Commercial Vehicle Solutions

Department	Finance
From	C V Kavviya
Phone	+91 044-4224 2000
Email	cv.kavviya@zf.com
Date	November 27, 2026

ZF Group · ZF Commercial Vehicle Control Systems India Limited, Chennai 600058

The Manager
Listing Department
BSE Limited, Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

Scrip code: 533023

Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G
Bandra - Kurla Complex
Bandra (E), Mumbai 400 051

Trading Symbol: ZFCVINDIA

ISIN : INE342J01019

Dear Sir/Madam,

Sub: Transcript of the Investor Call held for the quarter and half year ended September 30, 2026

In continuation of our letters dated 12th, 17th and 23rd November 2026, pursuant to intimation and recording of investor's call, we hereby inform that the transcript of the earnings call has been uploaded on the website of the Company and the same can be accessed through the following link:

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

Request you to take the above information on record.

Thanking you,

Yours sincerely,
For ZF Commercial Vehicle Control Systems India Limited

CHATHAPURAM VENKATASUBRAMANIAN KAVVIYA

Digitally signed by CHATHAPURAM VENKATASUBRAMANIAN KAVVIYA
Date: 2026.11.27 19:13:57 +05'30'

C V Kavviya
Company Secretary & Compliance Officer

"ZF Commercial Vehicle Control Systems India Limited

Q2 FY26-27 Earnings Conference Call"

November 23, 2026

MANAGEMENT: Mr. Paramjit Singh Chadha – Managing Director
– ZF Commercial Vehicle Control Systems India Limited

Mr. Rakesh Mishra – Chief Financial Officer
– ZF Commercial Vehicle Control Systems India Limited

Mr. Shankar Venkatachalam – Head, OE Sales
– ZF Commercial Vehicle Control Systems India Limited

Ms. C.V. Kavviya – Company Secretary
– ZF Commercial Vehicle Control Systems India Limited

MODERATOR: Mr. Annamalai Jayaraj – 360 One Capital Market Private Limited

Moderator: Ladies and gentlemen, good day and welcome to the ZF Commercial Vehicle Control Systems India Limited Q2 FY27 Earnings Conference Call hosted by 360 ONE Capital Market Private Limited. As a reminder, all participants' line 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 this conference call, please signal our 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. Annamalai Jayaraj from 360 ONE Capital Market Private Limited. Thank you and over to you, sir.

Annamalai Jayaraj: Thank you. Good morning. Thank you for joining us today and welcome to the ZF Commercial Vehicle Control Systems India Limited's call to brief you on its Q2 FY26-27 earnings. Today, the earnings will be presented by the management team of ZF Commercial Vehicle Control Systems India Limited.

Your hosts are Mr. Paramjit Singh Chadha, Managing Director, Mr. Rakesh Mishra, Chief Financial Officer, Mr. Shankar Venkatachalam, Head of OE Sales, and Ms. C.V. Kavviya, Company Secretary.

I will now hand over to Mr. Paramjit Singh Chadha, who will provide further insights into the results. Over to you, sir.

Paramjit Singh Chadha: Thank you. Good morning to all of you. I warmly welcome you to the ZF Commercial Vehicle Control Systems India Limited's earnings call for the second quarter of financial year 2026-27. Please note, certain forward-looking statements that we will make today are based on management's good faith and expectations concerning future developments.

As you know, actual results may differ materially from these expectations as a result of many factors. ZF Commercial Vehicle Control Systems India Limited's results for the quarter ended September 30th, 2026 were published on November 13, 2026, and are available on our website www.zf.com under the ZF CV India Investor Relation section.

We hope you have had an opportunity to go through them. A transcript and recorded audio of this call will also be made available on the website under the ZF CV India Investor Relations section. I am happy to speak with you today, to share an update on our business performance.

Let's start with the economic and industry update. The Indian economy continued to show resilience and strong growth momentum with GDP for Q1 FY 2026-27

expanding by a better-than-expected 7.8%, building on strong performance in Q4 FY 2025-26. Despite a challenging global environment, the full-year growth projection now stands at approximately 7%.

Investment activity, improving consumer demand, and a strong rise in exports drove the growth, with consumption and investment remaining as the key pillars. This reinforced India's position as one of the fastest-growing major economies globally. Industrial activity remained robust, with Index of Industrial Production, IIP, growth accelerating to 6.8% in H1 FY 2026-27, up from 4.4% in H1 FY 2025-26. Investment-led segments such as Capital Goods, Infrastructure, Automotive, and Electrical Equipment continued to drive this growth.

While manufacturing growth moderated and mining remained subdued, overall industrial momentum stayed positive, supported by sustained investment and strong export demand. At the same time, the global environment remained complex. Ongoing geopolitical tensions, shift in global trade policy and tariffs, and disruptions to supply chains continued to create uncertainty.

These developments increased volatility in energy and commodity prices and in currency markets, adding cost pressure for manufacturers globally, including in India. Inflationary pressures increased during the period, with Consumer Price Index (CPI) inflation rising to 5.5%, driven primarily by food prices.

In response, the RBI raised the repo rate to 5.5% and shifted its policy stance to calibrated tightening. Inflation, energy prices, and evolving interest rate environment remain key near-term watch points. * Source, RBI Monetary Policy Report.

Now let's talk about Indian Commercial Vehicle Industry. Against this supportive macroeconomic backdrop, the Commercial Vehicle Industry delivered an exceptional performance, with CV more than 6-ton production growing by 47.7% in Q2 FY 2026-27.

This growth was driven by sustained infrastructure and construction activity, robust industrial demand, expanding e-commerce logistics and higher fleet utilization. Replacement demand supported by the better total cost of ownership of new vehicle also contributed along with a recovery in export and a favorable base effect.

By segment, the mix of buses, medium-duty trucks, and heavy-duty trucks remained broadly stable during the quarter. Electric bus sales reached 2,228 units, reflecting the continued electrification of public transport, supported by ongoing deployments and a healthy order pipeline.

The trailer industry recovered strongly, posting 19% year-on-year growth in Q2 FY 2026-27. This was supported by infrastructure and construction activity, increased export-linked trade movement, and a stronger overall demand environment. Looking ahead, the industry outlook remains positive.

The drivers behind this quarter's growth are expected to continue, further supported by rising replacement demand for aging fleets, growing adoption of advanced and electric mobility solutions, and government initiatives to modernize transport and public mobility.* Source, SIAM and FADA.

Let's talk about our OE sales. Our OE business delivered a strong Q2 FY 2026-27, growing 51.6% year-on-year, about 3.9% ahead of commercial vehicle industry. The performance reflects our ability to capture market opportunity with OEMs and to execute effectively in a dynamic operating environment. I will share the other segment-wise figures in the financial performance section.

Beyond market growth, our performance was driven by rising penetration of Electric Vehicles (EVs), higher sales of e-compressors and Electronic Braking Systems (EBS) to new energy OEMs, and ongoing recovery of inflation-related costs from customers. Demand fundamentals remain resilient, while geopolitical developments, inflationary pressure, and commodity price volatility remain factors to watch.

In this environment, we have sharpened our strategic priorities around three areas: accelerating business generation, expanding the penetration of new products, and strengthening readiness for upcoming regulations. Our primary focus in short term is increasing capacity for key products such as compressors and actuators.

On the new product front, we are expanding OPR compressor, the OptiDrive Automated Manual Transmission (AMT) Kit, Air Processing Units (APUs), and High-Performance Actuators across multiple customer segments, creating new avenues for business generation.

Building on nominations already secured from three leading OEMs for Electronic Stability Control (ESC), we are working closely with other OEMs to win further programs ahead of upcoming regulation and to strengthen our position in braking control system.

In line with our strong focus on the EV segment, we are also increasing the penetration of our EV solutions, particularly e-compressors and EBS among independent bus manufacturers.

About Aftermarket - Amid strong growth in OE segment, we are further strengthening our focus on the aftermarket business to maintain a healthy and

balanced portfolio mix. Given its attractive profitability profile, expanding this segment remains a key strategic priority for long-term profitable growth. The aftermarket business continued its strong momentum during the quarter, supported by healthy fleet utilization, increased demand for replacement spares, the growing adoption of preventive maintenance practices, and our strategic focus on the segment.

We are deliberately increasing our reach and engagement in the market to drive business generation. We have added 120 new branches this quarter, expanding a network that already includes about 550 dealers and distributors and around 270 authorized service partners across the country.

We complemented this with brand campaigns that take our products and expertise directly to customers, increased promotional activity, and mechanic training programs that build familiarity with our products where service decisions are made.

Through Project SPARK (Spare Parts Aftermarket Reforms Kickoff) we are steadily widening the range of products we offer to fleet owners and workshops. We recently launched Disc Brake Rotors, Diesel Exhaust Fluid (DEF), Wheel Bearing Grease, and Clutch Master Cylinder.

A strong pipeline is under evaluation, including Brake Pads, Air Springs, Reverse Parking Camera Solution, Lift Axle Dampers, NOx and DEF Sensors, and other high-demand parts, along with more than 10 merchandise products.

This systematic approach lets us generate new business in adjacent categories using our existing brand strength and distribution network. The increasing penetration of electric buses, with over 15,000 buses already on Indian road, is creating a significant new avenue for aftermarket growth.

As the installed base expands, demand for EV-specific spares, service, and maintenance solutions are expected to rise steadily. With our technologies, including e-compressors, EBS, and ECAS fitted on many of these vehicles, we are well-positioned to capitalize on this opportunity.

Building on this installed base, we are extending our aftermarket portfolio to independent EV players through SPARK, including Door Control Retrofit Solution and other EV-focused offerings. Looking ahead, with continued investment in infrastructure supporting fleet utilization, widening product portfolio, and growing EV installed base, we see the aftermarket as a sustained engine of profitable growth for the company.

Talking about exports of goods, our export business returned to growth this quarter. It was supported by recovery in the U.S. market following tariff-related

disruption and by sustained momentum in Europe. Higher volume of Double Diaphragm Spring Brake Actuator, Uni Stop Disc and Cam Brake Chambers, and Air Compressor drove this performance.

New business generation also contributed through the successful ramp-up of new products such as Uni Stop Disc Brake Chamber and for North American customers. Building on successful localization of the ASP cartridge for domestic customer building on successful localization of ASP cartridge for domestic customer, we have commissioned an additional line for export customer, with validation expected to be completed this quarter.

Start of production, (SOP) is planned for earlier Q4 FY 2026-27, providing an incremental driver of export business generation. Looking ahead, we expect demand to remain healthy, with continued growth anticipated in the U.S. market and sustained demand across Europe. This positions our export business for further improvement.

Talking about export of services, our exports of services continued to grow during the quarter. The main driver was the continued expansion of engineering design, testing, and validation activities for compressor and steering systems delivered from India to ZF's global engineering centers. This reflects India's expanding engineering capacity, technical expertise and infrastructure.

Continuous productivity improvement in our engineering operation allows us to deliver high-value, high-quality, and cost-effective services for global programs and to generate further business from ZF's global network.

Let's update about environment, health, and safety. During the quarter, we continued to implement measurable initiatives to reduce resource consumption and strengthen employee safety across our operations. At our Ambattur plant, we installed screw press sludge dewatering system, which allows us to reuse 3 KL of water per day within the Sewage Treatment Plant (STP) process. At Pantnagar, a new drive-in compressor is expected to reduce energy consumption by approximately 12 MWh a year. Safety remained a key focus. We rolled out a road safety program across all our sites, which included the MIME program, awareness sessions with the traffic police, and defensive driving training.

We also launched a Virtual Reality (VR) based EHS training platform with nine modules to strengthen safety awareness and competency. Talking about engineering and R&D, localization remained a key focus during the quarter. We moved the e-compressor with a localized oil filter into series production, which strengthened our domestic supply base for electric mobility and improved our cost competitiveness.

We also extended our localization effort to validation infrastructure. In collaboration with academia, we developed indigenous test equipment for validating Advanced Driver Assistance System (ADAS). This equipment is being deployed at our test track. It offers a cost-effective alternative to imported systems and opens up new business generation opportunities, including exports.

Our validation capabilities are becoming increasingly important to the industry as regulations change. Our dedicated Electronic Stability Control (ESC), test track is booked in advance until Q2 FY 2027-28, with close to 200 vehicles from OEMs queued for testing ahead of upcoming ESC regulations. In September 2026, the Hemi Anechoic Chamber at our proving ground also received NABL accreditation for Noise, Vibration, and Harshness (NVH) testing. We have already raised our first invoice for NVH testing services.

This demand reflects the trust OEMs place in our testing expertise and positions ZF as a key partner in helping the industry achieve regulatory compliance.

To encourage the adoption of advanced vehicle technologies and support future business generation, we held several Technology Day events at the Prawaas 5.0 Bus Expo and at customer location. These showcased solutions such as EBS, ESC, ADAS, the Modular Braking System Program (m-BSP), the Electro-Pneumatic Handbrake (EPH) and Electric Door System.

Customers showed encouraging interest in these events, which further strengthen our position as a key technology partner to the industry. These initiatives reflect our continued focus on delivering advanced technologies, accelerating innovation, and supporting the industry's moves towards safer, smarter, and more efficient mobility.

Update on manufacturing,- With commercial vehicle demand rising sharply, our manufacturing priority this quarter was clear: expand capacity quickly enough to meet our customers' requirements and commitments between July and September, we commissioned seven new production lines to meet this demand. These include new crankshaft machining line for Internal Combustion Engine (ICE) Compressor at our multi-divisional Oragadam facility, and new assembly lines for Brake Actuators and Valves at Ambattur, Jamshedpur, Lucknow, and Pantnagar. We also inaugurated a new High-Capacity Compressor Test Rig built to global requirement, which supports both domestic and export programs.

Over the coming quarters, we plan further investments to expand capacity across all brake system aggregates, so we stay ahead of anticipated market demand. Capacity also depends on a strong supply base. During the quarter, we engaged with more than 70 suppliers to prepare jointly for higher volumes and address potential constraints early.

Alongside this expansion, we continued to drive productivity improvement and operational efficiency through the following initiatives.

- **Digital Manufacturing Platform (DMP):** We reached the target level of asset connectivity at our Chennai plant and implemented more than 15 digital use cases during the quarter, with rollout now underway at Jamshedpur.
- **ZF Production System (ZF PS):** continuous improvement, shop floor management, and resource qualification are strengthening operational discipline and delivering productivity improvement across all our plants. Together, these initiatives give us the capacity, agility, and productivity to deliver on stronger demand and support long-term profitable growth.

Some awards and recognitions. I am pleased to share that during Q2 FY 2026-27, our team received two national awards and two regional awards in competitions organized by leading industry bodies, including the Confederation of Indian Industry (CII) the Automotive Component Manufacturers Association of India (ACMA) and the Quality Circle Forum of India (QCFI).

We also received several recognitions at state level. These achievements reflect our team's dedication, innovation, and commitment to continuous improvement. They also reinforce our focus on operational excellence, quality, safety, and strong manufacturing practices.

Talking about customer awards; Tata Motors Atmanirbhar Excellence Award - The e-compressor is a critical component in electric buses and trucks. As a pioneer in e-mobility solutions for commercial vehicle, ZF has prioritized localizing it under Make in India localization strengthens our supply chain, improve cost competition and profitability, and helps customer meet Domestic Value Addition (DVA) norms, linked to the Production Linked Incentive (PLI) schemes.

It has also enabled us to double e-compressor output over the last year. In recognition of this, we received the Atmanirbhar Excellence Award at the Tata Motors Annual Supplier Meet - 2026.

I now hand over to Mr. Rakesh, our CFO, to present the financials.

Rakesh Mishra: Thank you, Mr. Paramjit. Good morning, everyone. Let me talk about the financial performance now. Moving on to our financial performance for the quarter. For your ready reference, the results were made public at 1:49 P.M. on 13th November 2026. I hope you have had a chance to go through them.

We are pleased to share that the quarter ended 30th September 2026, total income reached INR 1,252.3 crores, reflecting a growth of 30.7% over Q2 of the previous financial year.

Segment-wise performance was as follows: sales of product, INR 1,073.9 crores, up by 37.2%; service income, INR 135.7 crores, up by 8.6%; other operating revenue, INR 6.79 crores, up by 1%; and other income at INR 42.6 crores, up by 2.9%. During the quarter, our OE domestic grew by 51.6%, aftermarket by 27%, and export of goods by 20.3%. Profit Before Tax (PBT) for Q2 FY 2026-27 stood at INR 171 crores, up by 17.2%, while Profit After Tax (PAT) was INR 127.8 crores, up by 18% compared with Q2 of previous financial year.

Excluding the impact of foreign exchange (FX) gains and losses, PBT stood at INR 170.1 crores, representing a strong growth of 24.1% compared with Q2 of the previous financial year. The gap between the reported and underlying growth is mainly because Q2 of previous financial year includes a significant FX gain of INR 8.8 crores, while in this quarter, the FX gain is only INR 0.9 crores.

Coming to H1 FY 2026-27 versus H1 FY 2025-26, the business delivered a strong operational performance with total income growing by 17.7% year-on-year to INR 2,354 crores compared with INR 2,000 crores in the previous year.

On an underlying basis, Profit Before Tax (PBT), excluding FX gains and losses, increased by 19% to INR 312.1 crores from INR 262.2 crores, with margin improving from 13.1% to 13.3%. This demonstrates the strength of our core operations supported by revenue growth, disciplined cost management, and favorable business mix.

From a profitability perspective, it is important to distinguish between the underlying business performance and the impact of foreign exchange movement. In the previous year, profitability was benefited significantly from FX gain of INR 47.8 crores.

Now I'll hand over to Mr. Paramjit for next section.

Paramjit Singh Chadha: Thank you, Rakesh. We will now discuss and share regarding our growth channels and strategies. Our growth is built on four channels, each with a clear agenda, as mentioned in our financial section in Q2 FY 2026-27.

In OE domestic, future growth will be driven by higher content per vehicle. Some of the several drivers are expected to improve our value per vehicle by approximately 30% over the next three years.

For example, product upgrades such as OPR compressor and high-force actuator, the ESC mandate, which alone is expected to add nearly INR 10,000 per vehicle, a steep ramp-up of Door Control System, and the OptiDrive AMT Kit, rising electrification with e-compressor, EBS, ECAS, where we have doubled e-compressor output over the last year.

In off-highway and trailer, we are taking proven CV technologies into construction, mining, and agriculture equipment trailers (with TEBS and a compact iEBS platform). The second channel, aftermarket, through Project SPARK, we plan to add more products and extend into merchandise. We also capture rising demand for e-mobility spares, including door control retrofit solution.

The third channel, exports, we are expanding our global customer base through higher penetration of Brake Chambers and Double Diaphragm Spring Brake Actuator (DDSBA) and adding new customers for our air supply unit. Our new robotic line for ASP cartridge with startup production planned for early Q4 FY 2026-27 will further strengthen our role as manufacturing hub with ZF's global network.

Fourth channel in services, we are using our test track to extend validation and testing services beyond commercial vehicle into passenger cars, two-wheeler and three-wheelers, and special vehicles. Alongside this, we continue to support homologation, ADAS, and ESC validation.

From India, our global engineering center with more than 800 engineers works on local and global ZF project, and global business services delivers IT and customer service support. Together, these channels broaden our revenue base, reduce concentration risk, and position us for profitable long-term growth.

Thank you. We now welcome your questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D. Patil: Good morning to the team. I have two questions. My first question to Mr. Chadha is, your Q2 revenue jumped over 31% year-on-year, showing a very good strong momentum in commercial vehicle safety and controls systems. Since commercial vehicle demand moves in cycles and global truck markets have been very uneven recently, just want to understand how are you managing the risk of a slowdown in domestic or export OEM orders?

Also, as advanced safety systems like ADAS and electronic braking scale up in India, what steps are you taking to localize imported electronic parts so supply chain shocks don't disrupt the deliveries? That's my first question. I'll ask my second question after this. Thank you.

Paramjit Singh Chadha: Yes. Talking about the commercial vehicle volumes, I can tell you that we have been talking to all the OEMs, and everyone is still indicating a bullish market going forward. There are also indications of further increase in Jan, Feb, March quarter.

Regarding fluctuations in demand, we have the measures to control our COFACO by ensuring that whenever there is a dip in the demand, sudden demand, we take the appropriate actions to control our operational costs. Now, coming to your part two on this localization for this safety-related products. We already shared in past also that we have suppliers available in India. We are working on the localization. Some is already SOP. Now maybe you can now ask your another question if the answer is okay.

Sucrit D. Patil: Thank you. My second question to Mr. Mishra is, along the similar lines, the first half operating cash flow has turned a bit negative around INR 69 crores, INR 70 crores, I believe. Looking ahead, what financial controls or pricing agreements do you have with truck makers to protect your margins if electronic and raw material costs stay high? How are you managing working capital risk so higher sales convert smoothly into cash? I want to understand the forward guidance on this. Thank you.

Rakesh Mishra: Yes. Thank you for that question. We are good on our cash flow in terms of collection from our customers. If you are comparing the cash flow for the period ending 31st March 2026, we had received some prepayment from customers in anticipation of higher sales growth. That is the major reason for the dropping when you are comparing in September half year.

Having said that, we have strong measures in place to have healthy cash flow, and I do not see any challenges there. All engines are in place to recover money from our customers in time. Those measures are in place. Can you ask the second question?

Sucrit D. Patil: No, my second question was also pertaining to this, that the cash flow part, okay, that I understand. But in case, just want to understand on a risk parameter, in case the electronic and raw material cost is high, then how is the company set for the challenge?

Rakesh Mishra: Yes. So Mr. Shankar will address that question.

Shankar Venkatachalam: Yes. Hi, good morning. When it comes to customer reimbursements, we have the claims placed to all our customers in two forms. One is all the raw materials are indexed. Typically, the raw materials like aluminums, forgings, castings, and all of the sheet metal commodities are all indexed. So there, we have a quarter-wise indexing.

So typically, the recovery will be on a quarterly basis. So there will be a delay of one quarter on the recovery. Apart from this, we are also seeing some geopolitical one-timer risks which are coming in the current status, like you mentioned. Those

are all again supported by back-to-back reimbursements from the customer, typically with a one-quarter delay.

Sucrit D. Patil: Okay. Now, just my last question, and I will end my call on this. Is it safe to assume that we should factor in a one-quarter risk if this kind of a scenario arises?

Paramjit Singh Chadha: No, it is not risk. It is going to be retrospective, but there is a delay of one…

Rakesh Mishra: Rolled over to the next quarter.

Shankar Venkatachalam: The recovery is a quarter later, but it is retrospective. There is no risk associated.

Paramjit Singh Chadha: There is no risk.

Sucrit D. Patil: Okay, great. Thank you very much, and my best wishes.

Paramjit Singh Chadha: Thank you.

Moderator: Thank you. The next question is from the line of Dishant Jain from Quasar Capital. Please go ahead.

Dishant Jain: Hi, hope I am audible, and thanks for the opportunity. Sir, is it possible to bifurcate the export growth between U.S. and Europe markets?

Paramjit Singh Chadha: In the Vehicle production, if you see, in America, U.S., this is a growth of 17.4%, whereas in Europe, it is 3.9%. The reason is that the U.S., the market has gone down, and you are now asking the question related to our sales in these two markets. The breakup of our sale is generally, it has been 50/50, but to check the exact for the last quarter, America, it was around 106 million, and EMEA and APAC it was close to 170.

Dishant Jain: Sorry, could you please repeat? America was $106 million?

Paramjit Singh Chadha: This is INR 106 crores. Europe is INR 158 crores.

Dishant Jain: What was the same numbers for last quarter, last to last quarter?

Paramjit Singh Chadha: I think we have to check that. Yes, we have to check that.

Dishant Jain: Okay, and sir, is it possible to share some light on the domestic demand? Maybe we are into like midway of Q3, not from the quantitative angle, but maybe qualitatively, how the talk is going on with the customers for Q3, Q4? Anything would be helpful?

Paramjit Singh Chadha: See, currently, in November also, the overall medium and heavy vehicle production is planned at around close to 49,000 vehicles. We are getting the projection from

OEMs during our face-to-face meetings with the top management also, that this is further going to grow between 5%-10% from the current level.

Dishant Jain: Okay. Understood. Yes, thanks, sir. Thanks for the opportunity and answers.

Paramjit Singh Chadha: Thank you.

Moderator: Thank you. The next question is from the line of Sabil Dabhoya from Avendus Investment Managers. Please go ahead.

Sabil Dabhoya: Hi, thank you for the opportunity. My first question was, ZF has a strong competitive position in MHCV ESC. We hear that there is new competition developing similar solution. How sustainable is our market share over there, and do we expect to retain most of the incremental ESC business coming over the next three years?

Shankar Venkatachalam: I would like to take that question. This is Shankar here. On the overall ESC business, the key USP is what we bring to the table is our strength and capability as a complete system solution provider. We are working with all OEMs to extend the support all the way from pre-homologation to homologation, as well as getting the release approvals, as we have the capability of the test track and the application engineering resources available here in Chennai.

We spoke briefly about the resources here. As well, we are now working on a localization footprint that will allow us to further keep the cost at the expected level. We are keeping our position at the same level as where we are at today. We are looking to retain our strength at around 70% share of the overall market and above. We have already been awarded by three major OEMs and looking to extend that business across other OEMs as well.

Sabil Dabhoya: Sure, thank you. My second question was, this is regarding LCV. In our earlier presentation, we had highlighted LCV as a key growth opportunity, and we had a target of about EUR19 million by 2030. If you could just update us on the progress towards this revenue target?

Shankar Venkatachalam: As you are already aware, we are already with hydraulic ESC and some of the smaller vacuum pumps in that particular segment. These products are already in series, and we are seeing a growing demand for the hydraulic ESC with the legislation that is rolling out for some of the school bus and the lighter segment vehicles since October 2027.

Going ahead, we are also working on extending it towards the braking system platforms. That is work in process right now. Since there are some challenges on cost pressures, we are working on providing a suitable solution that fits the market cost expectations, and we will be rolling it out in the coming quarters.

Sabil Dabhoya: Any numbers that we have reached for the target? I mean, are we halfway there? Are we anything qualitatively good? If you could please highlight.

Paramjit Singh Chadha: This is at the initial stage. We are working on the market potential. Volumes are very high, and in this segment, the margins is a key issue. We are working on how to balance both. But hydraulic ESC is okay. That is already going on and ramping up.

Sabil Dabhoya: Sure. Just lastly, if you could just give us the absolute number for the four segments we have, which is OEM, product exports, and aftermarket, please. I know you have given the YoY numbers, but if you could please help with the absolute numbers?

Rakesh Mishra: Actually, we have given the breakup of product sales, services, and exports, and we have also given the growth in different segments, whatever you are saying. Beyond that, actually, we do not maintain further breakup. We can address to specific questions. You can write to us, we can address to that.

Sabil Dabhoya: Sure. Thank you so much, and all the best to the team.

Shankar Venkatachalam: Thank you.

Moderator: Thank you. The next question is from the line of Nirali Gopani from Unique PMS. Please go ahead.

Nirali Gopani: Hi,Thanks for the opportunity. Sir, my question is on the comment that you made, that you see the content per vehicle going up by 30%. What is the content per vehicle today in number terms, if you can give it to us, sir?

Shankar Venkatachalam: Our content per vehicle today is between 40,000 to 43,000, roughly, on the overall content products that we supply. We see a potential that this will grow up to 50,000- 55,000 level. That's the scope of improvement that we see. Those products which we spoke about are the ones which will be contributing towards this content increase.

Nirali Gopani: You have taken ESC, ADAS, everything into consideration when you give this number?

Shankar Venkatachalam: Yes. We spoke about ESC, we spoke about compressors, we spoke about door control systems, we spoke about also some of the braking system components as well, which all of these will be contributing to this number. AMT, EBS, ECAS, e-compressors on the. Then also some of the products which we are working on the off-highway and the trailer segment market as well.

Nirali Gopani: Okay. My question is the growth runway that we expect in the content per vehicle, have we trimmed down that number? Earlier, I guess, we used to expect that the content per vehicle would be substantially higher than this. Is it because of increment in competition? Anything on that side, if you can share?

Shankar Venkatachalam: There are two series of actions which we have also done. In the longer interest, we have also come out of certain bleeder products, wherein those products have been phasing out slowly, and then we are bringing in more technology and products in the market.

Secondly, towards upcoming regulations, we have a product that we had originally targeted, which was the ADAS, but now we are coming out with a light solution that will also be something that will have the required features alone that would meet the regulatory compliance.

This is also something that we had to recalibrate based on the market requirements. Due to these two key factors, we have now planned our roadmap in terms of the product upgrade as well as the product extension in the value.

Nirali Gopani: Okay. Yes, fair enough. Thanks for answering.

Moderator: Thank you. The next question is from the line of Nishit Dave, an Individual Investor. Please go ahead.

Nishit Dave: Good morning to all, and thank you for providing me the opportunity. In case if you have three to five-year strategic business plan, then what are the aspirations in next three years in terms of the top line as well as the bottom line?

Rakesh Mishra: We actually do not give forward-looking statement in terms of our revenue and profitability. Already we have outlined our content per vehicle, That is our aspiration.

Nishit Dave: Okay, thank you very much.

Rakesh Mishra: Thank you.

Moderator: Thank you. The next question is from the line of Dishant Jain from Quasar Capital. Please go ahead.

Dishant Jain: Yes, thanks for the opportunity again. Sir, can you share some light on ZF's internal market share expectations over the ADAS and EBS once these products got regulated, maybe commercialized within the next, let's say, two to three years? Anything on that?

Shankar Venkatachalam: The EBS is something that we are working with all the EV players. It's not something that is coming up as part of regulatory. Here, when it comes to most of

the electric bus manufacturers, we are securing the share of business. You can safely say that we will be one of the majority market players in the EBS braking business when it comes to electric vehicles.

It's not so much used in the ICE vehicle platforms yet. We will see a gradual shift coming mainly because of usage in an electric vehicle scenario wherein you find a brake blending and an energy recuperation paying back as a total cost of ownership.

On the ADAS perspective, today, as mentioned earlier, we are with all the other truck, that is the new energy, new mobility OEMs, where we have already announced business nominations from three or four major ones, and we are also working with two, three other additional new mobility players where we will be securing our position.

Going forward, this is currently with the OnGuardMAX solution, which is available from our global platform. Going forward, in the next couple of years, we are also coming out with a light solution, as mentioned a little while earlier, which will be just about regulatory compliant with regards to the five features that are requested. With that, we will also be in a position to enter into the other OEMs.

Dishant Jain: Okay. Nothing from the quantitative side. Any figure you want to put it out?

Shankar Venkatachalam: From all the other truck and bus manufacturers, we will be 100%, that is all the new mobility OEMs. With regards to some of the other, the main OEMs with the light solution, we expect to make an entry in the coming years.

Dishant Jain: Okay. Sir, thanks for the opportunity.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Paramjit Singh Chadha: Thank you very much for all the stakeholders for supporting us to manage the increased demands and also other supply chain challenges. We continue to grow with the market and try to ensure that we are maintaining all the desired goal levels. Thanks to all. Thank you.

Shankar Venkatachalam: Thank you.

Rakesh Mishra: Thank you.

Moderator: Thank you. On behalf of 360 ONE Capital Market Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines