



Alicon Castalloy Limited
Q2 & H1 FY2026 Earnings Conference Call Transcript
November 07, 2025

Moderator: Ladies and gentlemen, good day and welcome to Alicon Castalloy Limited's Q2 FY2026 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mayank Vaswani from CDR India. Thank you and over to you, Mr. Vaswani.

Mayank Vaswani: Thank you, Renju. Good afternoon, everyone, and thank you for joining us on Alicon Castalloy Limited Q2 and H1 FY26 Earnings Conference Call.

We have with us on the call today, Mr. Rajeev Sikand, Group CEO; Mr. Sumit Bhatnagar, CEO Designate; Mr. Vimal Gupta, Group CFO; Mr. Manish Kapoor, Group COO and Mr. Shyam Agarwal, Chief Marketing Officer of Alicon Castalloy Limited.

Mr. Vimal Gupta will present an overview of the operating and financial performance for the quarter and half year. Mr. Shyam Agarwal will then take us through developments in global markets and insights on domestic business trends, and Mr. Manish Kapoor will share updates on key strategic initiatives driving growth.

Before we begin, I would like to point out that some of the statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings documents that have been shared with all of you earlier.

I would now like to hand over the floor to Mr. Rajeev Sikand, our Group CEO, who will make a brief statement. Over to you, sir.

Rajeev Sikand: Thank you, Mayank. Good afternoon, everyone.

As I enter the final few months of my tenure with Alicon, I want to express my sincere gratitude to all our employees, customers, suppliers and shareholders. It has been a privilege to lead this organization through a phase of strong growth, capability expansion and globalization.

Over the years, we have transformed Aicon from a primarily domestic-focused company into truly multinational organization with presence in 18 countries, serving a distinguished customer base that includes some of the most respected names in global automotive industry. Together, we have built a solid foundation, one that positions the company exceptionally well for the next phase of growth.

The Board and I have worked closely to ensure a smooth and a well-structured leadership transition. I am pleased to share that Mr. Sumit Bhatnagar will assume the role of Chief Executive Officer with effect from 1st April 2026, following the conclusion of my tenure upon attaining superannuation. Sumit brings with him deep industry experience, a collaborative leadership style and a strong focus on operational excellence and customer value. I have every confidence that he will lead Aicon to even greater heights in the years ahead.

With this, I would like to invite Sumit to share his thoughts.

Sumit Bhatnagar:

Thank you, Mr. Sikand, and good afternoon, everyone. It is an honour to take on this responsibility and to be the part of an organization with such a strong legacy of engineering excellence and customer trust. Aicon has built a reputation for quality, reliability and innovation and I am committed to carrying this forward.

The automotive industry continues to evolve rapidly and Aicon is well-positioned to participate in this transformation, whether through advanced materials, process innovations or expanding the partnerships with global OEMs. Our strength lies in our people, our technology and the relationships with marquee customers and the key stakeholders that have been built over decades.

I want to thank Rajeev for his leadership and the culture he has fostered, one that encourages teamwork, accountability and continuous improvement. I look forward to working closely with the leadership team, our customers and all the stakeholders to build on this momentum and drive the next phase of growth.

Thank you for your continued trust and confidence, and I will now hand over to Mr. Vimal Gupta, our Group CFO.

Vimal Gupta:

Thank you, Mr. Bhatnagar. Good afternoon, everyone, and welcome to Aicon Castalloy's Quarter 2 and H1 FY26 Earnings Conference Call.

I would like to begin by acknowledging the strong groundwork laid by Mr. Sikand. Thank you for your leadership and contribution. At the same time, we are pleased to welcome Mr. Bhatnagar, whose appointment signals a new

chapter for Alicon. We look forward to his strategic vision as we build on our strength and pursue new growth avenues.

The quarter began in a period marked by continued volatility in the global business environment. Demand trends across major markets remained uneven and supply side challenges persisted.

On the global front, U.S. trade policy remains a key variable with the 50% tariff on Indian export introduced in August, proving to be a setback for stakeholders across the Indian automotive sector. We continue to closely monitor the evolving situation and await greater clarity on the long-term sustainability of these tariffs.

While the prospects of an impending Indo-U.S. trade agreement offer some optimism, our customers remain cautious as they reassess their sourcing, export and supply chain strategies in response to the changing trade dynamics. In the near term, we have observed a moderation in export volume, particularly from U.S.-based customers as the imposition of tariff has dampened demand from end users who are the ones who have to pay the tariff.

At the same time, China's restrictions on rare earth materials, coupled with the ongoing shortage of semiconductors continue to weigh on global supply chain visibility. We believe these developments will have a short-term impact on demand patterns, but they may also create opportunities for greater localization and value-added manufacturing, areas that align well with Alicon's core capabilities and strategic strengths.

Towards the end of the quarter, the announcement of GST rate rationalization provided a much-needed boost to the domestic auto industry, which had been experiencing sluggish volume uptake earlier in the period. This policy move acted as a strong catalyst reinvigorating customer sentiment and driving a visible uptick in the market activity. All our OEM customers have reported a notable increase in inquiries accompanied by improvements in production and sales across vehicle segments. In fact, a few domestic customers have indicated that limited semiconductor availability is now the primary constraint to further ramping up production.

Now let me turn to our financial performance for quarter 2 and H1 FY26. During the quarter, we reported revenues of Rs. 429Rs. INR419 crore in quarter 1 of FY25. This marks the third consecutive quarter in which we have grown revenues on a sequential basis, reaffirming that the business has stabilized after the dip seen in quarter 3 of FY25.

On a year-on-year basis, revenues degrew by 7.7% compared to the revenues of Rs. 464.5 crore in quarter 2 FY25. This is due to some projects undertaken in

the base period, which were onetime in nature and hence not budgeted in operating plan for the current period. Further, there have been some customer-specific issues in Europe as well as the weaker demand from our CV customers in U.S.

Gross margin for the quarter was 48.9%, an improvement of 300 basis points compared to 45.9% in quarter 1 of FY26. Aided by improved product mix and our measures to enhance operational efficiency, our newer plants and advanced automation are still scaling up. So fixed cost absorption is yet to reach optimal levels, so we will endeavour to improve this further. On a year-on-year basis, gross margins increased 130 basis points from 47.6% in quarter 2 FY25.

Employee costs have increased due to annual increments and new hirings, but our continued cost discipline efforts have helped offset part of this. Further, other expenses were higher by about 9% sequentially. This is on the back of higher sales, which resulted in cost for additional processes and machining for higher value-added parts.

We have also inducted some German experts to help us further improve our processes. On a year-on-year basis, other expenses were lower by nearly 11%. As a result, EBITDA for the quarter stood at Rs. 55.5 crore, translating to an EBITDA margin of 12.9%, an increase of 100 basis points from 11.9% in quarter 1 of FY26.

Depreciation stood at Rs. 26.6 crore, reflecting ongoing investments in new machinery, tooling and automation, which are critical to our technology road map. Finance cost was stable during the quarter, adding profitability. Consequently, profit before tax pre-exceptional rose 51% quarter-on-quarter to Rs. 19 crore.

For H1 FY26, total income was Rs. 848 crore with EBITDA of Rs. 105.3 crore, margin of 12.4% and PAT of Rs. 23 crore.

Capex for the quarter was Rs. 32 crore, taking total spending for the half year to Rs. 63 crore. We anticipate full year capex of Rs. 125 crore to Rs. 130 crore.

Looking ahead, we are focused on ramping up volumes with existing customers while onboarding new programs added this quarter.

The newly established Defense, Aerospace and Railways (DAR) vertical is shaping up well, and we have also received new orders in our non-auto business this quarter, ensuring that diversification of revenues is set to increase. At the same time, we are investing steadily in R&D, automation and

digital process controls to enhance productivity, offset raw material cost pressures and strengthen long-term competitiveness.

We believe prospects in the global industry are set to improve, while the GST rationalization in end September will ensure positive momentum in the domestic industry in the months ahead.

Alicon continues to demonstrate resilience and operational progress with a healthy new order book of about Rs. 9,100 crore strong customer relationships and disciplined execution approach, we are confident of sustaining our growth trajectory and creating long-term value for all stakeholders.

With that, I will now hand over the call to Mr. Shyam Agarwal, who will take you through the operational highlights and business developments for the quarter.

Shyam Agarwal:

Thank you, Mr. Gupta, and good afternoon, everyone.

Let me start with a quick overview of the industry environment during the quarter. In quarter 2 FY26, the global auto industry witnessed moderate growth of 2.6%, while the Indian auto industry reported an improved performance. As per ACMA, domestic production volumes grew modestly by around 9.9% Y-o-Y, led primarily by the 2-wheeler and the commercial vehicle segments.

The domestic 2-wheeler segment has been a bright spot, registering around 10.6% Y-o-Y growth, driven by festive and marriage season demand and aided by improved sentiments following the rationalization of GST. With improving affordability and also sign of healthier demand in both rural and urban markets, the momentum is expected to continue.

The commercial vehicle category in India grew by 10.9% Y-o-Y, added by higher demand of LCVs and for last mile logistics. There are signs of improving spending on infrastructure, mining and construction in the months ahead, which will serve to firm up demand.

In the passenger vehicle segment, volumes were higher by 4.2% Y-o-Y, with the GST rationalization contributing to improving affordability and better customer sentiments. There has also been an increase in export volume by many of the OEMs, aiding the uptick in volumes.

So overall, quarter 2 FY26 represented an improving landscape for the domestic auto industry.

Compared to the growth witnessed in the global and the domestic industry, Alicon has witnessed degrowth of 7.8% in revenue on a Y-o-Y basis. This is due to a combination of three factors. Firstly, some onetime projects undertaken in the base period. Secondly, a U.K.-based OEM customer was impacted by a

cyber-attack which impacted production at its plant for up to 5 weeks, during which they asked us to pause supplies. And thirdly, due to headwinds faced by our CV customers in the USA who have stated that in some cases, volumes have dipped by approximately 25% to 26%.

Given the skew of our business towards these different factors, our numbers differ from the trends in global and domestic industry.

However, the silver lining in our performance is that we continue to rebuild our trajectory from the disruption we witnessed in quarter 3 FY24. Q2 revenue of Rs. 429 crore are 2.5% higher than those of quarter 1, and this is the third time successive quarter of improvement in revenue and enhanced profitability. Apart from the sudden dip in quarter 3 FY25, Aicon has now reported revenues of above Rs. 400 crore run rate for seven of the last eight quarters, demonstrating operational stability and improved trajectory despite a variety of external challenges.

Our domestic business benefited from volume ramp-up with the few key customers in the PV and the 2-wheeler space. The contribution from the 2-wheeler segment increased further in quarter 2 FY26, supported by new program additions and higher share of business with the existing OEMs. As a result, 2-wheeler business has increased by 18% quarter-on-quarter and 8% Y-o-Y.

In the PV segment, we saw positive trends from all our customers. For one of our Japanese OEMs, we have ramped up the production of a cylinder head of 1.5-liter engine. Since the market preference is shifting strongly towards SUV and this product find application for larger-sized PVs, we have witnessed strong increase in volume for these parts.

Another prominent Japanese OEM in India with a successful portfolio of hybrid vehicles continue to do well. As we enjoy 100% share of business for cylinder head that are used in their hybrid vehicles, we have witnessed strong growth. Further, this OEM is also experiencing healthy growth in export, and we believe there is scope to improve volume further.

One of our European OEM customers who has established India-based operation as a key export hub has successfully ramped up production. For this customer, we have witnessed sharp revenue growth in quarter 2, higher by 53% on quarter-on-quarter basis and 257% on a Y-o-Y basis.

With this, we have witnessed healthy growth of 7% Q-on-Q and 16% Y-o-Y in the PV business, contributing to growth and improved profitability.

Coming to the order wins during the quarter, we won seven parts from six customers. This includes one part from ICE, 1 part from carbon neutral vertical, 1 part from structural business and 4 parts from non-auto businesses. Of the part won, one part pertains to the global business, and 6 parts are from domestic customers.

For the global business, we have won an order to supply a part to the prominent Italian supercar manufacturer. This is follow-on order having successfully provided a part earlier, and we are encouraged with their faith in us.

An OEM whom we have catered to in the U.S. and European operation has now given us business from the India operations. This is for a high potential part that we feel has the scope to open the door for new business for us.

We have received a development order from a prominent German OEM. This part has potential to be scaled into fairly large-sized business if the initial trials are successful.

For a domestic PSU player, we won an order of supply of cylinder head, which will find application in the defense segment.

Another part that we are supplying to the India operations of a global leader in the off-highway construction and earthmoving equipment industry has a potential for future growth.

With that, I will now hand over to Mr. Manish Kapoor, our Chief Operating Officer, who will share updates on key order wins, progress in our new business initiatives, development under the Defense, Aerospace and Railway verticals. Over to you, Mr. Kapoor.

Manish Kapoor:

Thank you, Shyam, and good evening, everyone.

I will build on what Shyam just outlined about the industry backdrop and Alicon's related performance by sharing some highlights from our operations, key customer developments and strategic initiatives during the quarter. From an operational standpoint, Q2 was marked by continued efforts to stabilize the improved throughput across our plants.

Given uneven demand patterns in certain export geographies, we worked closely with our customers in India to maintain healthy production levels and improve overall equipment efficiency through tighter process discipline and better manpower planning. Our digital process controls are now active across the majority of lines, and we are already seeing tangible gains in cycle time efficiency, scrap reduction and machine uptime.

These improvements are beginning to translate into stronger operational leverage, which will support margin in the coming quarters. We are also progressing well on our automation road map with new robotic cells commissioned at our Pune facilities. These are helping us enhance consistency, reduce manual intervention and improve worker safety, all of which are part of our broader goal of becoming a truly “Smart Foundry” organization.

Alongside, we are increasing the use of data analytics and IoT monitoring to predict machine health and optimize energy consumption. In our pursuit of operational excellence, we have onboarded a team of German experts to further enhance practices and processes in our casting operations. Leveraging their deep technical expertise and global experience, they will help us to refine our methods, identify opportunities to reduce costs, improve yields, enhance output and throughput and optimize capacity utilization. The objective is to build on our already high-performing casting operations and elevate them to globally benchmarked standards.

All of you are aware of the successful induction of solar power generation across our facilities in India and Europe. Our sustainability initiatives continue to deliver meaningful results with nearly 50% to 55% of our total electricity requirements now being met through solar energy.

Let me also take a moment to speak about our Defense, Aerospace and Railways (DAR) vertical. We have already initiated pilot discussions with leading defense and aerospace companies for lightweight aluminum and hybrid casting applications. The interest from these sectors is encouraging – driven by India's localization push, higher indigenization targets and demand for advanced precision cast components. The DAR vertical is being developed as a standalone business pillar with dedicated technical and program management teams and will play an important role in diversifying Alicon's revenue base over the medium term.

In parallel, we continue to explore opportunities in rail and metro applications, especially for structural and powertrain-related castings, which require high strength to weight ratios and design complexity, areas where Alicon already has strong know-how.

Overall, our focus remains on consistent execution, efficiency improvement and diversification. The combination of new program wins, technology-led productivity gains and expanding sector participation will support both revenue growth and margin improvement going forward.

With that, we have covered the key business and operational highlights for Q2 and H1 FY26. We will now open the floor for questions. My colleagues and I will be happy to address any queries you may have. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on a touchstone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Umesh Matkar with Sushil Financial Services Limited. Please go ahead.

Umesh Matkar: Yes, sir. Thank you for the opportunity. I have a few questions. There has been a strong 300 basis points improvement in the gross margins during the quarter. Could you please elaborate whether this improvement is driven by favourable product mix or price increases to the customers? Also, do you see this margin level as sustainable going forward?

Shyam Agarwal: Yes. Thank you, Umesh, for the question. So as explained by Mr. Vimal, this is the result of the product mix, what we are focusing as a part of the long-term strategy, which we are following over the year. So, we are focusing more on the 4-wheeler business. So, if you see in this quarter, the PV industry growth is 4.2%, while other growth in the PV is 16%. So there, we are focusing more on the PV business, which fetches more high VA part.

Secondly, as explained by Mr. Kapoor, we are working a lot on the operational efficiencies. We are utilizing more robos, automation and also, we are taking the support of the industry experts, especially the German foundry expert, which we have hired.

So, we are working with the product mix change on a long-term strategy basis. And also, we are working on the operational excellence, which is fetching us the higher margin.

Vimal Gupta: Umesh, that one part is you are about talking about the sales mix that has explained. And second, you have asked about the price increases. So that is not being factored here. That is not the part of this improvement in our gross margins.

Umesh Matkar: Okay. Another question I had. Can you share the details of the key order wins and new customer additions during Q2? And also additionally, are there any significant new production developments or technology programs under execution or expected to launch in coming quarters?

- Shyam Agarwal:** Yes, I think I have already covered in my speech. So, we have got the 7 parts order from the 6 customer and the sale over 5 years will fetch Rs. 257 crore. So, that is the new order which we have got in the quarter 2. And here, more focus what we are giving on the structural part, what I mentioned in my speech. And second, also on the non-auto, where we have got 3 parts, and it also gives us risk mitigation because our 4% revenues comes from the non-auto, and we are focusing more on the non-auto so that we meet the risk mitigation plan.
- Umesh Matkar:** Right. My third question is, as mentioned in the previous con call, several new programs such as eAxle for JLR and new structural components for European OEMs are expected to commence production from Q3 onwards. Could you please update us on the status of these SOPs? And what would be the estimated revenue contribution from the programs over the next few quarters?
- Shyam Agarwal:** Yes, Umesh. So, for the eAxle program for the European customers, so we have already started the production. They are now in the ramp-up phase. So, we are continuously ramping up the volume for these programs. And also, for the structural part for the European customer. So, as I said, initially, we got a few orders, which we have updated in the last con call. And in this quarter, again, we have got one order. So those orders are already in place. Particular order value, generally, we do not disclose in the con call, Umesh.
- Umesh Matkar:** So, since these new programs are largely in the 4-wheeler segment and we have higher value addition, should we expect the corresponding improvement in EBITDA margins, say, from 13% to 14%, 14.5% once this SOP stabilize?
- Vimal Gupta:** So, Umesh, all these are the forward-looking statements what you are asking. But definitely, what in every con call we are explaining now, maybe we had a bad quarter like the quarter 3 of the last year. But now you can see there is an improvement quarter-on-quarter in the margins. And definitely, it will continue in coming two quarters as well as you will see in the coming year also.
- Umesh Matkar:** Okay. That is great to hear. Finally, could you share your medium-term outlook, particularly FY27 in terms of revenue trajectory, expected capacity utilization and of course, margin you have covered it. So, these two?
- Vimal Gupta:** Umesh, the same again, I think it is too early in giving these forward-looking statements, because many factors are there that we have to incorporate because we are seeing that the domestic market will do well. But still, we are not clear about the tariff issue with the U.S. because we have a big exposure in the U.S. market also.
- And maybe dependency on U.S. market through some other countries exports. So, but definitely, there will be an improvement, maybe double digit, we can

expect growth in the next year in the top line. But maybe I think in quarter 4, we will be able to give a clear picture.

Moderator: Thank you. A reminder to all the participants that may press star and one to ask a question. Next question comes from the line of Rahul Kumar with Nuvama. Please go ahead.

Rahul Kumar: Yes. Thank you for the opportunity, sir. I have two questions. First, on the order book side. So, you mentioned that the order book is at Rs. 9,100 crore. So, could you tell us what is the execution timeline for this? And also what would be the contribution of new orders to revenue in FY26 and FY27?

Shyam Agarwal: Okay. The timeline for this order book is from FY24 to FY29. So, this is the execution time frame. But for the revenue generation, as Mr. Vimal has explained, that is a forward-looking statement, and we are seeing lots of uncertainty in the global market. So, it will be better if we give you some numbers in quarter 4. That will be much better. Thank you.

Rahul Kumar: Okay. Thanks. The second question is, if you could tell us the revenue share from U.S. in FY25 and first half of FY26? And what is the tariff applicable on U.S. exports in Q2? Is it 25% on passenger vehicle parts and 50% on other parts? And has the tariff reduced on commercial vehicle parts to 25% in November?

Shyam Agarwal: As far as we are aware, you are right. On the passenger vehicle, the tariff is 25%, while on the commercial vehicle it is 50%, but I have not heard that it is reduced to 25%.

Rahul Kumar: Okay. Sir, if you could tell us the revenue share from U.S. in FY25 and H1 FY26?

Shyam Agarwal: Roughly around 7% to 8% revenue yes comes from North America.

Moderator: Thank you. A reminder to all the participants that you may press star and one to ask a question. Next question comes from the line of Jyoti Singh with Arihant Capital Markets Limited. Please go ahead.

Jyoti Singh: Yes. Thank you for the opportunity sir and overall congratulation on the decent set of numbers. And just wanted to ask a few of the questions. Like you mentioned about seven new parts that booked in Q2. So, could you quantify potential annual revenue that we are targeting and expected to start of production? And also, what portion of new wins are EV or hybrid related? And how much of the 27 pipeline is tied up to future mobility platform?

Shyam Agarwal: Okay. Jyoti. So, from these seven parts, our average annual revenue will be Rs. 53 crore and the total potential out of this part is Rs. 257 crore. And if we see out of this, 1 part is for carbon neutral. And then we have 3 parts from the non-auto in this.

Vimal Gupta: Jyoti, only one more thing I would like to add to what Shyam is explaining that maybe like carbon neutral or some other customers. So, we have added a very big, what we can say, the giant in automotive industry. So that is the start and maybe we are starting with a small volume, but there is a potential of big business with those customers.

Jyoti Singh: Okay. And sir, just wanted clarity on the EBITDA margin side, like we have posted decent EBITDA margin this quarter, 12.7%. So what is our target going forward in H2 and per se for FY27 and FY26?

Vimal Gupta: So I think the same thing, Jyoti, you are asking. But hopefully, those should be the better one in quarter 3 and quarter 4 against the quarter 2.

Jyoti Singh: Okay. And sir, like also mentioned in the PPT like for the CEO transition that is expected to happen from March 26. So how will leadership ensure the growth-wise and what our expectation? And if you can guide us on the future growth front and also any potential client that we are looking to add, if we can update on it?

Vimal Gupta: Yes. So that one is that maybe you know Mr. Sikand, I think you had meeting with him. So, he has built up this and brought this Alicon up to this level. But Sumit, who is coming as a new CEO. So, he is having a huge experience, and his background is the automotive industry and having a good experience on the production side as well as a good relationship with the customers. And we are expecting that he will take the Alicon to new heights. That is what I can say at this moment.

Jyoti Singh: Nice, sir. And sir, on the capex side, what is our plan for FY26, FY27? And how much will go towards technology and capacity expansion, if you can?

Vimal Gupta: At this moment, we are compiling this, but it will be in the range of Rs. 130 crore to Rs. 140 crore. And generally, out of this, we see Rs. 25 crore, Rs. 30 crore goes for the maintenance capex. And maybe I think Rs. 20 crore or Rs. 25 crore will go for upgradations like technology, maybe robots or such type of things, automations. And balance, we have to focus on our capacity expansion. And maybe I think when we are finalizing, maybe we come up with the new location also because I think you have visited our plant, Jyoti.

Jyoti Singh: Yes, sir. Yes. Chakan plant, I visited.

Vimal Gupta: This is Chinchwad plant. So, all our plants are full now. So, we have to go for a new location also. Maybe as you are aware that we have already land bank in Khed City. So that or maybe some other location, maybe in short term, we will finalize that.

Jyoti Singh: Okay, sir. And sir, on the Europe side, if you can update us what is going on and how is the order wins that is going on? And plus, how is the company mitigating risk from rare earth material shortage and any impact to us on that side?

Shyam Agarwal: Yes. Okay. So, for our company in Europe, so there, we are focusing more on the new technology part. And that has always worked well for Alicon Group because new technology that comes first in Europe and later on after 4 to 5 years, it comes to India. So, we have seen when we developed the eAxle project. So first, we did the development in Europe. And then for the mass production, we shifted it to India.

Same way for the motor housing for the EV vehicles. And now we are doing with the structural part for the supercar from the Italian OEM. So always, we work in this strategy that new technology we develop in Europe and then for the mass production, we ship to India. So that is working well.

Now for the big global OEM, what Mr. Vimal explained, for that business also, we are working with the OEM that first, we will develop in Europe. And then for the mass production, it will ship to India. So that is on the European facility.

Second, on the rare earth magnet issue. So there, we are seeing some demand side issue from the OEMs or the Tier 1, where they are finding it difficult to get the magnets from China. So, this issue is persisting for last 2 quarters, but still, we are not seeing any ray of hope for one or two more quarters. But some of the customers, they have started importing the magnets without rare earth. So there, we are seeing some improvement.

Moderator: Thank you. A reminder to all the participants that you may press star and one to ask a question. Next question comes from the line of Naysar with Credent Asset Management. Please go ahead.

Naysar: Hi, thank you for the opportunity. Can you just give revenue mix for the quarter?

Shyam Agarwal: Yes, revenue mix. Yes. So, in this quarter, the 2-wheeler contributes 44% passenger vehicle 41% commercial vehicle has come down to 10% because of our demand issues from the North America customer and non-auto is 5%. So, this is the revenue mix for the quarter 2.

Naysar: Okay. And sir, you see the order book of Rs. 9,100 crore is from FY24 to FY29. Can you just help me understand this better? So, if you have already whatever executed from FY24 to Q2 FY26, how do you account for this? And what is the relevance of this number then?

Shyam Agarwal: Yes. So very good question. So, what we do, we keep a track that how much revenue we have generated from this order book and then we keep on adding what new products or the order which we are getting. And in some cases, we

have seen the volumes are dropped by the customer, especially what we are seeing with the carbon-neutral products or the EV. So that we discount. So we keep on updating this. And right now, the Rs. 9,100 number, which you are seeing, that is the updated one with the addition of the new orders which we have got in quarter 2.

Naysar: What is the execution period, this will be executed from now till FY29, is it? Is that the correct understanding?

Shyam Agarwal: Yes. Out of this, if you see, this value we have already consumed and remaining will be executed till FY29.

Naysar: How much you have already consumed? So, let us say, out of Rs.9,100 crore, how much is remaining, which will be executed from Q3 F26 to FY29?

Shyam Agarwal: Till now, we have consumed around Rs. 650 crore to Rs. 700 crore from this order book and remaining will be consumed till FY29.

Naysar: So basically Rs. 8,400 crore?

Shyam Agarwal: Right.

Naysar: And plus you will get new orders, which will be, say, regular part of your business that will be over and above the recurring business?

Shyam Agarwal: Yes, that will be over and over, but you also see some of the products will come towards the end because of the product life cycle. So that we keep on discounting. So, it is not that it will keep on adding, but we also discount where any product is coming to the end of the life cycle. And sometimes some projects are prematurely also closed. So that also we removed from the order book.

Naysar: So, the order book that you mentioned right now, that is the updated one, right? So, you believe this you will execute over the next few years, Rs. 8,400 crore?

Shyam Agarwal: Correct. You are right.

Naysar: Sir, if I see the revenue mix, so Q-o-Q, the share of 2-wheeler has gone up from 40% to 44%, if I am not mistaken. And CV has come down from 15% to 10%. So, despite that, your gross margins have improved? I was trying to understand because 2-wheeler is a lower gross margin business, right? So, despite share of 2-wheeler going up by 400 bps Q-o-Q, your gross margins have improved. So, can you just help us understand this better?

Shyam Agarwal: Yes. So, one aspect you have touched, like commercial vehicle has gone down from 15% to 10%. But here, you see the passenger vehicle contribution. That

has increased from 39% to 41%. So that is contributing to the highway business. Secondly, what we have explained, like we are working on the operational front also. So, we are going for the more robotization, more use of AI and also the level up in our foundry. So that also we are working up. So, we work on the product mix side also and also on the operational front. So, the profitability improve is the outcome of both the efforts what we are doing.

Naysar: Okay. So just on the internal operational efficiency, how much more headroom do you think you can improve your gross margins? I understand revenue mix is a function of the end market and all of that. But let us say, by internal efficiency how much gross margin you can further improve.

Shyam Agarwal: Naysar, it is very difficult to quantify, but we always say improvement is a never-ending process. We keep on improving, and we see lots of good benchmarks. Like we see that Toyota, which is one of the good customers there, we see lots of good benchmarking practices. Same way, there are many global OEMs like Suzuki is there, Honda is there. So, we see lots of improvement, and we keep on try that we do not become complacent and we keep on improving.

Naysar: Okay. And sir, just last question. So let us say, maybe based on the order book visibility that you have in next 2 to 3 years, according to you, what will be the share of PV, which is right now 41%. What will be the range broadly if you can just guide us on that?

Shyam Agarwal: Naysar, I cannot give you the specific number. But with the RFQ, which we are having and the project which we are executing and the number of the parts which we are supplying to the passenger vehicle customer and the expertise which we have developed, which is not available with our competitors, you will see the continuous growth in the passenger vehicle segment.

And, last two quarters, we are seeing the decline in the commercial vehicle number. But as soon as the tariff situation in U.S. will improve, and also the magnet issue will resolve. You will see the commercial vehicle number will again start picking. So, our focus and the strategy is very long term, for which we were working for last 2, 3 years. So, you will see the continuous number improvement and the contribution from the passenger vehicle as well as from the commercial vehicle.

And lastly, on the 2-wheeler, I tell you, for the 2-wheeler businesses, we are working with lots of OEMs. However, we focus more on the customer where we have a good value addition, and we are not going for the higher share of business on the sake of only increasing the top line. So that is not our endeavour. We work that our top line increases, but sustainable and good increase in the bottom line.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Vimal Gupta: Thank you. Before we close, I would like to take a moment to thank all our investors, analysts and stakeholders for joining us today and for your continued trust and support. As we discussed, while the external environment continues to present challenges, we are seeing clear sign of improvement in our operations, customer engagement and execution efficiency. The stability in our performance over the last few quarters gives us confidence that we are on the right track.

We will continue to monitor global developments closely and stay agile in our response while remaining focused on our long-term priorities, diversification, technology leadership and operational excellence. Thank you once again for your time and participation. We look forward to connecting with you next quarter. Thank you very much.

Moderator: Thank you. On behalf of Aicon Castalloy Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Disclaimer: This is a transcript and may contain transcription errors. Certain statements made or discussed on this call may be forward looking in nature and must be viewed in conjunction with the risks and uncertainties that the company faces. The company does not undertake to update these forward-looking statements publicly. Please also note that this document has been edited without changing much of the content, to enhance the clarity of the discussion. No unpublished price sensitive information was shared/discussed on the call.