

**Commercial Vehicle Solutions**

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Scrip code: 533023

Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G
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Trading Symbol: ZFCVINDIA

ISIN : INE342J01019

Dear Sir(s),

Sub: Transcript of the Investor Call held for the quarter ended September 30, 2025

In continuation of our letters dated 31st October 2025 and 6th November 2025 pursuant to intimation and recording of investor's call, we hereby inform that the transcript of the call has been uploaded on the website of the Company and the same can be accessed through the following link:

https://www.zf.com/mobile/en/company/investor_relations/zf_cv_india_investor_relations/zf_cv_india_ir.html#

Request you to take the above information on record.

Thanking you,

Yours sincerely,
For ZF Commercial Vehicle Control Systems India Limited

Muthulakshmi M
Company Secretary

ZF Group



“ZF Commercial Vehicle Control Systems India
Limited

Q2 FY 25-26 Post Results Earnings Conference Call”

November 06, 2025



MANAGEMENT: **MR. PARAMJIT SINGH CHADHA – MANAGING
DIRECTOR – ZF COMMERCIAL VEHICLE CONTROL
SYSTEMS INDIA LIMITED**
**MS. SWETA AGARWAL – CHIEF FINANCIAL OFFICER –
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA
LIMITED**
**MR. SHANKAR VENKATACHALAM – HEAD OF OE
SALES – ZF COMMERCIAL VEHICLE CONTROL
SYSTEMS INDIA LIMITED**
**MS. MUTHULAKSHMI – COMPANY SECRETARY – ZF
COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA
LIMITED**

MODERATOR: **MR. ANNAMALAI JAYARAJ -- BATLIVALA & KARANI
SECURITIES**



Moderator: Ladies and gentlemen, good day, and welcome to ZF Commercial Vehicle Control Systems India Limited Q2 FY '26 Post Results 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 the 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. Jayaraj. Thank you, and over to you, sir. Sorry sir Just a moment I am unmuting you. You can start, Mr. Jayaraj.

Annamalai Jayaraj: Ya. Thanks. Good afternoon. Thank you for joining us today. I welcome you all for the ZF Commercial Vehicle Control Systems India Limited earnings call to brief on the Q2 FY 2025, '26 quarterly earnings, which will be presented by the management team of ZF Commercial Vehicle Control Systems India Limited.

Your host today from ZF Commercial Vehicle Control Systems India Limited are Mr. Paramjit Singh Chadha, Managing Director; Sweta Agarwal, CFO; Mr. Shankar Venkatachalam, Head of Sales -- OE sales and Ms. Muthulakshmi, Company Secretary. I now hand over the call to Mr. Paramjit Singh Chadha, who will provide further insights into the results. Over to you, sir.

Paramjit Singh Chadha: Thank you, Jayaraj. Good afternoon to all. I warmly welcome all of you to ZF Commercial Vehicle Control Systems India Limited Second Quarter Results Call for the year '25-'26. Here, certain forward-looking statements that we will make today are based on the management's good faith and expectation concerning future developments. The actual results may differ materially from these expectations because of multiple ongoing factors.

ZF Commercial Vehicle Control Systems India Limited's results for the quarter ending September 30, 2025, were published on 4th November 2025. They are available on the website, www.zf.com, under the ZF CV India Investor Relations section. We hope that you have had an opportunity to go through that. A transcript of and recorded audio of this call will also be made available on the website, www.zf.com, under the ZF CV India Investor Relations section...

Moderator: Sorry to interrupt, sir, but there is a slight disturbance in the management's line. I will reconnect you. Just a moment, sir.

Paramjit Singh Chadha: Okay. Yes. So continuing from where we left, I am happy to talk to you today as we gave you an update about the business of the company, including the market and the economy, industry and economy updates. So let me begin by highlighting a few key macroeconomic aspects relevant to our industry.

The global environment continues to remain volatile. Global GDP growth is projected to slow down from 3.3% in 2024 to 3.2% in 2025 and expected at 3.1% in 2026. This is based on the various indicators from world economy outlook and global economy influx-related portals. However, India's real gross domestic product GDP, driven by strong private consumption and fixed investment recorded a robust growth of 7.8% in Q1 2025, '26.



Moving forward, we have brightened prospects of agriculture, resiliency in service sector, rising capacity utilization, conducive financial conditions and improving domestic demand should continue to facilitate fixed investment.

Globally, while ongoing tariff and trade policy uncertainties may decrease external demand for goods and services, the implementation of growth-inducing structural reforms within India, such as streamlining of GST are expected to offset some of the adverse effects of the external headwinds. Taking all these factors into account, the real GDP growth for '25-'26 is now projected at 6.8% with Q2 at 7% and Q3 at 6.4% and Q4 at 6.2% based on the sources from Reserve Bank of India.

India commercial vehicle industry. So let us talk about commercial vehicle industry as we are present in above 6 point -ton 6 ton segment in commercial vehicle. We will go through the prospects and the current situation. The production of CV more than 6 tons has grown by 7.6% over last year. Despite this positive trend in production, the overall CV mix was impacted by 3.3% decline in the heavy-duty segment, where our products are predominantly used.

This decline was attributed to improved fleet utilization rates, better highway infrastructure, reducing the need for additional vehicles. Looking at truck segment in the CV industry. In the truck segment, we anticipate several factors that will be conducive to the growth. One is reduced EMI burden following the GST reforms announced in September '25.

This may spur fleet owners to increasingly opt for new vehicle with upgraded feature instead of buying a used truck because of the decrease in the EMI owing to the reduction in the vehicle price. Increased capital expenditures by government, along with strong momentum in infrastructure and construction sector is expected to fuel the demand.

The resumption of mining operations post monsoon will further contribute to segment growth. Looking at bus segment, while India's overall bus segment, medium and heavy has grown by 11%, e-bus market demonstrated a large 37% growth in H1 of 2025-'26 compared to last year. This acceleration is primarily driven by state transport electrification supported by central scheme like PM e-bus sewa.

Looking at the trailer segment, so trailer production registered a degrowth of 3.5% in Q2 '25-'26 as compared to the Q2 '24-'25 due to extended monsoon disruption in logistics and construction. The postponement of buying decision following the uncertainty surrounding GST reforms significantly subdued demand in July and August, resulting in overall reduction in trailer production for the Q2 '25-'26, but this will improve going forward. This is what we are estimating.

LCV segment, which is another segment where company has started working, not in a big way, but we are recognizing that we have strategic focus to be adopted on commercial vehicle less than 6 tonnes. This segment, which has grown by 8% in H1 '25, '26, expected to gain further momentum in upcoming quarters. This growth will be driven directly by GST reductions and indirectly by rising consumption demand, both contributing to sustained expansion in LCV category.



OE sales, how this market and economic condition has impacted on OE sales. In line with the vehicle production, which is we are discussing commercial vehicle more than 6 tonnes, growth of 7.6%, our overall OE sales grew by similar number around 7.4% in quarter 2 2025-'26 as compared to the similar quarter in the previous financial year. This growth comes despite facing headwinds such as an unfavourable model mix and degrowth in trailer market.

The growth was primarily driven by higher ESC penetration supported by updated regulation effective September this year, which accelerated the adoption of ESG. Market share gains in e-compressor, particularly among independent bus manufacturers.

Looking forward, the outlook for commercial vehicle industry remains positive with multiple indicators signalling is sustained rebound. In preparation for this upswing, we are executing strategies -- strategic initiatives aimed at strengthening our competitiveness and delivering long-term value. For example, we aim to increase penetration of trailer ABS, trailer EBS and scholar EVO+ systems in line with the AIS 113 trailer regulations and growing demand for safety and operational efficiency in trailer fleets.

With updated ESG regulations for buses effective September, we are focused on localization effort to enhance and sustain the market share across all customer segments. Also, key initiatives include ramping up projects such as exhaust brake wall, expanding penetration of OptiDrive AMT and introducing OptiRide electronically controlled air suspension e-cars. We are also looking at working with independent bus manufacturers with a strong focus on e-compressor and EBS systems to capture growth in the electric vehicle segment.

Beyond the anticipated near-term rebound, we see strong long-term growth drivers emerging from evolving regulations and the rapid adoption of electric mobility. The accelerating production of electric buses represents a significant opportunity.

Our advanced e-mobility portfolio comprising of e-compressors, electronic braking system, EBS, electronic stability control, ESC and electronically controlled air suspension, ECAS positions us as a key technology partner and enabler in this space.

These developments reinforce our long-term growth trajectory and underscore our strategic alignment with the future commercial mobility. Looking at our aftermarket strategies and performance. Our aftermarket has registered an impressive growth of 12.6% in Q2 2025-'26 compared to the Q2 2024-'25.

Primarily, this is driven by increased retrofitment of trailer ABS, TES parts for petroleum oil companies and increase in the supply of door control system. This was also supported by increased penetration of products like clutch boosters and contribution of OES growth was significant due to replacement demand in BS IV and BS VI model contributing to our volumes.

Looking at exports. In exports, we have 2 categories. One is export of parts, products and export of services. Looking at export of parts and products, our export performance in Q2 2025-'26 registered a 16% decline compared to the same period last year, primarily due to volume reduction in the U.S. market due to -- some due to tariff cost passing through by OEMs to the end customers.



This volume reduction was not completely offset by the volume increase in Europe, EMEA. While these factors created short-term headwinds, we remain committed to navigating this environment with resilience and agility. Despite temporary reduction in volume for air compressor driven by softer EV sales globally, the company has proactively executed strategic initiatives to reinforce growth and realign priorities.

Key actions include successful start of production for actuator 4.0 and air compressors for other global OEMs. alongside measures to diversify and strengthen our product portfolio are also on cards. Export of services. Export of services grew by a robust 12.1% in Q2 2025-'26 compared to the corresponding quarter last year. The growth was driven by sustained increase in engineering activities delivered from India to global centers, reinforcing India's position as a strategic hub for engineering services within ZF globally.

We'll also discuss our efforts and work done on ESG sale. Sustainability remains a core strategic priority for the company. In Q2 '25- '26, our Jamshedpur plant advanced its water for approach by implementing rainwater harvesting infrastructure with a capacity of 1,300-meter cube, enabling reuse for domestic purposes and contributing to a 25% reduction in the freshwater consumption.

Additionally, we celebrated CVS Sustainability Week 2025 across all facilities, reaffirming our commitment to environmental stewardship under the themes the impact, think long term and act sustainable. Employees actively engage in pledges and toolbox talks focused on energy efficiency, waste reduction and water conservation. These initiatives continue to foster a culture of awareness, innovation and collective action, driving progress towards our long-term sustainability goals.

Updates on engineering. Our engineering front -- the company had successfully started the series production for 60-dia exhaust brake wall for major OEM platforms. Our team contributes to focus on engineering technologies such as ADAS and software-defined vehicles. Updates on the manufacturing. We continue to accelerate the production of advanced technology products, our new multiregional facility in Oragadam

The key milestone this quarter was the successful rollout of the brake signal transmitter for e-mobility application, now serving leading Indian OEMs. Our portfolio has further expanded with re levels, high force actuators and localized ASP cartridges, addressing both OEM and aftermarket demand in the truck and trailer segments.

To support this growth, we are scaling manufacturing capacities across various plants. Assembly lines at Lucknow and Pantnagar have been upgraded to enhance delivery performance, flexibility and responsiveness while contributing to the sustainability goals by reducing transport-related emissions. Productivity and quality have also seen significant gains through smart automation, robotics and digitalization of assembly and machining cells. Looking at awards and recognition.

I'm pleased to share that in Q2 2025, '26, our ZF teams earned significant recognition across leading industry forums, securing 3 national level awards, 4 regional awards and 12 state level



awards. Our teams achieved top honors in prestigious competitions such as CII TPM Mastermind Quiz, and CII Six Sigma competition, along with accolades from CIA ACMA, QCFI and ABKAOTS. These achievements underscore our unwavering commitment to operational excellence, innovation and continuous improvement, reinforcing ZF's leadership position in the industry.

New executive management team at ZF Friedrichshafen, we want to announce the changes in the global management. So ZF Supervisory Board has appointed Mr. Mathias Miedreich as the new Chairman of the Board of Management of ZF with effect from 1st October 2025 in place of Dr. Holger Klein, who had left on close of the business hours of September 30, 2025.

Mr. Miedreich has been a member of the Board of Management since January 2025 and was heading the Electrified Powertrain Technology division. The other change is Mr. Andreas Moser has taken over the responsibility of ZF Commercial Vehicle Solutions division, along with his responsibility as Head of ZF Industrial Technology Division with effect from November 1, 2025, in place of Professor Dr. Peter Laier.

And now moving on to our financial performance for Q2 for 2025, '26. For your ready reference, the results were made public at 15:42 hours IST on 4th November 2025. I hope you had a chance to go through them. I would request Sweta to go through the results in brief.

Sweta Agarwal:

Good afternoon. The total revenues consolidated for the quarter ended ending 30th September '25 reached INR958.21 crores compared to INR950.18 crores in the same quarter of the previous financial year. This is a marginal increase of 0.8% year-on-year. For half year '25-'26, the company's consolidated net profit reached INR230.65 crores, up 10.6% from INR208.55 crores in the corresponding period of FY 2025.

Total revenue for the first half grew to INR2,003.6 crores from INR1,921.2 crores, representing a year-on-year increase of 4.1%. The company has reported an EBITDA margin of 22.9%, profit before tax of 18.6% of product sales at INR145.9 crores and profit after tax of INR108.3 crores for the second quarter '25-'26.

Despite multiple headwinds, we remain resilient in a volatile macroeconomic environment and poised to support the demand from our valued customers. We continue to support and work towards sustained growth for all our stakeholders, investors, business partners and employees.

Paramjit Singh Chadha: Thank you. We now welcome your questions.

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

Lakshminarayanan: Just want to understand what has been the acceptance or penetration of electronic stability control in buses? And what is the mix of hydraulic and pneumatic kits we have actually been supplying?

Shankar Venkatachalam: On the electronic stability control from the 1st of September, of the buses which are on the roads other than the exempted type 1 city buses have been fitted with electronic stability control. So



CV supplies to most of the major OEMs. So in that area, we are seeing an uptick in the numbers that are being produced and sold to the OEMs to the tune of around 40% to 45% over the previous year same time.

And on the hydraulic portfolio, we see a marginal increase in some of the segments where the hydraulic EFC is being used. Still the legislation for the school buses, even though it is under draft, it has not been enforced.

So once that legislation is enforced, we are expecting that there will also be a significant increase in the hydraulic ESC. So at this moment, there is a marginal increase in certain segments where they are using the hydraulic ESC in the nonschool bus application.

Lakshminarayanan: So when we -- I mean approximately what 40,000 buses are made in India every year. And do you think this would be fitted in how many buses? This has become banded what percentage of buses it would be?

Shankar Venkatachalam: So we would see about 60% of the buses play because the balance are covered under city bus application.

Lakshminarayanan: Okay. Okay. Okay. And the second question is in terms of the ADAS -- I mean, advanced driver assist systems and the advanced emergency braking system. Where is the regulation stand now? And what has been our progress in the existing OEM?

Shankar Venkatachalam: At this moment, the draft legislation is only what we have in the public domain. There are talks going on between the government bodies and the OEMs on a date of legislation when it is expected to be launched.

Looking at current estimates, April 2026 seems to be very close. So there is a delay anticipated. The exact dates may be public in a couple of months. So we are yet to get the exact fix on when that is expected to come about. But where we are today, and we are in continuous engagement with each of the OEMs to see how we are able to work with them on this product.

Lakshminarayanan: And do you think this would actually applicable in anything which is above 6 tone? Or is there a tonnage-based gradation for ADAS and ABES?

Shankar Venkatachalam: So ADAS and AEBS currently, the draft legislation talks about a mandate in M2, N2 and M3 N3. So that is everything that is greater than 5 tonnes buses and trucks.

Lakshminarayanan: Got it. Sir, what was the electronic braking systems? What has been our progress there? And when do you think this would actually would come? This would come after the ADAS and AEBS comes in? Or like how do you think about this?

Shankar Venkatachalam: Electronic braking system is more in practice for the electric vehicles, less so for the ICE platforms. So on the electric vehicles, the additional advantage that the EBS provides is regent capability in addition to improved braking feel, almost like feel. So due to these 2 key buying factors, it is more penetration in the electric vehicle platform.



So as the e-bus segment grows and the increased comfort levels start growing, we see an increased penetration happening in the EBS.

Lakshminarayanan: Got it. And then last question is related to the disc brake system. Can you just help us understand where we are in terms of brake...

Shankar Venkatachalam: So on the disc brakes, there are a few segments and sectors which are adopting disc brakes. In certain cases, EBS and disc brakes are going in tandem, where you have improved braking feel as well as improved braking efficiency. However, the definite increase is not seen to that level because the cost of a drum brake is still cheaper than a disc brake today in the market.

So cost-sensitive segments, you don't find that level of adoption. In the typical use case applications are the 13.5 meter, 15-meter buses, which are usually the cheaper buses. In those segments, you find the adoption of disc brakes more prevalent.

Moderator: The next question is from the line of Ajox Frederick from Sundaram Mutual Funds.

Ajox Frederick: So my question is on exports. You mentioned in your comments that the next steps, we will be working with air compressor actuators for balancing out the weakness. So those are in work in our Oragadam plant already? Or can you give some color on what's happening in Oragadam plant and eventually, what are the products we are working on and some outlook on the exports?

Shankar Venkatachalam: On the export side, the products that we referred to are currently being planned out of our Mahindra World City SEZ plant. These products are with current businesses, which we are already having with our key OEM customers, partners in Europe and U.S. So some of the products that are identified are actuator compressors and OPR-based compressors, which are mostly looked at for growing the business and improved profitability for the group.

And actuator and advanced actuators for other global OEMs are again, most of the current upgraded actuators from the double diagram disc brake actuators and spring brake actuators, which are being produced out of our Mahindra OCD plant will be upgraded to smart actuators as the next-generation actuators, which are being planned for European market.

Ajox Frederick: Okay. Okay. That's wonderful, sir. And sir, secondly, on the LCV, I know it's too soon. Where are we on that opportunity? And are we in the development stage? Or like what are we doing there?

Shankar Venkatachalam: So on the overall ILCV segment, if you look at, we are already present in hydraulic ESC, as I just mentioned previously. So the segment where we are already present in hydraulic ESC, we are trying to grow our market share and also the penetration.

Apart from that, in the LCV portfolio, we are looking at other products that is on the braking system platforms where we are already having a few products in our current range as well as some other products that we are looking in the near term.

Ajox Frederick: Got it, sir. That's helpful. Just a final data keeping question on U.S. exports, sir, how much was this time around versus, let's say, last quarter or last year?



- Sweta Agarwal:** So the U.S. volume reduction was around 20%. And it was somewhat offset by EMEA volume increase, but not fully offset.
- Moderator:** The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.
- Mumuksh Mandlesha:** Sir, firstly, sir, if you can help us understand in this quarter, we have seen a gross margin improvement Q-on-Q by around 160 bps. What led the improvement? And also in H2 in the cash flow, we can see almost like INR187 crores of working capital improvement in first half. So can you just explain what led to the improvement?
- Sweta Agarwal:** Okay. Answering your question first on the best improvement, we've worked actively on our material costing and efficiency production efficiency in the plant. So that has given us the improvement both on the material to sales ratio as well as on the direct labor costs, and that's what you're seeing in the bottom line expansion.
- On the cash flow side, we have worked very actively on our working capital management and reduced our debtors. So we've worked actively on collections of debtors and as well as, of course, better utilization of our ideal cash, investing it more, I would say, in a sustained way rather than leaving it completely passive.
- Mumuksh Mandlesha:** Param sir, the compressor e-buses segment. I just want to understand what kind of a market share currently we have for the compressor for the EV buses? And how do you see the growth for the segment?
- Paramjit Singh Chadha:** Yes. In EV buses, if you ask for the compressors, I think from the India OEM suppliers, we are the only supplier for the compressor. There are some little imports some companies are doing. But predominantly, it is our compressor only.
- Mumuksh Mandlesha:** Got it, sir. And sir, on the H2, second half, for the U.S. market, how do you see the run rate for the sales, sir? And just I mean, overall basis, over a medium term, how do you plan to tackle this challenge of tariff, sir?
- Paramjit Singh Chadha:** Yes. We shared last time also, as we indicated that our products are basically safety critical products. Any new source in production will take time for the OEM to switch over. So we see that it will not be immediate impact. The current drop, which we explained is more because of the overall market, which is down in U.S., not only considering tariff, but otherwise also. But good point here is that we have seen Europe volume increasing.
- So if you see around 9% improvement is there in our sales for the Europe as compared to drop more than 20% in the U.S. So some compensation is already happening. We are looking at more customers in Europe also and trying to see that we -- somehow we balance this through addition of customers and also looking at product portfolio.
- Moderator:** The next question is from the line of Mukesh Saraf from Avendus Spark.



- Mukesh Saraf:** First question is on exports. When I look at your FY '25 annual report, the related party transactions, which kind of cover majority of your exports to the group entity. U.S. as such seems very small in that. So is it that we are indirectly supplying to U.S. via entities in other geographies? Because this year, first half seem to suggest that U.S. weakness has impacted the entire exports. So just trying to understand that.
- Sweta Agarwal:** Mukesh, our arrangement for the sales to the group is that we bill out to our European entity. And then they, in turn, invoice it to other countries. And that's why it looks like we are not supplying to Americas. But if you look at the split on an actual, it would be about 50% Americas and 50% Europe for FY '25.
- Mukesh Saraf:** Understood. Understood. That clarifies, ma'am. And second question is on the regulation. While the draft regulation mentioned about October '26, and I think we are expecting a delay there.
- Just trying to understand the delays primarily because the OEMs are concerned with the cost? Or is it some other operational homologation or technological issues? I'm just trying to understand what's the thought process there from the other stakeholders?
- Paramjit Singh Chadha:** I think the answer to this is exactly not with us, but it depends upon the OEM strategy on this. Definitely, cost is one factor. But just to update you that we have a special solution for India market, which is not as costly as what we are providing abroad.
- Mukesh Saraf:** Okay. Okay. Right, right. Understood. And just the last bit, you had mentioned about your strong portfolio on the buses segment. Any sense you can give us on your overall kit value for a bus versus a kit value for a truck?
- Because I think last quarter, you had mentioned overall, generally, your kit value is around INR45,000 for CVs. I just want to understand how this differ between a bus and a truck.
- Shankar Venkatachalam:** So typically, in an electric bus, we are talking about electric buses here, right? So normal ICE buses versus electric bus, the major jump is in the e-compressor. That is the major cost driver when it comes to an electric bus apart from the battery and other products that are there. So our contribution in an electric bus almost jumps about fivefold because of the e-compressor addition.
- And then apart from the e-compressor, you already have the standard braking system, which is also, in certain cases, ABS based or in certain other cases, EBS based. So EBS based typically will be around 2 to threefold of the existing ABS plus ESP-based solution. So this would be the impact at a vehicle level.
- Mukesh Saraf:** Right. But an ICE bus and a regular ICE truck, the content would not be too different?
- Shankar Venkatachalam:** It would not be very different. It only product mix range wise? So its typically multi axles right? maybe more axles, more actuators.
- Moderator:** The next question is from the line of Lakshminarayanan from Tunga Investments.
- Lakshminarayanan:** Sir, 2 questions regarding what's happening globally. It's clear that there is -- if there is an increased tariff, it would actually make our products or our sourcing location from Chennai at a



big disadvantage. Now I mean what is -- is there a possibility that maybe reallocation of whatever is being procured from Chennai or the long plan for Chennai gets derailed if this tariff remains at 50% or something like that?

And the second question is that there has been a lot of reorganization as well as the financial position of the parent is a little precarious as I see because your bonds are also being -- I mean, downgraded to a junk status. So I just want to understand, if I just put this together, how the parent is thinking about exports and all the challenges which that of parent is having, what does that actually mean to us?

Sweta Agarwal:

Crystal gazing based on the tariff would be very difficult, Laksmayan. So it would -- I mean we can only talk about our preparedness rather than about how the situation will develop. What we have observed over the first half of the year is more around the production volumes itself being low in the U.S. rather than any discussion around sourcing changes. So that's not the driver of the discussion. It's more about what do we do for the spur in the economy itself of the U.S.

Like I said, crystal gazing and probably not our remit to really talk in details about that. We are prepared either way by stock flexing as well as being prepared to supply whatever volumes are required by them. That's how...

Lakshminarayanan:

Just on that because I think the DAS compressors/BMW car compressors, etcetera, were actually being sourced from India. And there has also been some reallocation of certain factory production to India. Now what percentage of our production or where we are actually the single source for the entire ZF state, which would make it comfortable for us to export irrespective of the tariff situation?

Sweta Agarwal:

I'm not sure what you're talking...

Paramjit Singh Chadha:

The question is that since we are -- for compressors, we are exporting, we are single source. That is clear. So that's why I said that to develop a new source, it takes time. So we are -- like everyone is waiting for this tariff issue to resolve. So we have time to react. And also, as we explained that we are compensating the sales by the market improvement seen in the Europe, which we have seen in the last quarter as well.

Lakshminarayanan:

Got it. Got it, sir. And regarding the parent situation, what -- because there have been some talks of restructuring, at least some part of being getting already restructured. What does actually that mean for the India entity?

Paramjit Singh Chadha:

I would say that the new organization, the new changes are also having as high focus as the previous management was. So we don't see any focus on India. India is always on radar as India is doing well and India market is also doing well. So this will be always on the forefront.

Lakshminarayanan:

Sir, and what has been our outperformance of our OE products with respect to the sales above 6 tonnes because that is one number which you always track how we outperform versus our target markets.



Can you just give that number for the first half? What has been the above 6 tonne production? And then how our sales are actually benchmark to that from an OE product point of view?

Shankar Venkatachalam: Speak about market outperformance, it is always in comparison to the previous year. And in that aspect, if you look at, we are almost flat this current year.

The main reason being the BP vehicle production, while it has grown, it has adversely shifted in terms of the model mix. So as was already shared by Mr. Paramjit a little while earlier, there is a significant reduction in the heavy vehicle demand and the production, and this has adversely affected the model mix.

And what we have been able to do is mitigate the impact of this adverse model mix with certain new product growth and certain other share of market improvement ideas. So this is the way that we have been able to maintain our leadership position in the market.

Lakshminarayanan: Got it. Got it. When it comes to ES or ADAS or ABES, what kind of competitive positioning we have? Will our presence be more than 70% to 80% plus or we are almost virtually 100% in those 2 markets, ESC, ADAS and ABES from a domestic capability point of view.

Shankar Venkatachalam: Yes. On ABS and ESC, we are already in the market. The data is there for itself. We are one of the majority market players. On ADAS right now, it is at the early stages of discussion. And as was already discussed a little while ago, we are engaged with all the OEMs.

We are looking to see how we can partner with them to launch this product in the field towards meeting the regulatory requirements. So here again, we are expecting to be one of the majority partners for each of the OEMs. So that is still work in progress.

Lakshminarayanan: Sir, and one last question is related to AMT. What percentage of your business is AMT as well as what has been the growth of AMT in the last 6 months versus the previous 6 months?

Shankar Venkatachalam: Percentage of AMT versus the

Moderator: Sorry to interrupt sir but there is disturbance in your line management. Shall I reconnect you?

Management: Yes. Answering the question on AMT, I think today, the market itself is at a very low level of penetration. So if you see in the last 6 months, probably we are seeing an improved number in the mining segment, specifically in mining segment, where we see some of the OEMs launching higher speed, higher torque engines in these segments, which are largely AMT driven. And AMT is proving to be a comfort factor as well as an improvement in the turnaround time. So these are the key focus areas which are driving the AMT growth in these segments.

Lakshminarayanan: And what kind of growth we have seen in the AMT, maybe just to get a sense of it with respect to last year as a base?

Shankar Venkatachalam: If you look at numbers perspective, it's still in the hundreds segment only. We have not seen the numbers grow beyond very high. So maybe the last year to this year, probably we are seeing the volumes double, but still not...



- Paramjit Singh Chadha:** Base is very low. So in terms of percentage, it will not be correct to say. So it is still in hundreds.
- Lakshminarayanan:** Got it. I mean hundreds as in 100 unit per month.
- Shankar Venkatachalam:** A couple hundred. A couple of hundred per month. Yes, a couple of hundred per month, yes.
- Lakshminarayanan:** But why is it not picking up? Because I thought that would -- at least 4, 5 years back, we thought that would actually pick up in a big way. What is impeding this? Is it acceptability, product acceptability or viability?
- Shankar Venkatachalam:** There are multiple reasons on this particular topic because as the contribution of the pricing of the product at the price level at the OEM vis-a-vis what comfort and savings or features that it offers to the driver would be the key focus. So that is why certain segments like mining, for example, is where it is picking up because there you have the higher powered engines with the higher transmissions.
- There you have high-speed engines and high-speed transmissions be shifting and focus will be more. And there, you want a higher turnaround time with minimal driver intervention. Those segments are adopting it faster.
- You also see this partially in some of the bus segments. where you want the city drivers to have the comfort. But there, again, adoption is driven by SCU tenders. So again, cost becomes a key factor.
- So due to these various factors, penetration has remained low, but there is a promise that this could grow further because there is also a shortage of drivers in the near to long term, and there is also a focus of gender diversity in driving. So when you look at drivers as well as shortage of drivers in the near term, driver capability will become a big focus rather than focusing on what would be the cost.
- Lakshminarayanan:** And just one last thing, sir. Do we actually have some kind of a driver sensitization program or something where we actually introduce drivers to these products so that they can be kind of an ambassador for us? Or do we actually let the OEs actually do the work there?
- Shankar Venkatachalam:** Communication and training through our aftersales network. So where we have interaction and connection with driver training associations as well as driver training institutes to talk to them about our technologies.
- And the state transport unit undertakings are also jointly working with us on how we can help them in using technology to improve their driver efficiency, to improve their fuel efficiency focus and so on and so forth. So there are multiple initiatives that are spearheaded through the aftermarket and sales network, where we work on extensive communication as well as training.
- Moderator:** Thank you. As there are no further questions, I would now like to hand over the conference over to the management for the closing comments.
- Paramjit Singh Chadha:** Thank you very much. Some nice questions, good questions, good interactions. So thanks for your participation, and thanks for your support. Thank you.



Moderator: On behalf of B&K Securities India Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Paramjit Singh Chadha: Thank you.