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Dear Sirs,

Sub: Investors Q2 FY 26 Earning Call Transcript.

Transcript of the Investors Earning call held on Tuesday, November 11, 2025 is enclosed herewith.

Same is also available on the website of the Company at www.suprajit.com.

Kindly take the aforesaid information on record in compliance of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

This is for your information & record.

Thanking you

Yours faithfully
For Suprajit Engineering Limited

Medappa Gowda J
CFO & Company Secretary

Encl : as above



“Suprajit Engineering Limited
Q2 Earnings Conference Call”
November 11, 2025



MANAGEMENT: **MR. AJITH KUMAR RAI – FOUNDER AND CHAIRMAN – SUPRAJIT ENGINEERING LIMITED**
MR. N.S. MOHAN – MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER – SUPRAJIT ENGINEERING LIMITED
MR. AKHILESH RAI – DIRECTOR AND CHIEF STRATEGY OFFICER – SUPRAJIT ENGINEERING LIMITED
MR. MEDAPPA GOWDA J – CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY – SUPRAJIT ENGINEERING LIMITED

MODERATOR: **MR. MUMUKSH MANDLESHA – ANAND RATHI SHARES AND STOCK BROKERS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Suprajit Engineering Q2 Earnings Call, hosted by Anand Rathie Share and Stock Brokers Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mumuksh Mandlesha. Thank you, and over to you, sir.

Mumuksh Mandlesha: Thanks, Trisha. On behalf of Anand Rathie Shares and Stock Brokers, I welcome you all to the Suprajit Engineering Q2 FY '26 Conference Call. I thank the management for taking time out for this call. From the management side, we have Mr. Ajith Kumar Rai, the Founder and Chairman; Mr. N.S. Mohan, MD and Group CEO; Mr. Akhilesh Rai, Director and Chief Strategy Officer; and Mr. Medappa Gowda J, CFO and Company Secretary.

I request Ajith sir and team to give an introduction review about the results, and then we can follow up with the Q&A session. Over to you, sir.

Ajith Kumar Rai: Yes. Good morning. Thank you, Mumuksh and Anand Rathie for hosting this call. Good morning, everybody, and welcome to Suprajit's Q2 FY '26 results call. As you all know, the automotive industry grew by about 5.8% during the first half. Passenger vehicles had 3.8% and 2-wheelers had something like 5.8%. Of course, since the change in GST, there has been a gush of new business. October has been good. However, we have to see how the whole thing pans out for the balance year.

Global business environment continues to be challenging with continued geopolitical issues, tariff issues, rare earth export restriction issues, etcetera, even shipping congestion in Europe has become an issue. But having said all this, the company has performed, I think, pretty well. In that background, I will now hand over to our teams one by one to give some few and key financial items and operational and other items to brief you all. And following that, we'll have a Q&A.

I'll first hand over to Medappa for the key financial items. Medappa?

Medappa Gowda J.: Thank you, sir. Good morning...

Moderator: Sorry to interrupt, sir, but your voice is breaking, Medappa sir.

Medappa Gowda J.: Now?

Moderator: Now it's proper sir.

Medappa Gowda J.: Yes. Good morning, everyone. The consolidated revenue, excluding SCS for the half year ended 30th September 2025 was INR1,605 crores as against INR1,508 crores for the corresponding previous year, recording a growth of 6.4%. The consolidated operational EBITDA for the half year ended 30th September 2025 was INR215 crores as against INR184 crores for the corresponding previous year

Moderator: Sorry to interrupt, sir, your voice is still breaking, sir.

Ajith Kumar Rai: Are you on mobile?

Medappa Gowda J.: Yes. Now okay?

Moderator: Yes, sir. Now it's good.

Medappa Gowda J.: Yes. The stand-alone revenue for the half year ended 30th September 2025 was INR877 crores as against INR827 crores for the corresponding previous year, recording a growth of 6.1%. The standalone operational EBITDA for the half year ended 30th September 2025 was INR145 crores as against INR145 crores for the corresponding previous year.

Moderator: Medappa sir, your voice is still breaking.

Medappa Gowda J.: Now?

Ajith Kumar Rai: Yes, go ahead. I think the results numbers have all been with the investors, so it should be okay.

Medappa Gowda J.: ok, Sir

Ajith Kumar Rai: No, you're still breaking. Either you have to come again. I suggest you log off and then probably ask them to reconnect on a land line for questions. I will pass it on to Mohan for your highlights, Mohan.

N.S. Mohan: Yes. Thank you very much. Am I audible and clear?

Ajith Kumar Rai: Yes.

N.S. Mohan: Great. Okay. Gentlemen, very good morning, and let me start with the business divisional highlights. Obviously, the hero of the day is our SCD or Suprajit Controls Division, which is the global cables and controls. When I'm talking about it, I would want to exclude SCS, which has been our latest acquisition. So SCS, the operational revenue grew by around 7% year-on-year.

But what is very interesting is that the operational EBITDA grew strongly. It's almost by 50%, and we have achieved a double-digit EBITDA of 11.6%. This, of course, reflects the underlying operational improvements that our team has been working hard, like in-sourcing of populated PCBA to our own SCD or labor productivity improvements, etcetera.

And another major area that we worked on, which is paying off for us is the tariff-related costs are being passed on and most of them has been done and whatever little are absorbed and also reflected in our results.

In terms of outlook, SCD is expected to perform pretty well despite all the uncertainties that our Chairman was talking about in terms of geopolitical issues and so on and so forth. Restructuring remains on track. That's very important for us, and we expect that to be completed by 2025, December. This includes majorly moving the operations from Juarez plant into the Matamoros plant. Therefore, Matamoros and Brownsville has been strengthened adequately.

The evolving tariff situation is a moving target as we all know, and it's being mitigated through many proactive alternate delivery solutions. We have made mitigation proposals to our U.S. OEMs. We will be qualifying our Wichita facility that is the Wescon with IATF certification, which would allow potentially for transit into the MAGA or Make America Great Again. So that's an overview on SCD and moving on to the Domestic Cable division.

The operational revenue grew well by around 10-plus percent on a year-on-year basis. And EBITDA margin contracted very marginally, but nothing very substantial there. Aftermarket beyond cables and new braking system projects continue to gain very good traction. And our capacity expansion with additional building at Chakan has been completed. This is primarily catering to the passenger car vehicle segment.

In terms of outlook, I would say a strong second half is expected with better sector growth because generally, automotive industry in India in the second half is better. And we also expect aftermarket traction. Both beyond cables and multiple braking projects are also coming up and will be ramped up.

Moving on to the Phoenix Lamps division. This is the elephant in the room. The revenues declined at PLD, leading to an EBITDA margin reduction. Now it is at around 12.7% corresponding to the previous year 15% what we used to be. So quarter was largely muted due to the steep reduction in exports to Middle Eastern countries and very specifically Trifa brand and direct sales.

So while this has been the past, in terms of outlook, we expect second half to be better. We expect some amount of headwinds to continue in Europe, but we expect that to be overcome by local business. And very important is one of the global competitor has filed for Chapter 11. Therefore, we are already receiving multiple inquiries at PLD for exports and also from the domestic OEMs. Therefore, we expect that to gain traction in the next few quarters.

So with that, I would like to hand it over to Akhilesh. Akhilesh, over to you.

Akhilesh Rai:

Thank you, Mohan. And just as a point of information, I'm on the road, so might have some issues with network, please let me know if I break off. I'll take up from the Suprajit Electronics division, where we supply a lot of clusters and sensors and some actuators.

Revenue grew well at 36% and EBITDA also increased well by 251% from 5.2% last year to 13.5% this year. So good strong double-digit EBITDA performance. The significant slowdown of a leading EV customer was overcome by new order execution from other customers, especially our throttle grips gained a lot of traction in the last few months with record sales from multiple customers.

Order ramp-up with new customers will certainly derisk the business. And we see a strong growth trend with multiple projects for both EV 2-wheeler and 3-wheeler players all going into production in the coming quarters.

Next, we move on to SCS. The acquired entity from insolvency that were based headquartered in Germany. Revenue grew to about INR109 crores and the EBITDA loss reduced to INR6.7

crores. It's an important point that this is the first quarter where the entire all SCS assets, that means Germany, Morocco, Canada and China are all now integrated and have been -- we've had a full quarter of their business under Suprajit. The integration process of these assets is well underway with Canada already moved to a larger site and the Jiaying operations, which were having certain struggles earlier are now streamlining.

On the Europe side of SCS, all European production is fully relocated to Morocco now. The Poland plant has been completely closed. We also set up a new Hungary warehouse close to our Hungary plant, literally 15 minutes, 20 minutes away by road. And that has replaced the old German warehouse. This will also support us because we're having a significant German headcount reduction in December, which is also as planned.

When it comes to Morocco, their top priorities are streamlining operations, input cost reduction, overhead control. So we have a team from India supporting them, a team from Hungary also supporting them and things are working well and going as per plan. There's a smaller restructuring going on also from Germany, where we're moving a German tool room also to Morocco to further support our rightsizing at Germany. This is all, of course, aligned with our master plan, which we have been talking about for the last since the acquisition of SCS, where we expect to turn EBITDA positive by the fourth quarter of this year. And I think that is well on track.

Coming to STC, our technology center continues to assist all our divisions in launching multiple programs with focus on the homegrown products that we have developed ourselves, but also with strategic collaborations with ABS with Blubrake and sunroof cables with a partner in Germany. This collaboration for ABS is also perfectly apt because of the current situation with the ABS mandate.

And we are also working now with a lot of more complex brake systems to support our customers as they look at ramping up their ABS projects within their product line. The Blubrake ABS has now been sized for 2 customer requirements and is under validation. We're quite happy with the speed and the kind of performance that we're looking at, but we will need to go through the complete validation process.

Program pipelines in clusters, throttles, grips and actuators continue to be strong. And the new STC technology center building, which will house more than 200 R&D engineers is progressing as per plan. Some other updates from the quarter, more general.

We have a big One SAP initiative where we hit another milestone with our U.S. and Mexico plants going live on SAP. The DCD 16 plants and SCDs plant in Bangalore will now follow suit in Q4. This will take us over the 50% mark in terms of SAP implementation with almost 6 implementations already completed.

We have applied for an additional land in AURIC Bidkin near the Aurangabad cluster of industrial cluster. This is for various customers who have requested us to plan a presence in the future.

Suprajit also participated for the first time in EICMA 2025. This is the largest 2-wheeler expo in Milan, Italy. We are very pleasantly surprised by the kind of response we had, which is both where customers are very impressed by both our technology focus and our homegrown product.

With that, I hand over to Chairman for closing remarks. Chairman?

Ajith Kumar Rai:

Yes. Thank you, Akhilesh, Mohan and Medappa. I think Akhilesh may have to drop off the call as he has some of their earlier commitments. He will answer as many questions if he's on. Otherwise, Mohan and I, along with Medappa will deal with any questions that you may have.

As a summary, I think accepting a slightly muted PLD performance, the rest of the divisions have done well. They have performed ahead of the industry. I think what Mohan has mentioned, the Controls division margins have consistently been in double digit in the last 2 quarters. And even if you look at consolidated numbers without SCS, it's at 14%, which is the top end of our guidance. And even with the SCS, we are at about 11.5%. So it's been a good quarter and a good half. The integration is going pretty smoothly and as planned.

So by end of December, I think most of the major heavy lifting will all be done and dusted. At the same time, we are also very focused on mitigating the tariff-related impacts and giving alternate options to customers, etcetera, and the operations streamline across various global units of ours and also presenting our portfolio that is being developed at STC to our customers, I think we expect second half would be better than the first half.

With this, I will hand over to the moderator to take the questions, and we'll answer as we go along. Thank you. Over to moderator, Trisha.

Moderator:

The first question is from the line of Viraj from SiMPL Investments.

Viraj:

Just a couple of questions. First is, if you look at the gross margin for the quarter, we've seen one of the highest ever contribution margins we have seen in SCD. But at the same time, if you look at our opex costs and employee costs, it still remains elevated. So were there any further restructuring charges or any other write-offs further we have seen in the quarter? So the first one to start with.

Ajith Kumar Rai:

Yes, you're right. Our gross margins have been one of the best, I think, where the opex and employee costs are there, there will be continuing hits that will happen till end of December because, for example, in Germany, the employees have a clear plan of being reduced from whatever the X number to X minus. And they have certain time lines when they will be leaving the organization. So when that happens, their separation costs have to be paid. So that will continue to hit.

Opex, yes, there is some continuing work that will be done in this quarter because the operations from Juarez have been moved to Matamoros that operational movement, relocation, re-establishing it will continue to be there. As we also mentioned, the tool room is being moved from again, these are all cost reduction plans for the next year, I would say, is moved from Germany to Morocco so that there is a better operational control also on all the tooling requirements. So all these are some of them.

At the same time, this last couple of months, we have been moving our Canada operations to a new location, larger location for more efficient management of the inventory and also the workflow within the organization. So these things are ongoing. That's why I said these hits will continue to happen until end of December. I think that's when we'll all be done.

Viraj: If we look at Q2 or maybe H1, would it be right to say that this restructuring or this additional opex costs will be in the tune of INR15 crores, INR20 crores at least?

Ajith Kumar Rai: For the period, I think it would be I think the I think if I right, our cost for what is that employee separation in Germany itself is about EUR1.1 million or EUR1.2 million. So I think it's more than that.

Viraj: Got it. And on the gross margin, sir, what explains such a high gross margin? I mean, how should we understand the drivers and sustainability?

Ajith Kumar Rai: Sorry, I didn't get the last part of the question.

Viraj: How should we understand the drivers and sustainability of high gross margin?

Ajith Kumar Rai: I think the gross margins will be good, whether it will be exactly the same or a little plus/minus, I do not know. The reasoning is simple. The restructuring is leading to a much more optimal and much more cleaner operation across the group. So I would expect that we will have a good gross margin. I don't want to hazard a guess on the future. But I think you have seen it how in the last 4 quarters, we have improved. And I think there is one last leg left. So I would think it would continue to be good.

Viraj: Okay. Just 2 questions, and I'll come back in queue. First is on the Phoenix Lamps. You talked about one of the global players filing for bankruptcy. So Marelli, they have filed. But if you look at the portfolio, they are still quite heavy on the LED portfolio and news and technologies. So I'm just still trying to understand how does it -- from our point of view, how does it really benefit us sir? And any color you can give in terms of demand-supply dynamics now in lamps?

Ajith Kumar Rai: I don't want to comment on specific names. I think I am not talking about Marelli. But at the same time, all I'm saying is that we have been rushed with new inquiries for Phoenix Lamps, both out of Luxlite and also from India itself. This is, as I said, I've been saying all along in the last 2 years, 3 years is that there is a consolidation of the business and consolidation of vendors and the strongest last man standing will gain with this.

I think that's what we are seeing now again. And that's why, yes, this quarter or last 2 quarters have been slightly muted on top line and hence, the margins have probably had a couple of hundred basis point reduction. But still at 13%, whatever, 13.5%, we have always been that 13% to 15%. We are at the lower end. I think that will also change with time. So we are quite clear that business, there is going to be more consolidation and some more business will come. Although the overall business may shrink, our business is not expected to be disturbed.

Viraj: Okay. And last question was on the view of the land acquisition, which we announced. What products is this for? Any color you can give?

- Ajith Kumar Rai:** That's for the range of Suprajit's domestic products. It's for it's a domestic plant, it's certainly cables and beyond cables.
- Moderator:** The next question comes from the line of Gokul Maheshwari from Awriga Capital Advisors LLP.
- Gokul Maheshwari:** So just on Phoenix, we had in the past associated with some retailers overseas to sell our products. What is the update on that?
- Ajith Kumar Rai:** Mohan, will you answer?
- N.S. Mohan:** Yes, sure. When we talk about retailers, we are talking about basically a couple of areas. One is the Russian area. Another is more in the African continent. And the third portion of that is North America. Those are the relationships that we are forging, but it is going to take time. So we are working on it, but we are pretty sure that it is going to fructify in the near future.
- Ajith Kumar Rai:** I think to add to what Mohan said, Gokul, we are working with one of the global majors for the North American market. And the initial deliveries have been made is the largest retailer, I would say. And I think they are again coming for another assessment. What we have done actually is only a pilot testing of the North American market through this chain. And I think post this December visits, I think we would get more clarity on what next in terms of launching in multiple their own outlets in the U.S.
- Gokul Maheshwari:** Okay. And on SCS, you have mentioned in the PPT that you're looking for a breakeven by Q4. But what would be the estimate for the full year revenues for SCS given the sales which were there around US\$40-odd million at the time of the acquisition?
- Ajith Kumar Rai:** I mean the quarter has been very clear, Gokul. That quarter is the full quarter. This quarter, the revenue has been mentioned, I think, in our business. So one easy way to do it to multiply it by 4 for the next year. But I think it's there will be some variation, but I think that is the rough figure for you.
- Gokul Maheshwari:** Okay. And just lastly, on your domestic business, given the changing of the festival season during -- I mean, in the month of September quarter, the Q3 will reflect the strong sales with respect to what the OEs have experience in their retail sales even for you with higher sales growth for the domestic business in Q3?
- Ajith Kumar Rai:** Mohan, will you answer generally what's happening in the GST scenario also, I guess?
- N.S. Mohan:** Okay. Let's keep it this way. In terms of the overall market, we have seen that I'm talking about the OEM market, I'm talking about. We see an uptick both in terms of festival season and also because of the pent-up demand after GST, coupled with the rural market economy looking upbeat. So now obviously, it is going to trickle down to us. Therefore, from a sales to OE perspective, we definitely would look at a higher uptake going forward.
- But in terms of aftermarket, also, we are looking at a positive tailwind coming in primarily because of GST. And there was some amount of muted growth. I think now it's going to become

much more better. Particularly control cable, we were at around 28% GST rate. Now we are at around 18%. Same thing with the speedometers, 28% reduces to 18%. So some of the tractor parts, for example, comes down from 18% to 5%. So overall, I would say it is more benign to us. On the lamps portion, it is not going to be GST impact. It is 18%, continues to be 18%, no change.

Moderator: The next question comes from the line of Yash Agrawal from Nirmal Bang.

Yash Agrawal: I have just one question related to U.S. tariff issues. Like what's the kind of negotiation we are having with the customer? Like are we passing up the entire cost or they create the sharing of the tariff costs related to our products?

Ajith Kumar Rai: Yes. I think we have also mentioned that in our business update. I think in essence, I would say most of the tariffs have been passed on. I'll tell you a little background to this. In terms of -- if you're talking about the 25% and 50% or whatever, it's not just India. We also look at China because since our global operations we look at the impact of tariff from multiple countries into U.S. because our operations are happening in Canada, in Mexico, China, India, Morocco and in Europe.

So instead of going into the details, I think it's a very complex scenario. All I can say is that the tariffs have been passed, passed on to customers. What is being difficult to be passed on is some of these smaller impacts. I'll give you an example that, for example, we are importing in, let's say, our U.S. operations as well as in Mexico operations, let's say, steel inner wire from China. Now that is a very small part of the entire cable assembly.

In a \$5 cable, it may be \$0.25 or whatever. So that steel tariff has an impact on this particular material, which will be just a \$0.01 or \$0.02, which on the \$5 may be nothing. But when you add on multiple millions of these products, it makes some effect. So when you're attending the - - approaching the customer for this big ticket, 25%, 50%, that they listen to.

But when you are trying to present this \$0.01, \$0.02, it is difficult to convince them. So that is where we get some small hits. So, I think that is very it's absolutely not a material for us, but there has been some little effect. So all I want to say is that most of the tariff impact has been passed on.

Yash Agrawal: And the second question is on ABS regulation. So what is the current update like we have as of now?

Ajith Kumar Rai: I think your guess is as good as mine. Mohan, anything that you want to comment?

N.S. Mohan: Yes. The latest is that there has been a pushback from the OEMs. Obviously, the kind of the due date that has been stipulated by the government looks to be almost impossible, primarily on 2 fronts. Number one is the supply chain is not ready. Therefore, there will be not second thing is this is a product which needs to be homologated, proven on the vehicle. It cannot be introduced at such a short notice.

Therefore, there has been a representation made by the OEMs. And incidentally, as a Tier 1, we have also put in our representation to the government. We have given our opinion. While I'm not able to disclose the entirety of the opinion, but definitely, we have given our opinion. So will it happen? The answer is yes. Will it happen tomorrow? The answer is no.

Ajith Kumar Rai: Yes. Just to add, I think it's also a question of the timing of that. And also whether it will be for the entire range or certain range of 2-wheelers, I think there's a lot of discussion going on at various levels. So I think we'll have to wait and see, but I don't see, as Mohan said, it's getting introduced in 1st of January for sure.

Yash Agrawal: Okay. And one last question on the gross margin since we had a very good gross margin, one of the highest in the history. So can we expect it to sustain in the medium term at this kind of level.

Ajith Kumar Rai: I think there was a question on the same earlier also. I think the answer is same. I think the restructuring that we have been doing internally, particularly in our overseas entities are showing these numbers being really improving over the period, and it has been consistently improving.

As I said, there is one last leg to be done in this quarter. And I do believe that we will have good gross margins, but I don't want to speculate a number on that. But as we are saying, the consolidation is still to complete. The end result of all this consolidation is further improvement, but the exact numbers would be difficult to say.

Moderator: The next question comes from the line of Tanmay Jhaveri from Finterest Capital.

Tanmay Jhaveri: Sir, I have couple of questions. First one is from the accounting point of view. So our effective tax rate remains relatively high compared to standard 25% corporate tax. So I just wanted to understand the factors behind that. Is it due to subsidiary mix or deferred tax? Like what is the reason behind this?

Ajith Kumar Rai: Medappa, will you answer that?

Medappa Gowda J.: Basically, including deferred tax and considering the consol profit, that percentage is changing. The effective tax rate is 25% to 27% only. There is no change.

Tanmay Jhaveri: Sir, I think for last few quarters, we have seen a good growth in our company. So if you could just share what kind of growth do we see over the next few quarters or maybe a year or 2 years, what kind of momentum are we expecting in this industry and our company?

Ajith Kumar Rai: I think the guidance that we have given in the beginning of the year is that ultimately, today, we'll have to benchmark ourselves with the global industry growth. With all the uncertainties globally, the industry is not really growing. Of course, India is a growth market at this moment. And the overall global market, we don't know where it will be. It will be in a low single digit, maybe 1% to 3%. What we have guided is that we'll continue to try to grow 5% to 10% ahead of that global industry because now we are a global company in terms of the product mix.

In terms of margin also, we have said that we will be without I mean, excluding, of course, for this year, SCS being a drag. We have said excluding SCS, we will be between 12% to 14%. So

if you really look at it at this moment, although the top line growth has been slightly below the target from the target of global industry, we still have probably 5% ahead. But from our own double-digit expectation, we are slightly below that. And our margins at without controls without SCS, I think as of second quarter, we are already at 14%, which is at the higher end of our own guidance.

So the guidance remains the same. In the second half, we expect to do better. But if you look at the overall next year number, I think it's a little difficult for us to project this time. But our overall guidance of growing 5% to 10% ahead of the global automotive industry still holds. I think that's where I will leave it as these uncertainties of global growth will always be there for us.

Tanmay Jhaveri: Sir, if you could just throw some light on our new products or technology initiatives that are currently in the pipeline. Any new launches or applications which we are excited to launch in near term?

Ajith Kumar Rai: Akhilesh, are you online? Otherwise, I'll ask Mohan to answer that question.

N.S. Mohan: Akhilesh has dropped out.

Ajith Kumar Rai: Then Mohan, please take the call.

N.S. Mohan: Just to give you a flavor what's happening. We went to EICMA, which is a very premier motor show, particularly on motor bikes and 2-wheelers, scooters and motorbikes. So you have the Ducatis, the Panigale, the Aprilia, Harley-Davidsons of the world come and present.

And from Indian OEM perspective, TVS, Hero, Royal Enfield all participated. We also participated for the first time, and we had put all our showcased technology products. Just to give you a flavor as to what happened there, that will be very interesting. What attracted a lot of attention were 2 major areas rather 3 major areas.

Number one is our throttle control. As you know, that industry is going through issues of rare earths, and that's Neodymium, which is being used in the permanent magnet. Therefore, any sensor which uses permanent magnet is under threat now. Now we have got 2 solutions for throttle controls on that. One is without neodymium, without rare earth, right magnet. And the second solution is on-magnetic solution.

Now what attracted a lot of these players, including some of the world players is when they were looking at our nonmagnetic sensors. So that attracted. So it is a completely path-breaking technology that we are coming out with. Obviously, it will take time for them to get convinced and we need to prove it on their vehicles. Some of them have asked us to put it on their vehicles and prove it to them. So, but they are excited.

The second area is along with the sensors is the actuators. So again, actuators, there are some actuators, which used to be using, I would say, more of motors, but we are looking at a solar-based actuators. So that has again attracted a lot of attention.

Third area, obviously, is ABS and braking system. And in that, the path-breaking technology that we thought we were we thought would it is not really up to the mark in terms of a global standard, but actually, that became a big hit. That was our MDBS or mechanical disc brake system that is more used for parking day for the very heavy vehicles.

Therefore, I would say from a technology perspective, we came back pretty much convinced that what we are doing is right. We are on the right path. We are going on to coming out with good technology products, not just for India but for the world. So I'm pretty proud of what we did.

Moderator: The next question comes from the line of Ravi Purohit from Securities Investment Management Private Limited.

Ravi Purohit: All my questions have been answered.

Moderator: The next question comes from the line of Senthil Kamaraj from itthought PMS.

Senthil Kamaraj: Just 2 questions from my side. First is on the braking side. If you can share some numbers, it will be very helpful.

Ajith Kumar Rai: Mohan, will you answer our current status, what we are doing and whatever the plans?

N.S. Mohan: In terms of numbers, specific numbers, I'm not able to share with you, Senthil. But all I can tell you is there has been traction on definitely the lever side, it has already translated into revenues. Second is our Combi Brake System that has again translated into revenues.

Where we need to translated into revenues is our MDBS and our -- mainly MDBS, I would say, because the rest, be it hydraulics or our ABS is still under development. But the other areas where we have been able to commercialize it. But specific numbers, I'm not able to give it to you right now.

Senthil Kamaraj: Okay, sir. Second question is broadly, since now SCS will also be getting to the EBITDA breakeven by December. So at the management level, for the next 3 years to 5 years, what would be the focus areas for the whole company and whether we'll be more and more focused on expanding the product portfolio? So some insights on this will be helpful.

Ajith Kumar Rai: First of all, I think we have talked about EBITDA breakeven in Q4, not by December at SCS. So in terms of the thing, I think once it's all done by end of this financial year, SCS also will be fully integrated into Suprajit Controls division. In fact, next year, we'll be giving only a single number of a consolidated Controls division numbers.

In terms of focus, I think in the international business, I think Controls division will continue to focus on making sure that we have that global footprint, which will meet customers' requirement, not only for control cables, but also control cable systems in terms of adding on to things like an actuator or a foot pedal or a push buttons or whatever it is that it takes. So I think that would be one major growth area.

And also, what's happening now is that with the integration of SCD complete, we'll be also able to present to the world our ability on some of the new products that SCS is doing. So that is one side of our growth strategy.

Within India, of course, both Phoenix Lamps and Domestic Cable divisions will continue their journey the way they are. But I think Electronics division will start certainly will be growing faster with all the new products that they are currently working on and launching. And I think that would also get significant additional momentum going forward, not only for domestic, but also for exports. Some of our exports have been very successful from Electronics division. That is the other area.

And of course, the braking division, as Mohan just said, it is in the starting phase of as a new division. So eventually, within India, when you look at it, it will be control cables division, there will be a Lamps division, there will be an Electronics division and there will be a Braking division. I think within this, there are enough levers for us to grow, and I think that is what the focus is. And of course, actuator will act as a kind of an icing on the cake because it goes into multiple segments. So it will probably be there in multiple places being produced. So that is the strategy as far as the company is concerned.

- Moderator:** The next question comes from the line of Mumuksh Mandlesha from Anand Rathi.
- Mumuksh Mandlesha:** Yes, I was on the mute. Yes. Sir, firstly, on the SCS Canada, China, broadly fair to say this quarter, we did about INR20-odd crores revenues and something like double-digit EBITDA margin, sir?
- Ajith Kumar Rai:** We don't really say this, but we have always said the SCS China and SCS Canada are the profitable side of the business, and the rest are the one that needed attention. I think that is what has turned out after we acquired also. I don't want to give specific numbers. I think your sales are more or less in line with what I think has actually happened. Margins are certainly positive there, EBITDA margins, but I don't want to go into numbers on that, yes.
- Mumuksh Mandlesha:** Got it, sir. And sir, over the next 2 years or so, post the December, I think most of the restructuring part would be done in SCS. I mean what kind of range of margin SCS can generate? Today, the overseas cable part is doing around 12%, 13%. Something similar can we see for the SCS also?
- Ajith Kumar Rai:** See, what will happen is Mumuksh, SCS will get integrated into SCD. So SCD will have an overall strategy for our international business. So going forward, this SCS, Kongsberg, LDC, Wescon, all will vanish. In fact, if you've seen Wescon's one plant has been now merged with the LDCs plant. So, it is very difficult for us to within Controls division to subdivide that because business can be won anywhere and but it can be delivered from anywhere.
- So it's difficult to say that. All I want to say is that the Controls division expecting to have a double digit in the global business will be the target because I've always said that international automotive business is 6% to 10% EBITDA business. And our aspiration was to be in that range. But now today, our aspiration has even increased to see why it can't be a double-digit business

even with the SCS integration. So I think that is the target for us. I think that we should be able to meet in due course.

Mumuksh Mandlesha: Got it, sir. Understood, sir. Sir, on the just any update on that motor that input case for the China, which we were earlier importing. Any update?

Ajith Kumar Rai: Yes, that 301 case, nearly, we got a large money stuck in that process. We thought only Indian courts are slow, but I think U.S. doesn't seem to be any better, frankly. It is stuck in the courts. They are not giving us dates for a hearing and disposal. We are confident that we'll get that money back. But of course, it has been fully provided for us. But that will be a kind of a super bonus when it comes and if it comes. And we are confident, but how these courts act. So it's still in the courts.

Mumuksh Mandlesha: And sir, you're also mentioning about some alternate sourcing from India also. So how is that progressing, sir?

Ajith Kumar Rai: For what, sorry?

Mumuksh Mandlesha: The motors, the motors.

Ajith Kumar Rai: I think Mohan will give an update on the motors. I think we are doing that anyway, yes.

N.S. Mohan: Sure. We have already completely transitioned from China to India Motors. Instead of sending it from China to Mexico, now it's all being sent from India, Indian source to Mexico. So that has completely switched over.

The other portion, probably what you are alluding to is when I was mentioning the in-sourcing, there was a company which used to do the SMT process, surface mount technology, populating the PCB. That we in-sourced it to SED or Electronics division. So that's also been streamlined. Now it is being manufactured in Doddaballapura plant near Bangalore and sent to U.S. and from there to Mexico for assembly.

Ajith Kumar Rai: So just to conclude that point, I think we had 2 major 2, 3 major issues, and we are incurring significant losses in the Matamoros plant with this actuator project with the 2 customers. Now with these change of sources and change of strategy, all those risks have been completely mitigated. And I think that project is back to where it should be in the first place.

Mumuksh Mandlesha: Great to hear that, sir. Sir, this is to Mohan, sir. Just on the domestic cable market, if you can help understand how the aftermarket is doing there? And also just on the OEM side, how are you seeing the market share change happening? And also in terms of content per vehicle in terms of cable side, there are new opportunities opening like sunroof cables are we participating in those such opportunities?

Ajith Kumar Rai: Mohan, will you answer?

N.S. Mohan: Yes, there are multiple questions here. So let me try to take one question at a time. So let me start with the OE. As you know, by and large, we have been in the pole position with all the OEMs in terms of cable. Therefore, any, I would say, increase in the share of business, share of

wallet, the OEM would not want that to be done. Therefore, I would say we are in the pole position. We should be happy that we are in full position. We need to defend the pole position. That's important for us. And that we have been doing. So that is on the OE front.

Now I move on to the aftermarket. Aftermarket, we have been traditionally pretty strong in the Southern segment, and we have tried to now spread our wings more towards Western and more so towards the northern region. That's happening. That's a slow process so that it gets accepted as a brand out there. But we are moving in that direction in terms of aftermarket.

And last portion in terms of new businesses that is being won in most of all the OEMs that whether we are talking about traditional OEMs or the new start-up OEMs that we are talking about, we have got significant presence and very important, they understand us as a technology player. So that pivot has happened inside the industry. Suprajit is no longer just looked at as a cable provider. We are being looked at as a technology provider. That pivot has happened in their mind. It has to translate into business. It will happen.

Now coming to the last portion that you talked about is the flocked cables or sunroof cables. As you know that we just got I think we I don't know whether we mentioned it, but we got all our machines very recently. Installation is going on. We have already approached all the major players, and we have demonstrated that we have already got the machines here.

So we will be literally first off the starting block to start manufacturing flocked cables in India. Therefore, this is going to be a major, I would say, turning point for us in terms of giving a high-tech cable product inside India. So that is happening. We have already engaged the customers. Machines have arrived, installation is going on.

Ajith Kumar Rai: Just to add to what Mohan has said, just also, you talked about content per vehicle. Technically, you would actually look at both domestic cable division, where we are also doing certain beyond cables and also electronics division, which is what is doing for the 2-wheeler. If you add the 2 numbers together and you will find yourselves, we are certainly much ahead of the industry growth. That means what, that our content per vehicle is continuing to be increasing.

Mumuksh Mandlesha: Mohan, sir, just a follow-up on this. The sunroof cable, can you just give more flavor how many cables are used in the sunroof cable? Any content -- how big is the content for that?

N.S. Mohan: I can take it offline and take you through it, both from a point of view and a commercial standpoint of view.

Mumuksh Mandlesha: Just lastly, sir, to Medappa sir, just for this first half, we have seen the working capital going higher by INR70 crores. Is it partly due to the SCS Canada getting added or -- and also any other reason for the increase in working capital?

Medappa Gowda J.: No, it's mainly due to SCS Canada and China, inventory and receivables.

Moderator: The next question comes from the line of Jinal Sheth from Awriga Capital Advisors.

Jinal Sheth: In your presentation, in the SCD outlook, you mentioned about certain launch postponements and programs being shelved. But despite...

Ajith Kumar Rai: Sorry, I'm missing you, Jinal. Can you repeat?

Jinal Sheth: Am I audible?

Ajith Kumar Rai: Yes.

Jinal Sheth: Okay. So in the presentation, in the SCD outlook, you have mentioned about certain launch postponement and programs being shelved. Despite that, your outlook is firm. So what I wanted to understand is where is the confidence coming from?

Ajith Kumar Rai: See, what's happening with the customer, just to the first part of the question is that customer with all these kind of uncertainties are stretching the existing products and projects and not really launching the new products because that would also mean significant costs. So what they have done is basically postponing some of the new projects which we have actually won.

But they're saying don't supply at 1st of September, we'll start from 1st of January or whatever, the new dates. So the postponements are facts, and that is technically has reduced the timing -- in terms of volumes from a timing point of view on an immediate time point. But it won't change the longer term. Eventually, they will launch, whether it's after 6 months or 9 months.

But the reason why we are growing ahead of the industry is simply because the number of project launches have been so many. Some of them are still on time. So that has added to our growth trajectory. So some of them have been delayed. So ultimately, they will all get into the line. So yes, there is a delay. But yes, we'll continue to grow the business.

Jinal Sheth: And lastly, with some of the large clients and uncertainties, is there any developments in conversations there, including the EV passenger cars and normal book? Are we seeing any interest from a point of view where we believe that business share and market share there, we have a lot of scope out there further?

Ajith Kumar Rai: I think the general view on EV is that, of course, it is its traction has been slower than what has been expected across the world actually. So some of the OEMs have slowed down some of the launches of EVs also and continued their existing ICE projects. So it is ongoing. For us, I think all I can say is on the Controls division, there has been so many conversations going across the world with our business development guys.

To some extent, got little stalled because of these tariff issues because the same guys were also fighting the tariff pass on. So I think now that has been more or less settled. I think the focus will come back on business development. And some of these projects, which has been -- for example, we received RFQ, let's say, 6 months ago, but it has been held on abeyance for 6 months. So now they're again reopening those things to continue. So project launches have been delayed, but it has not been denied in that sense. So also the new inquiries have started coming pretty strongly now.

So we are sitting on some really interesting large volume contracts, which basically a resourcing plan because our competitor does not have the footprint we have and is not able to give the flexibility that we are able to give. So I think we are really if you look at a 3 year- to 5-year position, again, it would be something like consolidation that has happened in Phoenix Lamps is also going to happen in cables business.

So the guys who have the best footprint will be the ones who will win more and more business. I think that's what we look in the next 3 years to 5 years. It's 12:00, Trisha. So we'll take one more question, of course. Is there many questions in the pipeline?

Moderator: Sir, there are 2 questions.

Ajith Kumar Rai: Okay. We'll take the 2 questions.

Moderator: The next question comes from the line of Ritesh from Girik Capital.

Ritesh: Sir, just wanted to understand the company is the largest in control cables. I wanted to understand whether do we now cater to all the applications or still there is a product expansion gap needs to be filled?

Ajith Kumar Rai: I would say we are making all the cables, capable of making all the cables. But do we have a market share of the same with every one of these products? I would say there is a varying degree. The only place probably we are not very -- I mean, it's actually not true. In sunroof cable, okay, we are getting into production, as Mohan said here, but we are already making in our global plants and supplying to customers. So I would say our capability is there in every place. But in terms of market shares, it will be varying.

Ritesh: Okay. Got it. And now since a couple of years, we have expanded into the adjacencies like actuators and sensors. So can we expect that in next 3 years to 5 years, we will have the same capability as what we have in control cables?

Ajith Kumar Rai: Mohan, will you want to answer that, our ability on actuators and sensors?

N.S. Mohan: Well, that is our noble intention, I would say. Yes, always, we would like to be whatever we are doing, at least in the top 3, we need to be there. So that's our intention always. But having said that, the very area of sensors and actuators is very vast. Therefore, while it provides us a lot of opportunities, but at the same time, it is for us to mine and take those nuggets of gold out from that. So would we be doing it? The answer is yes.

So our idea right now is to focus on specific applications and start getting garnering market shares on those specific applications, and that's what we are out to do. So to answer your larger question, do we have higher ambitions of sensors and actuators becoming a large part of our business? Definitely, yes.

Ritesh: Okay. Sir, current market share on actuators and sensors would be very miniscule as compared to control cables or...

Ajith Kumar Rai: The answer is yes.

Unknown Analyst

Okay. Can it be in double digit, say, next 6 months?

Ajith Kumar Rai:

I think it's a very futuristic question. All again, just to reemphasize what Mohan said, this is a large businesses, both actuator sensors. We want to be in specific areas. It's a long conversation, so I don't want to get into that. But in specific areas of actuation and sensors, where we feel our Suprajit technology center has the capability, we feel our global engineering teams can support that initiative. And our business development can push those products into the market, having relation to our ability on cables and other products.

So this is where we are working on. We are not working on the total landscape of these larger products of actuation or sensing. So in that specific area, we want to be in the top 3 or 5 in due course. But in the time continues, it's all new projects. STC has done some phenomenal jobs in these areas. So some of them are already in the market and more and more will get into the market.

Ritesh:

Great. One last question on halogen lamps business. What will be our current capacity utilization? And with the competitor bankruptcy, what do you think the utilization will be?

Ajith Kumar Rai:

Yes, I think we have enough capacity now. I think our capacity is 110 million or 120 million. I think we last year did, I don't know, 60 million, 70 million lamps. So there's enough capacity with us. And we have the opportunity to go into even a night shift if required. So as I said, there is on the larger sense, the market is shrinking because LEDs are penetrating. In our interest, we are focusing more and more aftermarket.

As I said, it's a last man standing business where we are continuing to get businesses from competition, both with the demise or competition not being able to sustain the price pressure. So it's a continuing battle in that sense. But what is important that we continue to expect to grow on a shrinking market with a margin, which is a comfortable double digit. So that is a very sweet spot to be in at this moment.

Moderator:

The next question comes from the line of Viraj from SiMPL Investments.

Viraj:

Just 2 questions. First is on the ABS regulation. So any update you have on that? And a related part is that if you see the marketplace right now, you have players like Ather and Ola who have developed a more localized in-house solution, while commentary from incumbent is to go with more established players. So in that sense, how are we positioned? And what does it mean for the CBS business, which we have commissioned?

Ajith Kumar Rai:

Mohan, I think you already answered it once, but we can again recap that.

N.S. Mohan:

I speak about ABS and I talked about regulations as to how and when it will come, etcetera. Having said that, as you know, specifically in ABS, there are not many players. It is an oligopoly. So given such circumstances, there is a room for another player.

And many OEMs have very openly voiced an opinion that they would be looking forward for another additional player who can come with a reasonable cost and good solution. So this is

going to be a reality, and we want to be participating and be available to these OEMs, and that's what we are working on.

Having said that, that's one of the reasons why we are talking about the legislation not happening overnight, both from a capacity perspective and also from a cost perspective because ultimately, that cost has to be pushed on to the consumer, and I don't think consumer would be ready for that.

So as an industry, we have gone and asked for kind of a scheduling in a specific way. And also, there are technical challenges when you go for a lower-end 2-wheelers being equipped with ABS. So we have been in continuous engagement with the OEMs, both the traditional OEMs and the new players who have come in.

Now second part of the question is you talked about the new players wanting to own technology and the established players ready to accept technology. The answer is what you have said is right. Yes, we see that trend. That's one of the reasons why we are working along with the new players because they want it that way. It is to be co-developed with them.

Whereas with established players, they would like to have a ready solution available, and we are getting ourselves prepared even for that. So when we are addressing a larger market, each one of the customer comes with their own flavors that they deserve and want to have. And we, as a supplier, should give those flavors. So we would be ready with them.

Viraj:

What it means for the CBS business?

N.S. Mohan:

On the CBS, we would expect CBS to continue, but with ABS integrated into that because CBS is a combi brake system where you apply one lever and you apply brake at both the ends. That is one part of the solution that has got nothing to do with ABS.

ABS is where you would not allow the brakes to lock. And therefore, you will not lose control or skid the vehicle, depending upon you lose control when you have locking happening in the front wheel, you will skid when you have a back wheel locking up. Therefore, that is a separate functionality. This is a separate functionality. We don't see a threat there for CBS.

Ajith Kumar Rai:

Thank you. And I think with that, we will close this con-call with all of you. Thank you very much for your continued interest in Suprajit. If there's any further queries or questions, you can connect with our PR or with Medappa. We'll see how best we can answer your questions. So thank you very much, and have a good day. I hand over to the moderator. Thank you.

Moderator:

On behalf of Anand Rathi Share and Stock Brokers Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Ajith Kumar Rai:

Thank you.