Sandhar Technologies

Operator: Ladies and gentlemen, good day and welcome to Sandhar Technologies Ltd. Q2 FY27 earnings conference call hosted by MK Global Financial Services Limited. As a reminder, all participant lines will be in 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 and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Chirag Jain from MK Global Financial Services Limited. Thank you, and over to you, sir.

Chirag Jain – MK Global Financial Services Limited: Thank you, Anam. Good morning, everyone. On behalf of MK Global Financial Services, I would like to welcome you all to the Q2 FY27 earnings conference call of Sandhar Technologies Ltd. Today, we have with us from the management team Mr. Jayant Davar, Executive Chairman, Executive Director, and CEO; Mr. Gurvinderjeet Singh, Whole-time Director and Head of Corporate Strategy; and Mr. Yashpal Jain, Chief Financial Officer and Company Secretary. We will begin the call with opening comments from the management team, followed by the Q&A session. Over to you, Jayant sir.

Jayant Davar – Executive Chairman, Executive Director & CEO: Thank you very much, Chirag, for arranging this. Let me begin by wishing everyone a very good morning, ladies and gentlemen. A very warm welcome to all of you to the Q2 and half-yearly earnings conference call of Sandhar Technologies Ltd. It gives me great pleasure to share that Sandhar has delivered a strong performance in the first half of FY27, achieving revenue of 2,999.57 crores, which is basically 3,000 crores. This includes 1,618 crores in the second quarter. This marks our highest-ever quarterly and half-yearly revenue, reflecting sustained growth momentum. Our performance highlights the resilience of our business model, strong customer relationships, operational efficiencies, and the commitment of our teams. We have also significantly outperformed industry growth, reinforcing our strong market position and execution capabilities.

If you look at Sandhar's performance versus industry growth, Sandhar has continued to outperform the industry across key segments. Overall industry growth was 21%, while Sandhar grew at 27%. If you look at two-wheeler industry growth, which was 20%, Sandhar grew at 33%. If I look at consolidated half-yearly performance, you would notice that the growth in profitability, particularly at the PBT level, reflects improved operating performance and our continued focus on operational efficiencies and financial discipline. The key highlights are: revenue, as I said, is around 3,000 crores, registering growth of 27% year-on-year; EBITDA at 261 crores is up 24%, with an EBITDA margin of 8.64%. If I look at PBT, which is 123 crores, that is registering strong growth of 52% year-on-year. This is, of course, before JV profits and non-recurring income. The sustained growth in our business demonstrates the strength of our core operations, supported by healthy demand across vehicle segments, deeper customer engagement, and improved operational execution.

If I look at our EV business, there have been questions. We are witnessing gradual but encouraging traction in this segment. During the first half of FY27, our EV business recorded revenue of 80 crores. We have sold approximately 11,116 motor controller units and 19,209 battery chargers. We remain focused on strengthening our EV portfolio, expanding customer engagement, and capitalizing on the emerging opportunities in the electric mobility ecosystem. Joint ventures: our overall performance for our five JVs remains satisfactory, with encouraging contributions across

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businesses. If I come to overseas subsidiaries, the business continues to remain a key area of focus, with encouraging signs of operational improvement and turnaround. If you look at the key achievements, we have achieved positive EBITDA margins of 10.02% and 10.64% in the first half of [trails off]

Management: ...of 27. We have reduced our EBITDA-level losses to 0.8 million, lower than the corresponding first-half period of the previous year. We have stabilized the revenue and improved overall operational performance. This has come through strengthened cost controls, operational rationalization, and resource utilization across overseas operations.

To conclude, Sandhar remains firmly on its growth trajectory, backed by strong fundamentals, a diversified business portfolio, and long-standing customer relationships. We would like to reiterate our aspiration to double our revenue every 3 to 4 years while consistently improving margins, profitability, and return on investments. Our focus remains equally strong on profitable growth, operational excellence, and disciplined capital allocation. We continue to remain prudent in managing our cash flows, preserving liquidity, and ensuring that our financial resources are deployed efficiently to support future growth.

I would like to take this opportunity to sincerely thank our investors for their continued faith and confidence in Sandhar. I also extend my gratitude to our customers, business partners, employees, and all stakeholders for their continued support and contribution to our journey. Thank you all for joining us today. We look forward to your questions and feedback. Joining me, as Chirag said, are my colleagues Mr. Yashpal Jain, who is the CFO, and Mr. G. J. Singh, who is the Whole-time Director. We are open for questions now. Thank you once again.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touchtone 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 Aditya Kondawar from Complete Circle Capital. Please go ahead.

Aditya Kondawar – Complete Circle Capital: Hi, management team. Good morning. I think this is a great set of results, given that Q2 did not have the festival season and we had a land sale in Q2 FY26. My first question was: what exact margin are we seeing for this year? Could you also delve deeper into the EV side of the business? Over the next 6, 12, and 18 months, what kind of scale-up are we seeing there, and what kind of conversations are we having there? Thank you.

Management: [pause] Thank you for those two questions. Let me take the EV one first, and I will leave the numbers question to Mr. Yashpal Jain. On the EV side, we had a budget of doubling our revenue from last year, and we seem firmly in place to be able to achieve that. I think the traction has been built, and the quality and consistency of our products have now been evaluated well and accepted. We are therefore very, very bullish on growing as the industry grows, and as always, we will grow much faster than the industry is looking to grow. Let me once again remind you that ours is a unique product which is completely built in India, and therefore, we do have a lot of traction that is now coming in from all parts of the EV industry. Yashpal, do you want to respond to the numbers point?

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Yashpal Jain – CFO: The first question, Aditya, is that we expect to maintain the bottom lines that we mentioned in last year's call as well as in various meetings during the year. We will be above the margins that we reported last year. The operational margins are going to be around, you can take around {? 9, 9 between 9 to 9.25, 9.35% ?}.

Aditya Kondawar – Complete Circle Capital: Noted, sir. I have a few more questions. I will get back in the queue. Thank you.

Operator: Thank you. The next question comes from the line of Ruchita Karge from CJW Investment. Please go ahead.

Ruchita Karge – CJW Investment: Hello, sir. Very good morning, and congratulations on a good set of numbers. My question was on the gross margin. We saw around a 300-basis-point reduction there. How much was this because of a change in the mix, and how much was because we could not pass through the costs?

Yashpal Jain – CFO: For the half year, if we take the operational margins, the difference is only 20 bps. Last year it was 8.84%, and this year we are at 8.64%, because last year there were some non-recurring incomes. If we eliminate the same from the operational income, it is only a 20-bps gap. As we mentioned in the presentation also, there is an impact of 13 crores on account of the minimum wage impact, which has been higher in this year's financials compared to the last half year. We are in discussion with the customers, and settlement is expected to take place. Part of this amount is expected to be received by way of settlement in the third and fourth quarters of the current financial year.

Ruchita Karge – CJW Investment: No, I am talking about the gross margin side, where employee cost is not impacted, just for this quarter. We had a gross margin of around 33.4%, versus around 36.7% last year and around 35.6% in the previous quarter. Was it because of a change in the mix? Was it also because we could not pass through the cost? I am asking specifically about that and how we should view the coming quarters.

Yashpal Jain – CFO: Basically, the percentages are impacted because there has been a rise in commodity prices. If you see the commodity prices, a part comes into revenue also, and a part goes to cost. A similar portion is reimbursed to us by the customer. That is the reason the dynamics are changing in terms of the percentage. But on an absolute basis, there is a 3% to 4% gap in the material cost overall. If I take commodities such as aluminum and others and take an average hybrid cost, 3% to 4% is the impact of the price hike in material cost. Otherwise, as far as manpower cost is concerned, we have described it separately. That is the reason we have shown it separately. Otherwise, all the costs are more or less in line with the same levels. I do not see any difference.

Management: Let me add and supplement this by saying that, as Yashpal has said, there is a denominator effect on account of the increase in commodities. Some of this has not even been passed on to us as a pure pass-through, which happens a quarter later. You will see that these margins will improve, but a large part of what you are talking about is also the denominator effect.

Ruchita Karge – CJW Investment: Okay. But we should see an improvement in the gross margins, then?

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Management: Yes, absolutely. Absolutely.

Ruchita Karge – CJW Investment: Got it. Thank you so much.

Operator: Thank you. The next question comes from the line of Rudraksh Raheja from Ithought Financial Consulting. Please go ahead.

Rudraksh Raheja – Ithought Financial Consulting: Thank you for the opportunity, sir. In the investor presentation, there is a slide where we have listed our new projects, and you have mentioned that the investment is 540 crores and the revenue is 312 crores for these projects. Could you talk a little about each of these projects, the current capacity utilization at which we are operating, and the breakeven levels required?

Management: If you see the slide that you are referring to, Rudraksh, there are five new projects that have been mentioned. The first one is the CMT vertical, which is the business that we acquired from Sundaram Clayton. This business is now moving into a new facility, and that new facility is almost ready. We are waiting for the balance power to be provided by the state. We have already started operations, but we are hopeful that in the last quarter of the year, we should be fully in place with all operational aspects covered.

In this particular scenario, we have high-pressure and low-pressure aluminum die casting. We have alloy making, machining, and a tool room as well. We believe that this will probably be the largest facility of its kind in India. With the investment, we believe that, as we typically look at it, it would be 3 to 4 times the size of the investment that we put in.

The second project is the cabin and fabrication division at Sanaswadi. Again, we are hopeful that this will now gain traction, and we are already at a stage where we will see a turnaround happening in Q3 of this year as well. The Chennai sheet metal plant is at Oragadam, where work has started. We believe that the full impact of this as well... [cut off]

Management: ...as well as the EV and overseas businesses, which will start reflecting in the next financial year. The investment is 540 crores and, as I said, our expected revenue is 3 to 4 times the investment. Currently, our EBITDA is negative and our PBT is negative to the tune of almost 25 crores in this business. We are hopeful that you will see improvement as we move into the next quarters and the next year.

Rudraksh Raheja – Ithought Financial Consulting: Got it, sir. You said 3 to 4 times the turnover that you expect on this investment?

Management: That is right. Absolutely.

Rudraksh Raheja – Ithought Financial Consulting: And what about EBITDA or PBT margins, if you could talk about that?

Management: We will reach the margins that we typically achieve in our business. What you see now is a negative margin. Our typical operating margins are about 10% or so, and we are hopeful that all these businesses will reach those levels once they achieve stability.

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Rudraksh Raheja – Ithought Financial Consulting: Understood, sir. Could you also talk about the capex plans for the rest of the year and perhaps FY28 as well?

Management: What is the balance, Yashpal, on capex? [pause] Is Yashpal there?

Management {? Yashpal ?}: [line issue] Yes. Sorry, I was on mute. As of now, we have spent 191 crores, which includes the carry-forward capex from last year as well. Another 150 [pause] of cash flow, I mean, the cash outflow on account of capex, will be incurred in the coming period, over the next 5 months, sir. 150 crores. Hello?

Rudraksh Raheja – Ithought Financial Consulting: Got it, sir. For next year, is there any capex guidance that we can provide?

Management {? Yashpal ?}: Normally, you can take annual capex at 5% to 7% of revenue, which includes growth capex, improvement, maintenance, and all types of capex. This excludes the new projects, sir, any new projects.

Rudraksh Raheja – Ithought Financial Consulting: Got it, sir. Thank you for taking my question.

Operator: Thank you. The next question comes from the line of Abhishek from Chris Portfolio Private Limited. Please go ahead.

Abhishek – Chris Portfolio Private Limited: Thanks for the opportunity, and congratulations on a decent set of numbers, sir. My first question is on the aluminum die-casting business. What is the revenue contribution from the three businesses—domestic, overseas, and the Sundaram plant? What is the outlook for all three in terms of margin expansion and recovery from losses to profit?

Management {? Yashpal ?}: [pause] Revenue from the Indian aluminum business is 765 crores. We have mentioned this on page 3 of our presentation as well. Overseas revenue is 258 crores. Taken together, it is close to, and has even exceeded, 1,000 crores of revenue in aluminum die casting. Fabrication revenue is 861 crores.

As far as margins are concerned, we are above 9% in these verticals, barring the Sundaram project, which is still in the commissioning stage. As mentioned in the previous question, it is expected to be fully operational by April 2027, subject to receiving the remaining 2 MW of power from the government. That business is incurring losses at the execution level. The other businesses and manufacturing locations are sustaining margins above 9%.

Abhishek – Chris Portfolio Private Limited: How should we see the improvement in the overseas business margin in the coming quarter, sir?

Management {? Yashpal ?}: The overseas business has performed well in this half year compared to the corresponding half year. The next half year, meaning the second half year, will be better compared to the first half year. We expect to reduce the losses by at least 80% to 90% of last year's losses. I think that starting April 2028, they will also be profitable, sir.

Abhishek – Chris Portfolio Private Limited: Okay. In the Sundaram plant, what would be the losses in this year, and what would be the margin from next year onward, from Q1 FY28?

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Management {? Yashpal ?}: In the half year, we had a loss of 14.38 crores in Sundaram's business. This was largely on account of unabsorbed finance cost and depreciation, because we have started operations from two locations. There are small operations from the new premises, on a trial basis, but the rental and fixed expenses at the new premises have already started. In the second quarter, we were also operating in the old premises that we obtained on a rental basis from Sundaram, and we expect to continue there until March 2027. The EBT-level loss was 14.38 crores, while the EBITDA loss was only 1 crore.

Management: Abhishek, if you look at Slide 8 of the presentation, you would see that if we remove the new projects mentioned on the previous slide, our EBITDA margins in Q2 are 20 bps lower. Our EBITDA margin is 10.2% versus 10.4%. However, if you look at the half year, we are actually even better than last year. This is despite the fact that we have not yet received the increases from customers that we expect, which will come in the second part of the year and will also have a retrospective effect for the first half. That will be added. From an operational perspective, we believe that our margins will improve.

Abhishek - Chris Portfolio Private Limited: So that means the second-half margin would be better than the first half by 30-40 bps?

Management: Yes. Yes, I would expect that.

Abhishek - Chris Portfolio Private Limited: Okay, got it. What is your full-year guidance in terms of the margin? Is it intact at 9% plus?

Management: Yes, absolutely. We have given that guidance, and that is on the operational side. Obviously, the businesses that are operating will be even much, much better. However, the guidance mentioned by Yashpal is definitely above 9%.

Abhishek - Chris Portfolio Private Limited: Okay, sir. My last question is on the sheet metal business. We have seen very strong growth in sheet metal. Is it because of an increase in prices, or did we win some new business in sheet metal?

Management: These are largely new businesses. Even if you look at castings and sheet metal, there has been some commodity upside, more in aluminum than in steel. However, the revenue increase that you are seeing is largely coming from new businesses that are being established.

Abhishek - Chris Portfolio Private Limited: What is the client name, sir?

Management: The client name is TVS, for example, but it is coming from everywhere, whether it is Hero, Royal Enfield, or Honda. All of them have given us new businesses, which we have now undertaken and are in the process of stabilizing and growing.

Abhishek - Chris Portfolio Private Limited: Got it, sir. Thank you, sir. That is all from my side.

Management: Thank you.

Operator: Thank you. A reminder for all participants: in order to ask a question, you may press star and one on your touchtone telephone. The next question comes from the line of Sangeeta

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Purushottam from Cogito Tech LLC. Please go ahead.

Sangeeta Purushottam – Cogito Tech LLC: Hi, good morning, and thank you for taking my question. Firstly, thank you also for a fairly detailed presentation where you have divided the business in different ways to provide a deeper understanding. That is really useful.

My question relates to Slide 8, where you have shown the difference in performance between the running business and the new business. When we look at a PBT loss of about 25 crores in the first half, which is higher than last year, is that primarily because of the TVS acquisition?

Management: Yes. Yes. Yes, Sangeeta, you are absolutely right. As the business has grown, this has combined both situations. Sometimes it happens because it was a running business and we moved it into a new facility. We are actually running two facilities as we speak today. Some portion is running in one and some portion is running in another. Both are large facilities, and obviously, when you look at the cost of utilities, manpower, and various other associated aspects, the losses have increased on account of that. We are confident that in the last quarter of this year, there will be only one facility, and a lot of these costs will be absorbed and consolidated into a single cost structure rather than the other one.

Sangeeta Purushottam – Cogito Tech LLC: Okay. My second question is that, when we look at the running business, I am assuming the running business includes the overseas business, right? So what you are classifying as new business is really the new projects, the TVS acquisition...

Management: Yes. Yes. Absolutely. The new projects have been clearly defined in Slide 10.

Sangeeta Purushottam – Cogito Tech LLC: Right, okay. If you look at the top part of that slide where you have the running business, and as you mentioned earlier that the...

Sangeeta Purushottam – Cogito Tech LLC: EBITDA is down only about 20 bps compared to last year. What kind of EBITDA margin are you expecting once, in a steady-state manner, your customers have given you compensation for the cost increase? At the end of the financial year, when we look at the EBITDA margin on this slide, what should we expect to see for the full year on the running business?

Management: Again, Sangeeta, I will take you back to some of the earlier conversations we have had in investor meetings, where Yashpal clearly identified that we are in the process not just of consolidating but also improving our margins. We had given guidance that there would be an improvement of almost 50 basis points year-on-year. We are still on the same path, and we see no reason why that should change. Given that guidance, I think you have clarity on what you see here and where we are headed.

Sangeeta Purushottam – Cogito Tech LLC: Okay. As far as the new businesses are concerned, what is the path that you see to profitability in the next 2 years? Let us say that in the first half we are looking at a PBT loss of about 25 crores. If, for the sake of making a point, we assume that the full-year loss is 35 or 40 crores because the second half is better, then how long is the path from that negative 35-40 crores to a positive 10% or higher margin, which you make on your normal running business? Do we see that negative 35-40 crores going to zero next year and then moving

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to profitability in FY29? Could you provide some clarity on that?

Management: Sangeeta, obviously this needs a much more detailed answer, but to give you a synopsis, all I can say is that, out of the new projects overview that you see on Slide 10, the largest part of the loss comes from the Sundaram Clayton-acquired business.

Sangeeta Purushottam – Cogito Tech LLC: Right.

Management: If we shift to the new facility and consolidate by Q4 of this particular year, we are very confident that you will not see a loss in this area in the next year itself. If a large part of the PBT loss is coming on account of that, it will be eliminated completely next year.

Sangeeta Purushottam – Cogito Tech LLC: Okay. How should we see the path for the other businesses apart from Sundaram Clayton? Would those also be eliminated next year, or is that a slightly longer journey?

Management: For some of them, for example, I am very confident that the sheet metal business will be profitable. The EV business is still a new business, and we consider it novel for us in some sense. We are establishing it, and I think it will take some period of time, but effectively, the losses will reduce from where we are.

The Romania business is the overseas business where we set up a project, and it was delayed on account of the Ukraine war and the energy costs, which went up 800%.

They are also stabilizing. After this particular financial year, when the investments will be complete in every sense, whether statutory, compliance-related, or customer-centric, we believe that next year we will not have any loss there. Therefore, a large portion of the 25 crores that you see on Slide 10 under the new projects overview will not be there next year itself.

Sangeeta Purushottam – Cogito Tech LLC: Okay. If I can squeeze in one more question, how do you see the business outlook? We are seeing very strong growth in the first half. How do you see it next year? Do you have any visibility on how things are likely to be, or is it not very clear?

Management: Sangeeta, from what I understand and from the information we receive from our customers, the year looks extremely strong, with us being asked for much larger numbers than are being expected for this particular year. Irrespective of the growth of the industry, I would like to make a statement: irrespective of how the industry grows, you will be happy to hear that Sandhar is likely to beat that number by a considerable margin in the market.

Sangeeta Purushottam – Cogito Tech LLC: Okay. Thank you very much.

Operator: Thank you. A reminder for all participants: anyone who wishes to ask a question may press star and one on the touchtone telephone. The next question comes from the line of Radha from Motilal Oswal Financial Services Limited. Please go ahead.

Radha – Motilal Oswal Financial Services Limited: Hi, sir, and thank you for the opportunity. Given that the domestic die-casting and sheet metal businesses have grown sharply over the last 3 years, I wanted to understand the average content per vehicle, or a rough range of content per vehicle

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today, for these businesses in the domestic two-wheeler and three-wheeler markets. Also, based on customer feedback or the order-book visibility that you have today, where do you expect the content to move over the next 2 to 3 years for each segment, meaning the die-casting and sheet metal segments, and which products will drive this?

Management: Thank you for that question. We do not have a slide on this in this year's presentation, but that is a good reminder that we must add it every time. You will have that as we go forward. I will not be able to provide the figure for each model or each company, because this varies from model to model. However, suffice it to say that the contribution per vehicle, if you look at a motorcycle for Sandhar as a whole, ranges from 3,000 to 4,000 rupees to almost 35,000 rupees per vehicle. It is a considerable range and depends on which model and which customer it is. If I break it up further into sheet metal, casting, electronics, locks, and mirrors, they vary significantly as well. We will be very happy to answer that question in detail, Radha, if you write to us, and we will respond.

Radha – Motilal Oswal Financial Services Limited: Sure, sir.

Management: However, going into deeper details on this call may take away time from the other participants.

Radha – Motilal Oswal Financial Services Limited: Sure, sir. I wanted to have a broad understanding, not the details. What portion of the content per vehicle in sheet metal or die casting is an opportunity that remains untapped by the company, and that you feel could be an opportunity the company will capture over the next 2 to 3 years in these segments?

Management: In terms of the opportunity, the opportunity is huge because, as I said, we have proven ourselves to be a consolidated sheet metal parts supplier.

Radha – Motilal Oswal Financial Services Limited: Right.

Management: If I look at sheet metal alone, we can discuss casting separately, which is similar in tone and spirit. We make everything from frames to undercovers, tanks, handles, brake assemblies, and more. If we do all of that for one particular vehicle, the rest of the market where we do not operate is also an opportunity for us. We are not only approaching customers, but customers are also approaching us. I would therefore say that, from the perspective of the opportunity, we have tapped less than 10% of the market.

Radha – Motilal Oswal Financial Services Limited: Understood, sir. My second question is: could you describe the supplier consolidation happening in these segments in the industry today? Are OEMs reducing the number of suppliers per part, and is the business moving from smaller unorganized players to Tier 1 players like yourself?

Management: Absolutely. Absolutely. I think that is the reason for the consolidation and for the business coming our way. It is the need, requirement, and prerogative of customers to improve and work very closely with a smaller set of suppliers. They also need to be financially sound. They need to have engineering capabilities and the wherewithal to establish projects at the speed at which models are changing and market volumes are growing. Quality parameters have also been

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strengthened, because you are aware that a large part, almost 25% to 30% of what is produced in India, is exported [trails off]

Management: ...and therefore, they need world-class suppliers. They need world-class suppliers, and that has been the reason for this consolidation to happen. This consolidation will continue, and I think it will provide an important and opportunistic benefit to companies like Sandhar.

Radha - Motilal Oswal Financial Services Limited: All right, that is good to know. Thanks, and all the best to the team.

Operator: Thank you. The next question comes from the line of Andre Purushottam from Cogito Tech LLC. Please go ahead.

Andre Purushottam - Cogito Tech LLC: Thank you for taking my question. I had one question related to the power situation in Chennai and the Sundaram Clayton plants. From what you said today and in previous calls, you are expecting this to be resolved by the end of this financial year. Could you provide some details on exactly what is happening there and your confidence level that this will be resolved in terms of power availability within the timeframe you mentioned?

Management: [pause] Our requirement for that facility is 4 megawatts. One megawatt was released to us about 1.5 months ago, and the second megawatt has been released to us and we started utilizing it only in the last 15 days. There was obviously a problem with the availability of transformers and the allocation of power in that particular region. However, I understand that all those formalities have now been completed, and therefore it is now a question of releasing the power. We are hopeful that, based on what we have been promised, this will be done by the end of December. We are very, very confident that the impact of all of this will come in the last quarter of this financial year.

Andre Purushottam - Cogito Tech LLC: Is my understanding correct that, in order to utilize this facility properly, you need the entire 4 megawatts and that a partial allocation does not really help in utilizing the facility efficiently?

Management: No, it does actually. All our high-pressure die casting is now active. We still have to move our low-pressure die casting from the original Sundaram Clayton facility to the new facility, and that is pending on account of the availability of power. Similarly, there are some machining lines that have to be shifted. Those have been delayed from the original plan, but we believe that by the last quarter of this particular year, we will have everything in one facility.

I think there was an earlier question about why the costs and losses are higher, and I mentioned that at this point we are running two complete facilities instead of one. We believe and are confident that this will not be the case after the last quarter of this year.

Andre Purushottam - Cogito Tech LLC: Would it be right to say that, compared to the last quarter, your visibility of this being resolved by the last quarter of the year has actually improved?

Management: Yes, absolutely.

Andre Purushottam - Cogito Tech LLC: Okay. Thank you very much.

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Operator: Thank you. The next question comes from the line of Rudraksh Raheja from I-Thought Financial Consultants. Please go ahead.

Rudraksh Raheja – Ithought Financial Consulting: Thank you for taking my follow-up question. I wanted to ask about capacity utilization in our running business. Could you quantify that?

Management: Our new investments, as I said, are based on asset turns or investment turns of 3 to 4 times. There is obviously the new investment of 540 crores that you have seen, and Yashpal also mentioned that there is some balance capital cost or capex that has to be incurred in this financial year itself. That should give you a broad idea of the revenue and the opportunity coming from these new investments.

Where our existing investments and components are concerned, if you look at our locks and mirrors business, the investment required is very incremental. Therefore, to grow that particular business, talking about capacity utilization would probably be a misnomer in some sense and might cause confusion. Suffice it to say that very small incremental costs can almost double capacities, if that were to be the case. I hope that answers your question, but again, you have to remember that the company is into almost hundreds of components, and for each, the story is a little different.

Rudraksh Raheja – Ithought Financial Consulting: Let me approach this a little differently. Our H1 growth rate has been north of 25% for the running business. If we were to sustain this kind of growth rate going forward, when would we need large capex, or can we manage this kind of growth rate with the routine capex we incur every year?

Management: Yes, that is what we are looking at. This is a story that was first brought to the fore 3 years ago, when we clearly said that our growth highway was being consolidated for an annual growth rate of over 20%. If you look at Slide 7, I think that should give you some idea. In H1 FY23, we were at 1,400 crores. In H1 FY27, we are at 3,000 crores. The investments made during this period, many of them have still not been fully brought up. You have examples in sheet metal, Sundaram Clayton, and so on. However, our business highway from existing businesses, with some contribution from new businesses, has led to these numbers. If you look at these numbers and see the percentage of growth, it matches the growth numbers achieved in the first half and the quarter of this year.

Rudraksh Raheja – Ithought Financial Consulting: Understood, sir. That was really helpful. Thanks.

Operator: Thank you. Ladies and gentlemen, we will take this as the last question for today. I now hand over to the management for closing comments. Over to you, sir.

Management: Once again, I want to thank Chirag and the MK team for putting this together. I want to thank all the participants for today's session. I hope we have been able to answer most of your questions. In case more details are required on some questions, we are very happy to take your questions through the company, and we will be able to provide further clarification on some of the requirements you may have.

With that, once again, I wish you all the best for the New Year. I hope everybody had a great Diwali. In terms of the industry, we believe that we are on a very, very solid path as a company, as a sector,

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and as India grows. With the compensations that we will receive from customers in the next 2 quarters, we believe that margins will improve, and our next call will probably be on an even happier note. With that, once again, a big thank you.

Operator: Thank you. On behalf of MK Global Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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