

Studds Accessories

02 February 2026

Operator: Ladies and gentlemen, good afternoon, and welcome to the Studds Accessories Limited Q3 and 9 months FY26 earnings conference call. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded. I will now hand the conference over to Mr. Siddharth Bhushan Khurana, Managing Director from Studds Accessories Limited for opening remarks. Thank you, and over to you, sir.

Management: Thank you. Good afternoon, everyone, and thank you for joining Studds Accessories Limited, Q3 and 9 months FY26 earnings conference call. I hope you had a chance to go through our financial results and investor presentation, which are available on the company's website and on the stock exchanges. I am joined today by Mr. Manish Mehta, Chief Financial Officer, and Mr. Bharat Goyal, Vice President Finance and Investor Relations, and Strategic Growth Advisors, our investor relations advisors.

Let me firstly briefly outline how we run the business. Our approach is anchored around three core pillars: brand-led demand creation, efficient manufacturing, and disciplined execution. Together, these pillars allow us to scale responsibly while protecting margins and product quality. We operate on a demand-back production planning model, drawing insights from distributor feedback, sell-through trends and regional demand patterns. This ensures that production remains closely aligned with market requirements. At the same time, our procurement and manufacturing teams work in an integrated manner, helping us drive cost efficiencies, maintain consistent quality, and respond quickly to shifts in demand. Ongoing investments in digital systems and compliance have further strengthened transparency, scalability and governance across the organization.

Our helmet product development is driven by a strong in-house design and R&D; capability, with emphasis on global safety certifications, advanced materials and contemporary design aesthetics. This allows us to stay ahead of evolving regulatory standards while catering to changing consumer preferences, particularly in the premium and lifestyle segments. From a manufacturing standpoint, the helmet business benefits from scale efficiencies, modular production lines and a high level of backward integration. This supports margin resilience and ensures consistent product quality. Our supply chain is carefully managed to balance inventory turns and service levels, enabling us to respond swiftly to demand changes without putting pressure on working capital.

Now coming to our business updates. Q3 is typically a more investment-heavy quarter for brand building, aligned with key industry touch points and the global motorcycling calendar. During the quarter, we stepped up our advertising and marketing investments including participation in marquee global and domestic platforms such as India Bike Week and EICMA in Italy, supported by focused digital brand building initiatives targeted at priority consumer partners. Global platforms like EICMA also play an important role in building international brand recognition and export readiness, especially as we expand our presence in Europe. Domestic platforms such as India Bike Week help reinforce our leadership position in India and deepen engagement with enthusiast and premium customer segments. These events are particularly important to us, as they provide high visibility platforms to showcase new product launches, design capabilities and safety-led innovation, while enabling direct engagement with riding communities, OEM partners, distributors

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and international buyers.

Participation in these forums strengthens brand credibility, improves recall in the premium and lifestyle segment and provides valuable market feedback that directly informs our product development pipeline. These investments were intentional and long-term, aimed at strengthening brand visibility, accelerating premiumization, and deepening customer engagement across markets. From an operational perspective, our 1.5 million unit capacity expansion for helmets and boxes has been deferred by one quarter due to temporary pollution-related construction restrictions. This will have no material impact on medium-term growth plans. Further, to fulfill ongoing demand, we have further optimized our production process and have added additional machinery, which will allow us to produce an additional 5 lakh units on an annual basis. With this, our total installed capacity stands at 9.5 million units. We continue to invest in design, safety and premium features to stay ahead of consumer trends and regulatory developments. Our structured product pipeline, backed by in-house R&D; and close feedback loops with distributors and riders, ensures that new launches are both market relevant and margin accretive.

On the international front, our wholly owned subsidiary in Spain is progressing as planned with commercial operations expected to commence sometime in Q1 FY27. This will be a key pillar of our export strategy, enhancing our proximity to European customers, improving turnaround times and strengthening our competitiveness. In addition, the proposed India-EU Free Trade Agreement is expected to act as a meaningful long-term tailwind, supporting export-led growth through improved market access.

Coming to our company's consolidated financial performance for Q3 FY26, our two-wheeler helmet and motorcycle boxes sale volume stood at 2.24 million units. Consolidated revenue stood at 163 crores, which grew 9.4% year-over-year. Gross margin stood at 61.4% in Q3 FY26 as compared to 56.8% in Q3 FY25. Margins have improved on the back of favorable raw material prices, better procurement efficiencies and a better product mix. EBITDA for the quarter stood at 30.7 crores, which increased by 20.1% year-over-year. EBITDA margin stood at 18.8% as compared to 17.2% in Q3 FY25. Profit after tax for Q3 FY26 stood at 20.7 crores, as compared to 16.4 crores in Q3 FY25, which is a growth of 26.3% year-over-year. PAT margin stood at 12.7% as compared to 11% in Q3 FY25. Capacity utilization for two-wheeler helmets and boxes stood at 96%.

Now I will compare the 9 months FY26 performance versus last year. Our two-wheeler helmets and boxes sale volume stood at 6.12 million for 9 months FY26. Consolidated revenue stood at 466.7 crores, which grew by 7.5% year-over-year. Gross margin stood at 59.8% in 9 months FY26, as compared to 55.6% in 9 months FY25. EBITDA stood at 90.9 crores in 9 months FY26, which is an increase of 18.5% year-over-year for the same period. EBITDA margin stood at 19.5% as compared to 17.7% in 9 months FY25. PAT for the current year 9 months stood at 61.6 crores as compared to the PAT of 49.7 crores in 9 months of the last financial year, which is a growth of 23.9% year-over-year. PAT margin stood at 13.2% as compared to 11.5% in the previous year 9 months. Capacity utilization for two-wheeler helmets and boxes stood at 85% on an annualized basis for 9 months FY26. With this, I open the floor for questions and answers. Operator, over to you. Thank you.

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Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use their handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Ladies and gentlemen, if you wish to ask a question, please press star and 1. We take the first question from the line of Jyoti Singh from Arihant Capital. Please go ahead.

Jyoti Singh – Arihant Capital: Thank you for the opportunity, sir. I wanted to understand the P&L; side. Other expenses rose sharply in Q3, which you mentioned was because of the brand spend. What was the incremental EBITDA drag, and when do you expect this to normalize? Secondly, on the current utilization side, you mentioned 96%. How much incremental EBITDA margin do you generate for every 5–6% volume growth?

Management: Jyoti, regarding the other expenses, as we said, the marketing and advertising expenses were the biggest factor. It was close to a 5 crore incremental increase quarter-over-quarter, and that was a drag on the EBITDA. However, the EBITDA remained healthy. Regarding the capacity utilization, our material costs have gone down as the volumes have gone up. I cannot exactly give you a specific number, but when volumes go up, economies of scale play in. We are able to negotiate better on the material cost, and fixed expenses do not grow at the same rate. We expect the marketing expense in the current quarter to be lower than Q3. We have seen a pattern where marketing expenses are typically higher for us in the third quarter.

Jyoti Singh – Arihant Capital: On the raw material prices side, if they reverse 5–7% in Q4, how much EBITDA margin downside should investors model?

Management: We are not expecting EBITDA margins to go down because it is also a product mix play. In our industry, because the ASP is so different across products, we are able to maintain margins through product mix changes. We are seeing a good tailwind from a better product mix and premiumization. So, I do not expect EBITDA margins to decline in the current quarter.

Jyoti Singh – Arihant Capital: Based on the January trend, should we expect Q4 to exit at a higher run rate than Q3 or remain broadly stable?

Management: We expect the revenues to exit March with a better number than Q3.

Jyoti Singh – Arihant Capital: Thank you so much.

Management: Sure, thank you.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, please press star and 1. We will take the next question from the line of Sridhar Kalyani from Antique Stock Broking. Please go ahead.

Sridhar Kalyani – Antique Stock Broking: Thank you. Congratulations on a good set of numbers. My first question is on the India FTA with the UK and Europe. Is it possible for you to quantify in percentage or absolute terms what the advantage will be for us? How does this compare to competitors in China or Indonesia?

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Management: Sridhar, regarding the India-EU and India-UK deals, we expect the customs duties to come down. It is a ballpark figure and varies by location, but it could drop from approximately 2.5% to almost 0%. The bigger change will come once our subsidiary is set up next quarter, as we will go directly to certain markets and the ASPs would significantly change. To answer your question about the customs duty, we expect about a 2.5% advantage on the customs duty between the two countries.

Sridhar Kalyani – Antique Stock Broking: What is the status of finalizing the European head for the European geography?

Management: We are in advanced talks. No letters have been rolled out yet, but it is progressing as per plan, and we will start commercial operations next quarter. I cannot disclose the exact status of the CEO appointment at this moment.

Sridhar Kalyani – Antique Stock Broking: What was the current ASP for the quarter, and what is your target for FY27?

Management: The ASP for the current 9 months was 770 rupees for helmets. Our target is to take it beyond 800 next year. Last quarter, our ASP was almost in line with the 9-month average, but we see an uptick in the ASP as we move forward.

Sridhar Kalyani – Antique Stock Broking: The domestic two-wheeler market is cyclical with higher sales during the festive period. Is there similar cyclicity in helmet sales in India or other geographies?

Management: We haven't seen significant cyclicity. For the last 2 years, our second half of the year has contributed approximately 53–54% of our overall revenues. The split is roughly 46% to 54%. It does not exactly mirror the motorcycle cyclicity because there are various other channels like online and replacement cycles that support sales. We do not see any cyclical behavior in global markets either.

Sridhar Kalyani – Antique Stock Broking: Thank you so much, sir. All the best.

Management: Thank you, Sridhar.

Operator: Thank you. We take the next question from the line of Jatinder Agarwal from Relax Capital. Please go ahead.

Jatinder Agarwal – Relax Capital: Good afternoon. I am new to the business, so I have some basic questions. You mentioned a 770 number for ASP; was that around 715 last year?

Management: It was lower. Last year, it was 747 on a blended basis.

Jatinder Agarwal – Relax Capital: Can you provide a breakup between domestic and export realizations, and between the Studds and SMK brands?

Management: For the 9-month period, the ASP for the Studds brand was 671 rupees, and for SMK it was 2,359 rupees. The more premium products we sell, the higher our ASP goes. Our volume composition for the current 9 months is 83% Studds and 14% SMK, with the balance being smaller

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OEMs. Last year, the split was 85% and 12%, so the improvement in SMK share is driving the higher overall ASP. Domestic realization is 675 rupees, which includes OE sales. The export realization blended across both brands is 1,601 rupees.

Jatinder Agarwal – Relax Capital: Regarding the Spain subsidiary, is this effectively a warehouse and distribution arm where you will sell throughout the EU?

Management: Yes, that is correct. We plan to supply the UK directly through a distributor there, while the subsidiary will mainly cater to the EU. In certain markets where we do not have strong distributors, we want to go directly to dealers. This will improve our average realization because we eliminate the distributor margin. In markets where we have been present for 8–9 years, we will continue working with our existing distributors.

Jatinder Agarwal – Relax Capital: How large is the European market, and what is your target there?

Management: The total European market, including Turkey, is estimated to be close to 5 million units. Our sales in the current financial year will be approximately 115,000 to 120,000 units, which is about 2.5% of that market. We target the entry-level to mid-level segments, with retail prices ranging from 70 Euros to 250 Euros. This segment constitutes about 65% of the total space in Europe. If we go direct, the shop realization would be in the 35 Euro to 125 Euro range. Our target is to reach 300,000 helmets in Europe in the next 2–3 years, which would be about 6% to 7% of the market.

Jatinder Agarwal – Relax Capital: What is your "right to win" in that market?

Management: Our price-to-quality ratio stands out. To grow further, we need to improve our time-to-market. Currently, it takes 60–70 days for a product to reach a dealership in Europe from India. Once we have the subsidiary and local inventory, we can reach shops in 2 days. This will allow us to scale significantly.

Jatinder Agarwal – Relax Capital: Regarding the India business, how does the industry grow beyond regulation?

Management: The industry is currently only 60% penetrated, so there is significant room to grow. Premiumization is also a huge factor. We are targeting a blended ASP of 800, up from 770. Even without new regulations, we believe our growth will outpace the motorcycle market. If the motorcycle market grows at 7–8%, we expect our market to grow at 12–13%. If mandatory helmet regulations are strictly enforced across all states, growth will be exponential.

Jatinder Agarwal – Relax Capital: Thank you. That is very helpful.

Management: Thanks.

Operator: Thank you. We take the next question from the line of Lakshmi Narayan KG from Tunga Investment. Please go ahead.

Lakshmi Narayan KG – Tunga Investment: Thank you. I want to understand your OE versus retail sales mix in India. Do you sell both brands to OEs, and what is the difference in profitability?

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Management: Currently, 13% of our revenues come from OEs. The OE ASP is lower, at 522 rupees last quarter compared to over 675 rupees for the domestic retail channel. OE margins are also lower, typically between 11-13% EBITDA, whereas the retail market is between 18-20% EBITDA. Almost 99% of OE sales are under the Studds brand.

Lakshmi Narayan KG – Tunga Investment: What is your market share in the OE segment?

Management: Our market share in the OE segment is approximately 23%. We are currently number two in that segment. The leader has about 34% share.

Lakshmi Narayan KG – Tunga Investment: Does every motorcycle sold come with a helmet, or is it sold as an accessory?

Management: We distinguish between "mandatory" helmets, which are provided free to the consumer with the motorcycle, and "non-mandatory" helmets, which the dealership sells as an accessory. The ratio is about 95% mandatory to 5% non-mandatory. Most consumers who want a better helmet prefer to go to the open market where there is a wider range of brands and styles.

Lakshmi Narayan KG – Tunga Investment: Styrene prices were down in December. Do you expect this to help margins or will it prevent you from increasing ASPs?

Management: Styrene prices started going up again in January due to geopolitical situations. We do not expect styrene costs to stay down. Regarding ASP, we focus on both price increases and product mix. Product mix is a much bigger lever for us. Moving a consumer from a 1,000 rupee helmet to a 2,500 rupee helmet provides a much bigger boost to profitability than a 2-3% price increase.

Lakshmi Narayan KG – Tunga Investment: How has the mix of helmet types changed over the last few years?

Management: Over the last 5-7 years, open-face models have increased their share, primarily because of mandatory helmet laws. In the retail dealership market, the split between various styles has remained relatively stable.

Lakshmi Narayan KG – Tunga Investment: What is your capacity expansion plan and capital outlay for the next 2 years?

Management: Our current capacity is 9.5 million units. We are increasing this in two phases. Phase 1 will add 1.5 million units of capacity; this was originally scheduled for Q1 FY27 but is now expected in Q2 FY27 due to construction restrictions. This will take us to 11 million units. In FY28, we will add another 1.5 million units to reach 12.5 million units. The total budget is 155 crores, with 80 crores already spent. We expect to spend another 15 crores this year and the balance over the next 2 years. Revenue-wise, the incremental capacity will be roughly 40% exports and 60% domestic.

Lakshmi Narayan KG – Tunga Investment: Thank you very much.

Management: Thanks, Lakshmi.

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Operator: Thank you. We take the next question from the line of Ishpreet Kaur from Relax Capital. Please go ahead.

Ishpreet Kaur – Relax Capital: Good afternoon. I wanted to understand the outlook for the Studds brand, as it seems to be growing slowly.

Management: As we are currently capacity-constrained, we are prioritizing our more profitable brand, SMK, which has a higher ASP. Once the new capacity comes online, you will see the Studds volumes increase again.

Ishpreet Kaur – Relax Capital: What is the profitability difference between Studds and SMK?

Management: The EBITDA margin for Studds is generally between 17.5% and 20%, while for SMK it ranges between 30% and 35%. We expect SMK to grow from 13% of our revenue today to about 25% in the next 2–3 years.

Ishpreet Kaur – Relax Capital: Could the non-helmet side become a bigger growth driver?

Management: Yes. We have two other segments. One is sporting helmets; we have signed a deal with Decathlon, and pilot production will begin this quarter. Decathlon sells about 7 million units globally and is moving some production from China to India. Secondly, accessories like jackets, gloves, and luggage will become a larger part of our business. In 2–3 years, we expect motorcycle helmets to stay at 70–72% of revenue, with the balance coming from these newer segments. Accessories have similar margins to motorcycle helmets, while sporting helmets for OEs are roughly 15–17% EBITDA.

Ishpreet Kaur – Relax Capital: Thank you.

Management: Thank you.

Operator: Thank you. We take the next question from the line of Anuj Segal from Manaas Asian Equities Value Fund. Please go ahead.

Anuj Segal – Manaas Asian Equities Value Fund: Thank you. Could you give us a sense of the competitive landscape in India and Europe?

Management: In India, the commuter segment is an oligopolistic market with three major players: Studds, Vega, and Steelbird. We collectively hold about 65–70% of the market. The premium segment includes us and Axor, plus international brands like MT and LS2. In the global landscape, for the entry-level to mid-level segment where we operate, our competitors are LS2 from China, MT from Spain, KYT from Indonesia, and HJC from Korea. The European market is about 60–70% branded.

Anuj Segal – Manaas Asian Equities Value Fund: How has the Indian market consolidated over the last 5–10 years?

Management: It has consolidated continuously. In 2018, the unorganized market was more than 50%. Today, the top three brands control close to 70%. We expect the unorganized share to eventually drop to 15–20% due to economies of scale.

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Anuj Segal – Manaas Asian Equities Value Fund: Thank you very much.

Management: Thanks.

Operator: Thank you. We take the next question from the line of Jyoti Singh from Arihant Capital. Please go ahead.

Jyoti Singh – Arihant Capital: Just to clarify, the presentation mentions 85% utilization, but you mentioned 96% on the call.

Management: 96% is the utilization for the specific quarter, while 85% is the average for the 9-month period.

Jyoti Singh – Arihant Capital: Thank you.

Operator: Thank you. We take the next question from the line of Lakshmi Narayan KG from Tunga Investments. Please go ahead.

Lakshmi Narayan KG – Tunga Investment: How do you ensure brand visibility and equity compared to an FMCG model?

Management: A helmet is an experience, closer to a fashion or personality statement than an industrial product. Fitment is critical; as a rider, if a helmet doesn't fit perfectly, the experience is poor. We build equity through product quality and through racing. We have hired a racing manager in Italy and are sponsoring races like the Latin America Cup, "Road to MotoGP." Being present in Moto3 and Moto2 builds tremendous brand prestige. In India, brand equity is built by interacting with the riding community at events like India Bike Week. Premium riders follow each other's recommendations, so word of mouth is essential.

Lakshmi Narayan KG – Tunga Investment: Thank you.

Management: Sure.

Operator: Thank you. We take the next question from the line of Jatinder Agarwal from Relax Capital. Please go ahead.

Jatinder Agarwal – Relax Capital: What is the fundamental difference between an entry-level helmet and an ultra-premium helmet costing 70,000 rupees?

Management: The mass commuter helmet is a basic product meeting Indian ISI standards. Premium products like SMK meet higher European certifications designed for higher speeds. They also include features like anti-fog films. Ultra-premium brands are largely a brand play; they are used by world champions, which creates a high-end perception. In terms of construction, entry-level products might have 12–15 parts, whereas a premium SMK helmet can have over 52 parts and different materials like carbon fiber. We have a carbon fiber helmet at 12,500 rupees, while an ultra-premium brand might sell a similar carbon fiber helmet for 80,000 rupees. The technology is generally available to us as well.

Jatinder Agarwal – Relax Capital: That is very helpful. Thank you.

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Management: Thanks, Jatinder.

Operator: Ladies and gentlemen, as there are no further questions, I now hand the conference over to the management for their closing comments.

Management: Thank you all for joining us today. We hope we have addressed your questions and provided valuable insights into our performance and strategy. If you have any further queries, please feel free to reach out to our team or our investor relations advisors at Strategic Growth Advisors. Thank you.

Operator: On behalf of Studds Accessories Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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