Rs.139 Crores in the corresponding quarter of the previous year. Profit before tax for the quarter was at Rs.31 Crores as against Rs.29 Crores in the corresponding quarter of the previous year. Thanks and happy to take questions from the investors community.

Moderator: Thank you very much sir. Ladies and gentlemen we will now begin the question and answer session. Anyone who wishes to ask a question may click on the raise hand icon from the participant tab on your screen. We will wait for a moment while the question queue assembles. We request our participants to please click on raise hand icon. We also request our participants to restrict their questions to 2 and you may then return to the queue for more questions. To rejoin the queue, you may click on the raise hand icon again. We will wait for a moment while the question queue assembles. We will take the first question from Rajit Aggarwal from Nilgiri Investment Managers. Please go ahead. Sir, Agarwal, your audio is muted. Could you please unmute and ask your question?

Rajit Aggarwal: Yeah. Hi, good morning. Am I audible?

Moderator: Yes, sir.

Rajit Aggarwal: Hi, I have a few questions related to the e-truck and the electric vehicle division. Now if I were to look at the EBIT of electric vehicles, it has increased compared to Q1 and Q4 as well. So, which particular division has the losses increased? And if you can share the volume for three wheelers, SCV and e-truck for this quarter?

Vellayan Subbiah: So, we do not give divisional level within TI.

Moderator: Management team, we unable to hear you. Ladies and gentlemen, we request you to please remain connected. Sorry to interrupt. Management team, may we request you to repeat the response because we could not hear you for a few seconds.

Vellayan Subbiah: We do not give EBIT level broke down into the four parts of TI Clean Mobility. So we just give it in an aggregate level. On the specific numbers, Jalaj is going to give the details.

Jalaj Gupta: Yeah, the numbers for Q1 were 1791, which included 45 e-trucks, 1668 three wheelers, 44 small commercial vehicles and 34 number of e-tractors.

Rajit Aggarwal: Right. Thank you, sir. Just continuing on the e-truck, there is a PLI, which was announced by the government recently. So, do we stand to benefit from it? And if I would look at the FY2025, cost of goods sold for e-truck division, the gross margin was almost nil. So what is the plan here? How do we propose to increase the gross margin, especially in light of the increasing competition? And if indigenization is one of the strategies, then do we have internal targets to reach a certain level of indigenization by end of FY 2026 or FY 2027. Thank you, sir.

Jalaj Gupta: So on the PM e-drive, which was your first question, the scheme has been announced and it calls for there are various eligibility criteria in terms of, various components which have been prescribed by the government and indigenization at various levels of those particular components towards which we are working and we are very, very confident that in Q2 we will be, applying for the eligibility of the same. And I think by the time we meet for the next investor call, our application would be underway for the qualification under PM e-drive, although the scheme does have its own challenges in terms of certificate of deposits, which makes the customer eligible for the same. So it has its own set of challenges also. But as far as our product qualification is concerned, we are on our way and hopefully in quarter two we will be there. And so in terms of gross margins, obviously, when we look at the product, the two things that we are focused on is on cost reduction. Some of that is through indigenization, but also on overall cost reduction on the truck. And the second element is that basically, as our volumes pick up, that also helps take cost out of the whole process. So that will help us as well. So those are the two focuses there, which will continue.

Rajit Aggarwal: Right, sir thank you.

Jalaj Gupta: Thank you.

Moderator: Thank you. Before we take our next questions, we would like to remind participants to ask a question. You may click on the raise hand icon from the participant tab. We now take our next question from Mr. Anupam Gupta of IIFL. Please go ahead.

Anupam Gupta: Yes, good morning. So firstly on the core business, what was the sort of volume growth that we saw for the engineering segment and the metal formed product business in this quarter?

And let us say have you seen the entire steel price movement passed on fully or do we still have further downside from the steel prices in the next few quarters?

Mukesh Ahuja: Thanks, Anupam. In terms of the volume growth, engineering division is around 10%. And in the metal formed division, it is about 3% to 4%. And coming to your question on the steel prices, as you are already aware, we have mentioned in various calls, it takes about one or two quarters lag, which we will be able to recover fully in coming quarter or next quarter. It will be full recovery, will happen from the customers.

Vellayan Subbiah: Well, Anupam, I think your question was whether there will be downside from the steel prices. It is not downside.

Anupam Gupta: No, what I referred to was, so basically, your revenue growth appears low because steel prices are being passed on. So that is what I was referring to in terms of downsides on the reported revenue growth. That is the question.

Vellayan Subbiah: Okay. Yeah, You are right.

Anupam Gupta: Okay. Yeah. And secondly, just following on there. So ideally, given that these prices are being passed on, ideally, our margins optically should look higher in both the segments, but we are not at least seeing that in the reported number. So what is keeping the margins not allowing them to expand effectively?

Mukesh Ahuja: So Anupam, as I said earlier, the steel price increase is already factored in the financials, but recovery from the customers is yet to happen, which will be happening in current quarter and the next quarter. So after that, margins will look like what we used to maintain earlier.

Anupam Gupta: Okay, I understand. So the next question is on the mobility business cycles business. Basically, this quarter, we saw sort of a revival after a lot of quarters of weak performance, both in terms of growth as well as margin. So what are you seeing there? And anything that can be, lets say, extrapolated to being sustainable? Or is it just a spike?

Mukesh Ahuja: So as you are aware, with the quarter one is generally when the schools and colleges are opening, it is a good quarter always for mobility division and which we have fully participated in the growth. Rather growth, maybe a long time growth is very, very positive for mobility division. Others focus like we are into e-bike now and which is going full hog and the focus on the fitness as well as spare part business is also contributing to the growth of mobility division.

Anupam Gupta: Okay, okay, I understand. And so one last question on the EV business. So what we have seen is clearly a significant competition which has come in and we have seen our volumes at least in the three-wheeler side of it being very weak in the last four five months so what sort of levers are there which can help us reverse this sort of decline which we are seeing especially in terms of let us say a product refresh which you had talked about in the past so what is the plan for the three-wheeler side of it where competition is very intense?

Jalaj Gupta: Yeah, thanks Anupam, you are right. There is increased competition coming in the three-wheeler business. There are three, four levers that we are planning to work on. One is, as you rightly said, the refresh model, which is well on our way and Q2 will see the launch of the same. So that is one. Second is that one new subsegment seems to have emerged, which is on the higher battery pack side of it, which is offering higher range to the end customer. So very clearly three subsegments are emerging. One is a lower around 9 kilowatt battery. Second is about 10 to 11 kilowatt battery and third one is about 12 to 13 kilowatt battery. In the previous call, if you recall, we talked about us evaluating which are the other subsegments we will play, as of now we play in the 10 kilowatt segment. So we are also contemplating getting into, some of the other sub segment of the passenger auto. So that is the second lever. And should we decide to do that, that will happen somewhere in maybe Q4 or so. So that is the second lever. Third is that to improve our volumes, we are also planning our entry into the other segment, which is the L5N, which is the cargo segment. In fact, the product at select dealerships has been introduced in the market and Q2 will see those volumes also coming in. And we are actively evaluating entry into the E-RIC segment, which is the L3 segment with somewhere in Q3 of this year. So and last but not the least, there is a full-fledged front end plan in terms of number of dealerships, our own manpower and how do we scale up. So that plan is in place. So these are the four five lever which will be played to increase our volumes.

Anupam Gupta: Sure, so that that is helpful. I will come back in the queue. Thank you.

Moderator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may click on the raise hand icon again. We take the next question from Gnanasundaram S from Avendus Spark. Please go ahead.

Gnanasundaram S: Hi, hello. Thanks for the opportunity. My first question is with regards to the e-business again is that we have indicated that we are looking for operational breakeven in the three-wheeler passenger segment as well as in terms of HCV by the end of the year. Going by what first quarter is delivered, are we in line for that particular target?

Vellayan Subbiah: No. It is unlikely to happen. I think it has been, so from our perspective, I think kind of we have seen.

Moderator: Management team, we cannot hear you right now. We have lost your audio. Management team, are you still connected? Ladies and gentlemen, we request you to please remain connected while we check the connection for the management team.

Vellayan Subbiah: Yeah. Gnana, I said that, it does not look like we will hit operational breakeven this year. And that has been predominantly based on our volumes not getting to the estimates that we thought that we could basically deliver. And so at this stage, right, and I do not, I mean, this is kind of a fairly dynamic market. But at this stage, I would say that though we did give that guidance, I do not believe we will hit it.

Gnanasundaram S: Thank you sir. So just a continuation to that do you think there is any macro level trigger that is required for this to really hit the volumes that we have been targeting or do you think internally what we are doing should get us to the numbers?

Vellayan Subbiah: Things at macro level were not favourable, so now the thinking is different, kind of whether they should, how they should be subsidized. So that obviously has kind of a big factor from a macro perspective that plays into this. But otherwise, I think the good thing is because now it is clear that we are not getting that. It is just increasing our impetus and all the other actions we need to take. Those are internal actions, and we need to kind of take them, which is good that is basically pushing us, both on the cost focus and what else we need to do to basically pick up adoption. I mean adoption in trucks and market share in three-wheelers. So that is what our focus is moving to now.

Gnanasundaram S: Fair enough, One other one is in terms of my favorite always is what has been or how is your capital allocation strategy now has it changed in terms of the opportunity you are seeing in terms of market, something on the electronic side, or last time we briefly hinted that we might invest more into TI Medical. So where are, we on that aspect and what are we going to do with the cash flow generating over this year and next year?

Vellayan Subbiah: So Gnana, obviously kind of the first thing is that we are doubling down on these kind of three businesses, which is basically TI Clean Mobility, TI Medical, and the CDMO 3Xper business. So that is basically the three areas that we have basically taken, and we have to show that is going to be – show that we can basically deliver on those. So that is going to be, so if you take it in terms of sequencing, we have got the requirements of the core business. Then we have got doubling down on these three businesses. Then the next set, like we have articulated, is that if we grow into anything now, it will be only on the back of

partnerships that basically allow us to ensure that basically there is a quicker go-to-market opportunity and a more identified market to go to. So these are the three stacks as a whole.

Gnanasundaram S: No, but has there been a change in strategy? Because I remember you indicating that TICMPL, there would not be any more funding needed right now. But now you are saying that you are going to double down on TICMPL. Are we going to fund more of TICMPL going forward?

Vellayan Subbiah: So right now, obviously, kind of TICMPL is fine and does not have cash needs. All I am saying is that we have to first, if your question is kind of, are we going to allocate towards kind of newer areas? I am saying the newer areas are basically, so first off I am saying, the first focus is to ensure that we are successful in these three areas. After that, if we look at any areas, it will be based on partnerships that basically give us the confidence that there is a quicker path to profitability in the new segments we get into.

Gnanasundaram S: All right, well, perfect. Now, one last one is that there have been media news that have been coming up regarding a family issue within the Murugappa group. Would you like to say anything to the minority shareholders of Tube in terms of how this could affect the business?

Vellayan Subbiah: No, I do not think there is anything to discuss from that perspective, which is like, I mean, I think broadly the point is that we do not first anyway discuss any of the family issues in public domain, whatever comes out in media has come out right when there is I do not think there is anything more to articulate about that.

Gnanasundaram S: So can we rest be assured that minority shareholders will not be impacted because the ownership change or anything of that sort sir?

Vellayan Subbiah: So again Gnana, I do not think that the group has ever taken an action that affects one group of shareholders negatively. It is not in kind of our ethos or the way we work with things at all. So I cannot see a situation where we would take actions that would harm one group of shareholders in a process.

Gnanasundaram S: Perfect. This is something that I was articulating, but I just want the market to hear from you. Thank you.

Vellayan Subbiah: Sure, sure.

Moderator: Thank you. Our next question is from Salil Desai of Marcellus Investment Managers. Please go ahead.

Salil Desai: Thank you. My question, two of them. So first was on this e-rickshaw entry plans. And now, given that we want to double down on EVs as one of the three segments, but we are already kind of struggling with the macro that is policy-wise not supportive, competition increasing, market share not growing in three wheeler L5s. why distract yourself and get into a space which is more crowded, more competitive, very little product differentiation. So how are you thinking of the e-rickshaw business? Would love to hear your thoughts.

Jalaj Gupta: Yeah, so, there are certain markets, especially North and East, if you look at where we already have a network in place and we plan to increase our further network in those particular areas, which are very strong markets for e-rickshaw. So in terms of our network strategy, we see a clear sink as far as that particular category is concerned. That is number one. Number two, increasingly government is also making the regulations stringent when it comes to that particular product category in terms of safety and some of the other norms where we feel could be, a differentiator between an organized player versus players like us and some of the other competition that is number two. Number three, we are also seeing the migration and the upgradation of the industry happening from a typical lead acid battery upwards. So that is the other. So combination of all these three things, we see a market over there will be will be an absolute mass player in that particular segment answer may be no we will continue to maintain our premium positioning the way we have been doing in terms of three-wheeler auto and that is the plan that it is going to give us incremental volumes and also will be another line of revenue generation for our dealerships in context of the dealership viability and also very, very applicable for North and East specific as markets.

Salil Desai: I see. Thank you. The second question is, when we go out in the market and, get some feedback from users, then for the three wheeler, we consistently are told that it is a great product and very different from what competition has. But translation of that into market share gains, there seems to be some gap there. So where do you think you might be missing out versus what some of your larger competitors are doing, who have been kind of traditionally players for a long time in the ICE side of three wheelers?

Jalaj Gupta: So you are right. The observation is right that from a product acceptance, from a customer point of view, from that perspective, we should have the volume should have scaled much higher than as compared to what the volumes have been. So two, three challenges which we are facing in the market, of course, is an established network of the competition, which is the established ICE network versus, the network which we are trying to establish. That is number one. But we are we are planning to increase our network and scale up our, so for

example, we are now 91 dealers. Our plan is to be about 125 dealerships by the end of this year so that our volumes increase. That is number one. Number two, this particular segment has seen a lot of product evolution. As I was saying in response to the previous, question about lower battery pack and a higher battery pack. So we are also planning to, spruce up our existing product, which was a product, a segment leader when we launched it and over a period of time, the competition caught up. We are not trying to, we will upgrade our product and we will be launching the upgraded product in quarter two and also enter into the other subsegments. The third one has been our local tie-ups with the financials etc. where which again seems to be one area which we have to work upon and which we are working towards to increase the sale of our vehicles. So these are two, three things that we are planning.

Vellayan Subbiah: So Salil, you are right. And so basically what we are doing is getting much more aggressive in terms of go to market now. Right. And so obviously, I mean, and I think that I do believe that this is going to start yielding results. Right. So that is what I am confident.

Salil Desai: Great, great. All the best for that. And the last question was, this was kind of a follow-up to, I think one of the first questions asked on gross margins. Now I understand that operating margins will improve as volumes increase, but on the gross profit basis, what was FY2025 all about in the sense that could you not get enough pricing for the cost of raw materials or was it competitive discounted volumes or something like that? What would have been the reasons for low gross margins?

Vellayan Subbiah: Okay, see from the gross margin perspective, I think the two things right one is as our volumes go up, our capability to buy components and aggregates at better prices is kind of a huge driver for us, right? And so that I think is the situation we are in, Salil, where basically as volumes go up, aggregate costs and component costs will start coming down. And then the second part, obviously, is that we are also working on the electronic side to bring down the components of each of the – which is also significant, right, as a portion of the overall buy here, of all the components there. And then the third part of course is battery, where as we start packing our batteries here, which will happen towards the end of this year, then that will also bring down prices more.

Salil Desai: Thank you, thank you so much and all the very best.

Jalaj Gupta: Yeah, thanks, Salil.

Moderator: Thank you. Our next question is from Vipulkumar Shah from Sumangal Investments. Please go ahead.

Vipulkumar Shah: Hi, thanks for the opportunity. So would you repeat all the electric vehicle side figures and can you give the comparative figures for the last quarter as well? And in view of lower volumes, should we expect substantially higher losses in this division this year? Thank you.

Vellayan Subbiah: So, in terms of losses, right now we would not kind of share whether it will be significantly higher or not. But in terms of the numbers you want the quarterly, okay you can just repeat it. It will be there in the transcript anyway. We will repeat.

Jalaj Gupta: Yeah so the big trucks, so I will first state the quarter one number and then state the quarter four of last year. So big trucks were 45 versus 65. Three wheeler were 1668 versus 1662. Small commercial vehicle were 44 versus 27. And tractor were 34 versus 17.

Vipulkumar Shah: Thank you, sir. Yeah. Sorry, please continue, sir.

Jalaj Gupta: No, no, that is fine. In terms of your query, this financial year the volume is targeted and definitely will be higher as compared to the previous year.

Vipulkumar Shah: Okay, thank you, sir.

Moderator: Thank you. Our next question is a follow up from Rajit Aggarwal of Nilgiri Investment Managers. Please go ahead.

Rajit Aggarwal: Good morning, sir. Just a clarification. You mentioned the battery packaging plant. Is this is the same plant in Manesar, right, which will operationalize by end of FY2026?

Vellayan Subbiah: Yes, that is correct. Okay. And if you can provide quick updates on the Nasik plant, has it started to contribute revenues? There was a reference to TI Medical's Green Field plant in Noida. Any other update that you can share on TI Medical or CDMO if there are any orders, you have received during this quarter? Especially, sorry again, especially on the export side of TI Medical.

Mukesh Ahuja: So I take one by one. CRSS Nasik plant has already started commercial production and Q1 may be in terms of taking approval from the customers. I will say majority of the customers has given the approval and now we are in the ramp up phase and we expect by same period in the next year, we will be fully able to utilize the capacity. Coming to TI Medical exports order, happy to share. There is a good maybe because all the CE certification of the majority of the country work is almost over. However, there are a few countries which are still awaited to get the CE certification but whatever CE certification is over, with that we are, Q2 we are fully booked with the export orders. And Greenfield plant, we have yet to

take a decision. We are studying it and we will come back to investor community whenever we decide on that particular piece. CDMO, Govind, you would like to take?

N. Govindarajan: Yeah, on the manufacturing facility, we got the environment clearance for the commercial facility. As far as the semi-commercial plant is concerned, at this juncture, are doing validation batches for the first DMF, which is likely to come up the next two quarters.

Rajit Aggarwal: Right, thank you.

Moderator: Thank you. Our next question is from Abhishek Ghosh from DSP Mutual Fund. Please go ahead. Mr. Abhishek Ghosh, please go ahead with your question. There seems to be no response from this connection. If he joins back, we will unmute his connection. In the meanwhile, we will move to our next participant that is Amar Kant Gaur of Axis Capital. Please go ahead.

Nishit Jalan: Yeah. Hi, sir. This is Nishit of Axis Capital. Sir I have basically one fundamental question on EVs. We are trying to disrupt this segment by entering and trying to take market share away from incumbents, right? So just wanted to understand how are you thinking in terms of our right to win in this business. Just to elaborate it a little bit further, initially when we entered the business, incumbents were not present, so we had some head start. But now we are seeing incumbents kind of coming into this business. And incumbents will have inherent advantage in terms of cost, distribution, brand, right? So ideally we are left with only technology and innovation in terms of disrupting the segment. And here also, we have not yet started too much in terms of developing products on our own or even in the three-wheeler segment, we are trying to catch up in terms of offering products which others have already offered, right? Because obviously incumbents will have more resources, which we will always lack, right? So just wanted to understand top-down, how do you think, what will customer get if they buy TI EV products versus the well established players for which they have been buying for many many years now? Thank you so much.

Vellayan Subbiah: Nishit, I think kind of, even when we talked about, even on this call, when I do not know, you heard it when people talking about the three-wheeler, the general view on the product is that the product is far more innovative than what is there in the market today, right? Because it is more spacious, it is more comfortable, it has got higher power because in a lot of situations what we are seeing is the incumbent models are the existing ICE model that has been transformed, just been kind of electrified if I were to call it that, right? And so we do believe that there is gonna be enough room for product differentiation and innovation in all the segments we are going to, right? Even if you see the small commercial vehicle, the reviews we have got on our product are that it is significantly differentiated and very

innovative. Even from a performance perspective, it is rated much higher than, in terms of all of the consumer studies we have done this far, it is rated, as a real leader in its space. So I do believe that new entrants have the opportunity to look at a space very differently from the incumbents and that is what gives us the opportunity.

Nishit Jalan: Okay, thank you so much.

Vellayan Subbiah: Thank you.

Moderator: Thank you. A reminder to our participants, if you wish to ask a question, you may click on the raise hand icon from the participant tab or the reactions tab on your screen. We will wait for a moment while participants join the queue. We take the next question from Anupam Gupta of IIFL. Please go ahead.

Anupam Gupta: Yeah, sir couple of questions. So just following up on the previous question on the viability. So you said the product differentiation has been obviously a key strategy. Do you think that it should be augmented by a much faster expansion of the distribution? Because maybe the lag which happens in terms of distribution expansion allows the competition to come in with a similar product or a better pricing. So do you think that part is lagging and can be worked upon in a much better way than what is happening at this point of time?

Vellayan Subbiah: Yeah, so I mean, it is a good question. So I think the answer, Anupam, will be different for different verticals. This is something we are contemplating for the three-wheeler vertical, how aggressive we go. If you take the truck vertical, basically that is not using, because that is all, basically it is not using distribution channels. So it is a direct go-to-market product. But I think definitely your point is very relevant on three-wheelers and it is something that we are basically internally discussing. Small commercial vehicle is a mix right now and we are seeing very good traction on that product. So I would say that it is an answer that is vertical specific Anupam.

Anupam Gupta: Sure. Okay. And one more question on the truck side of it. So as of now, given the sort of range which it offers, it is sort of a point to point transportation niche segment which we seeing traction in. Have you seen traction in the fleet side of it so far or is it mostly the corporate side which is driving it and how fast can you lets say launch a product which can target the fleet side of operations for truck users?

Vellayan Subbiah: So Anupam, by the end of this year definitely we should have battery swapping available on the truck and I think that that is the solution that will then allow for fleets to also start using this, especially if we can start looking at battery swapping infrastructure as well. So I would

say yes, the target will be by the end of this year, that we are able to kind of go after that segment as well.

Anupam Gupta: Okay. All right, so I am done here.

Moderator: Thank you.

Vellayan Subbiah: Thank you.

Moderator: The next question is from Gnanasundaram S from Avendus Spark. Please go ahead.

Gnanasundaram S: Thank you once again. This question is very specific for Mukesh. I just want to understand as to what is the capex that you planned this year for the standalone business?

Mukesh Ahuja: It is about Rs.350 Crores.

Gnanasundaram S: And can you please split it into which division the investments are going into?

Mukesh Ahuja: It will be a combination of engineering and metal formed division.

Gnanasundaram S: Okay, I will take that. And on the metal formed side, we were talking about the railway avenues last time. Has that been any progress on that front?

Mukesh Ahuja: So like we shared in the previous call, like you are already aware of Hyundai is coming in the Western region. So they are our plant in the Pune is under commissioning. So we expect that volume to kick in from October.

Gnanasundaram S: Right, so my question was very specific on the railway order that we had spoken about last quarter.

Mukesh Ahuja: So, railway like what we shared in the previous call, it is spread of about seven years and this year particularly, we will be completing the sample approval and maybe how to sort out logistics because ultimately supplies are going to be in Latur and next year onwards we will see volumes ramping up for railway division.

Gnanasundaram S: Perfect sir, thank you sir.

Moderator: Thank you. Our next question is from Niket Shah from Motilal Oswal Asset Management. Please go ahead.

Niket Shah: Yeah, thanks for the opportunity. I just had one question. So on 1st of July 2025, China has announced an anti-involution policy, which basically means that a lot of products where there used to be meaningful cut in prices or significant competition intensity within China will be streamlined. In that context, if lithium-ion prices had to move up, would it be possible for us to take a price increase on our final product and get protector margins or you think in that kind of situation there would be headwinds on margins?

Vellayan Subbiah: I think if lithium-ion starts, Niket, thanks for the question. If lithium-ion starts moving up, everybody will increase prices, because it is the largest component of everybody's cost structure. So that would just, I mean, the pragmatic response to that will be that everybody will increase prices. I do not think anybody can be in a situation where they do not.

Niket Shah: Got it. Okay, Perfect. Thanks.

Vellayan Subbiah: Thanks.

Moderator: Thank you. Our next question is a follow up from Rajit Aggarwal of Nilgiri Investment Managers. Please go ahead.

Rajit Aggarwal: Thank you again, sir. Just a quick question on the models that are under that were launched for the e-truck business. Currently, we only have a 55 Ton truck, right, sir? There was a plan to launch a 28 Ton tipper as well. Is that on road?

Vellayan Subbiah: Good. No, the 28 is later in our sequencing. The first was after the 55 Ton tractor trailer. We have now got a, that was a 6x4, and then now we have got a 55 4x2, and then the next will be a tipper product. So that is the first three in the sequencing right now, because those are the three largest markets.

Rajit Aggarwal: Right. Thank you sir.

Moderator: Thank you. Our next question is from Gnanasundaram S from Avendus Spark. Please go ahead.

Gnanasundaram S: Thank you for the follow up. My question is I just want to understand as to what is the kind of growth rate that we should assume for the standalone business, including the EV and the rest with the kind of macro situation that you see ahead of us. And then also, in addition to that, is that with largely the export component, will we have an impact because of the tariffs from the US? And then what is the outlook on the exports, specifically on the standalone part of business?

Mukesh Ahuja: So thanks for the question. Coming to exports piece, our next immediate quarter, with orders are intact. But you are aware of that, US, the way it is becoming uncertain. So a longer period of time, it is difficult to comment as of now. But coming to the guidance for the future, maybe we have said in the previous calls, double digit growth, we are confident. And if exports becomes a little bit of headwind, we have to devise a strategy how to mitigate that. That is how we are working on internally.

Gnanasundaram S: And this double digit growth we are referring from an EBITDA perspective, assuming certain cost efficiency is also kicking.

Mukesh Ahuja: Yes.

Gnanasundaram S: Okay. And just in terms of numbers, what would be the current exposure to the US market?

Mukesh Ahuja: At a TI level, it is about 4%.

Gnanasundaram S: Right. And exports as a percentage would be roughly about 13%, 14%?

Mukesh Ahuja: 15%.

Gnanasundaram S: 15%. And target 25, are we still sticking to that number?

Mukesh Ahuja: Very difficult to comment as of now, given the circumstances. But if things goes well, that is a target we are still seeking too but it is uncertain as of now given the macro environment.

Gnanasundaram S: Right Sir, so one final one just on the exports again is that there has been a target that we indicated for FY2025 also so looking back at the last two years if something did not go right in the exports part of the business what was it?

Mukesh Ahuja: So it was basically we have done a product development in one or two categories which were the newer market we are supposed to participate so there was a bit of delay on those things from our end which has given a bit of delay in that but on top of that this environment in which is everybody is getting protective whether it is Europe or whether it is US is adding a little bit challenge to that.

Gnanasundaram S: Perfect sir, thank you sir, thanks for the opportunity.

Moderator: Thank you. As there are no further questions from the participants, I now hand over the floor back to the management team for closing comments.

Mukesh Ahuja: So we thank all our investor partners. Nothing to add from our side. Thank you very much.

Moderator: Thank you, ladies and gentlemen, on behalf of IIFL Capital Services Limited. That concludes today's conference. Thank you for joining us. You may now click on the leave icon to exit the meeting. Thank you all for your participation.