



Commercial Vehicle Solutions

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Scrip code: 533023

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

Trading Symbol: ZFCVINDIA

ISIN : INE342J01019

Dear Sir(s),

Sub: Transcript of the Investor Call held for the quarter ended December 31, 2025

In continuation of our letters dated 21st January 2026 and 12th February 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

Muthulakshmi M
Company Secretary

ZF Group



“ZF Commercial Vehicle Control Systems India
Limited

Q3 FY '2025-26 Post Results Earnings Conference Call”

February 12, 2026



MANAGEMENT: **MR. PARAMJIT SINGH CHADHA – MANAGING
DIRECTOR – ZF COMMERCIAL VEHICLE CONTROL
SYSTEMS INDIA LIMITED**
**Ms. SWETA AGARWAL – CHIEF FINANCIAL OFFICER –
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA
LIMITED**
**MR. SHANKAR VENKATACHALAM – HEAD, OE SALES –
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA
LIMITED**
**Ms. M. MUTHULAKSHMI – COMPANY SECRETARY –
ZF COMMERCIAL VEHICLE CONTROL SYSTEMS INDIA
LIMITED**

MODERATOR: **MR. ANNAMALAI JAYARAJ – BATLIVALA & KARANI
SECURITIES**



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Moderator: Ladies and gentlemen, good day, and welcome to ZF Commercial Vehicle Control Systems India Limited Q3 FY '26 Post Results Earnings Conference Call, hosted by Batlivala & Karani Securities India Private 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 this 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. Annamalai Jayaraj. Thank you, and over to you, sir.

Annamalai Jayaraj: Thank you. Good afternoon. Thank you for joining us today. I welcome you all for the ZF Commercial Vehicle Control Systems India Limited earnings call to brief on the Q3 FY 2025-'26 quarterly earnings, which will be presented by the management team.

Your host today from ZF Commercial Vehicle Control Systems India Limited are Mr. Paramjit Singh Chadha, Managing Director; Ms. Sweta Agarwal, CFO; Mr. Shankar Venkatachalam, Head of OE Sales; and Mr. M. Muthulakshmi, Company Secretary.

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

Paramjit Singh Chadha: Thank you. Good afternoon to all of you. I warmly welcome you all to ZF Commercial Vehicle Control Systems India Limited third quarter results for the financial year 2025-26. Certain forward-looking statements that we will make today are based on management's good faith and expectations concerning future developments. The actual results may differ materially from these expectations because of multiple factors.

ZF Commercial Vehicle Control Systems India Limited results for the quarter ending December 31, 2025, were published on February 10, 2026. They are available on the website www.zf.com under the ZF CV India Investor Relations section. We hope that 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, www.zf.com under the ZF CV India Investor Relations section.

I am happy to talk to you today, as we give you an update about business of the company. We will start with the industry and economic updates. The global economy continues to demonstrate greater resilience than previously anticipated, supported by easing uncertainties and broadly stable financial conditions.

While trade flows are gradually normalizing and some market volatility persists, overall macroeconomic fundamentals remain steady. India's growth trajectory remains robust. GDP expanded by 8.2% in Q2 '25-'26 with GVA rising 8.1%. This strong performance has been underpinned by solid domestic demand, healthy momentum in both industrial and services sectors, ongoing tax rationalization and front-loaded public capital expenditure.



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High frequency indicators signal continued strength this past quarter, reflecting resilient rural demand, improving urban consumption, firm investment activity and an uptick in manufacturing output.

Looking ahead, positive agriculture prospects, benign inflation trends, strengthened corporate balance sheets and supportive monetary conditions are expected to sustain the growth momentum. GDP growth for '25-'26 is projected at 7.4%.

Inflation has moderated sharply to multiyear lows, driven by broad-based decline in both food and core components. For '25-'26, inflation is projected at 2%, supported by favorable supply conditions and moderating global commodity prices.

Overall, the outlook for both growth and inflation trend remains balanced with risk contained and domestic fundamentals continuing to prove a strong foundation for sustained economic performance. This -- some data is taken from Reserve Bank of India press release, rbi.org.in.

Let us talk about Indian commercial vehicle industry, basically more than 6 tonne commercial vehicles. The overall CV industry has gained momentum in Q3, supported by strong economic activity driven by GST reforms.

Also, RBI repo rate cuts, rising demand, improved goods movement recorded 6.1% growth, billion-tonne kilometre in the calendar year of 2025 over the last year. With the CV more than 6-tonne segment growing at an even stronger rate of 11%. On a quarterly basis, the CV more than 6-tonne segment registered 20.6% growth in Q3 and model mix largely remained same as last year with a marginal change in the bus production.

Looking at the truck segment. In the truck segment, growth is supported by several favourable factors and is expected to continue in the upcoming quarter as well. With GST reforms effective September, increase in consumption demand directly boosting goods movement and in turn CV growth. Supported by tailwinds like repo rate cuts, this momentum is set to sustain industry growth.

Second aspect is increased government capital expenditures supported by strong infrastructure and construction activity, along with the recent union budget outlay INR12.2 lakh crores that places strong emphasis on infrastructure expansion and freight corridor development. This will indirectly boost demand for truck production.

The resumption of mining activity post monsoon, along with government focus on developing rare earth corridors, which further promote mining is expected to accelerate mining operation and stimulate demand growth in this segment.

Looking at bus segment, in line with the overall CV industry growth, the bus market also experienced robust expansion driven by strong demand from State Transport Units, STUs, the intercity segment and urban transport needs. EV bus sales reached 1,219 units in Q3 '25-'26, supported by finalization of PME drive tenders and fresh government procurement orders.



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Looking at trailer segment, while the medium and heavy-duty trucks shown a strong growth, migration towards multi-axle vehicles, fleet underutilization amid export declines the expansion of mega LPG pipeline, which collectively triggered a short-term production dip. However, with the government's focus on infrastructure, this sector is expected to rebound.

Looking at impact of this industry growth on OE sales for our company. During Q3, FY '25-'26, CV more than 6 tonne production recorded a growth of 20.6%, while our overall sales rose by 28.1%.

The strong performance enabled us to outperform the market by 7.5%, primarily supported by following factors: high EV bus production and increased market share among independent bus manufacturer for e-compressor and EBS system, a sharp rise in ESC penetration driven by updated regulations effective September 2025. SOP of a new variant of exhaust brake wall in Q3 FY '26, profitability improvement actions, including price resetting of low-margin products.

Looking ahead, the outlook for commercial vehicle industry remains positive, with several indicators pointing to a sustained rebound. Improving market sentiment, coupled with strong budgetary emphasis on infrastructure development, freight corridors and new initiatives such as strategic mineral corridors is expected to directly stimulate demand for heavy-duty trucks.

Additionally, the growing focus on EV ecosystem and public mobility is accelerating demand for electric buses. In anticipation of this upswing and in alignment with the adoption of new technology trends, we are advancing strategic initiatives aimed at strengthening our competitiveness and delivering long-term value.

Some of the key strategic initiatives are as follows: increasing penetration of ESG is driving our focus on localization efforts to enhance and sustain market share across all customer segments. With government's ongoing discussions on mandating low-floor buses for city application, a significant increase in ECAS penetration is expected.

In response to this emerging demand, we have initiated efforts to localize ECAS to strengthen and sustain our market position. We aim to increase penetration of trailer ABS, trailer EBS and SCALAR EVO Pulse systems in line with AIS 113 trailer regulations, and growing demand for safety and operational efficiency in the trailer fleet.

Close collaborations with OEMs is enabling the expansion of AMT applications, effectively leveraging the segmental migration toward higher capacity engine that is driving increased AMT adoption. These developments reinforce our long-term growth trajectory and underscore our strategic alignment with the future of commercial mobility.

Looking at aftermarket. In Q3 FY '25-'26, our aftermarket sales reached INR158 crores, reflecting a strong 19.2% growth over the INR132 crores recorded in the same quarter in last financial year. This performance was driven by broad-based momentum across key segments.



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A significant contributor to this growth was continued acceleration in retro fitment demand, particularly from PSU oil and gas customers, generating INR4.1 crores through trailer ABS, EVS retro fitment programs.

Our traditional product portfolio, including air compressor, air processing units Actuators, AMT modulators and brake control system also saw increased penetration across markets, supported by strengthening demand patterns.

We also witnessed greater uplift from OES-driven requirement, primarily due to replacement demand arising from BS-VI vehicles park expansion. Our mining segment maintains its positive trajectory with higher equipment deployment, driving strong sales of compressors and actuators.

Additionally, the expansion of our service footprint through 7 new authorized service centers, enhanced network accessibility and customer support. This strengthened infrastructure continued meaningful to overall aftermarket growth by improving reach, responsiveness and service reliability.

Let us discuss about export of goods. In Q3 financial year 2025, '26, our export performance declined by 10.9% compared to the same period last year. Primarily due to volume reduction from the U.S. market, private tariff-related cost pass-throughs by OEMs to the end customer continued to adversely impact demand. While the U.S. market saw a drop, this was partially offset by improvement in the EU market.

Overall, the combined market decline stood at 12.2%. Despite this, we outperformed the market by intensifying our focus on portfolio expansions across regions. While these factors created short-term headwinds, the recent FDA agreement with the EU and indications of potential tariff reduction in U.S. are expected to support demand recovery in the upcoming quarters. We remain fully committed to ramping up our capabilities to meet this anticipated growth.

Along with this, the company has proactively advanced several strategic initiatives aimed at reinforcing future growth and recalibrating priorities. Notable achievements include the successful start of production for actuator 4.0 and air compressor for additional global OEMs, strengthening our global customer footprint.

Concurrently, we continue to broaden and diversify our product portfolio to position ourselves for recovery and long-term expansion. We also speak about export of services. Export of services grew by a robust 11.1% in Q3 FY 2025, '26 compared to the corresponding quarter last year. This growth was driven by a sustained increase in engineering activities delivered from India to global centers.

The continued expansion of these capabilities reinforces India's position as a strategic engineering hub for ZF globally, underscoring the strength, scalability and technical depth of our talent base.



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We talk about now on ESG initiatives. Sustainability continues to remain a core strategic priority for the company, and our focused efforts are yielding meaningful recognition and impact across our operations.

Our Jamshedpur facility received first prize in the ACMA Regional Kaizen Competition under the safety. Agronomic improvement category underscoring our commitment to building safer and more efficient workplaces.

We also continue to advance energy conservation, with several key initiatives delivering measurable benefits. A 200 CFM compressor energy saving project supported by a leak arresting campaign is estimated to generate annual energy savings of approximately 50,000 units.

The introduction of eFans in AHUs has resulted in an additional reduction of around 20,000 units per annum. Our ESG leadership was further highlighted when we were invited to share our best practices at IIT Madras during the Accelerating Net Zero AI and Energy Efficiency Conference. The event saw participation from more than 200 companies and our initiatives received strong appreciation from peers and industry stakeholders.

These achievements reflect our continued commitment to sustainability, operational excellence and responsible growth, reinforcing our alignment with global environmental and safety standards.

Some updates about engineering. On engineering front, the company had successfully enabled start of production of e-compressor, air light for truck platform, diameter 60 and 90 exhaust brake assembly products for major OEM, 9-inch vacuum booster was launched for aftermarket.

Advanced Driver Assistance System, ADAS test dummy was developed through institutional collaboration. One prestigious new product development excellence award from major OEMs for significant contribution of ZF towards launch of Advanced Electronic Braking System, Electronic Stability Control, Automated Manual Transmission, Compressor, Air Processing Unit and axle products. Advanced technology products demonstrated at Technology Day events organized by leading OEM across India were also done.

On manufacturing updates, the company continues to ramp up production of advanced technology products from its new multidivisional manufacturing plant at Oragadam. Key products, including e-compressor and hydraulic ESCs, Electronic Stability Control for e-mobility, ASP Air System Protector cartridges for Indian OEMs and wheel products such as actuators, brake chambers and automatic slack adjuster for both domestic and export market.

New products such as EBA Exhaust Brake Assembly, e-compressor light brake signal transmitter for Indian truck trailer OEMs and expansion of current portfolio to aftermarket have been successfully launched.

Assembly lines have been upgraded in Jamshedpur, Lucknow and Pantnagar plant for manufacturing footprint capability, resulting in improved delivery performance, flexibility and



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customer responsiveness, as well as supporting our sustainability objectives through reduction of transportation emissions.

The company continues to realize significant gains in productivity and quality through implementation of smart automation, robotic technology, testing automation and leveraging digitalization in assembly and machining cells.

Let us talk about awards and recognitions. I am pleased to share that in Q3 FY '25, '26, our lead of teams earned significant recognition across leading industry forums securing 4 national level awards, 4 regional awards and 9 state-level awards.

Our teams achieved top honours in prestigious competition such as IMTMA Productivity Championship, NIQR Six Sigma and ACMA Kaizen Awards, along with accolades from CII, QCFCI and ABG-AOTS. These achievements underscore our unwavering commitment to operational excellence, innovation and continuous improvement, reinforcing ZF's leadership position in the industry.

Clarification statement on sale of ZF ADAS business to Harman International. We would like to clarify that. They are also given in the media. ZF Commercial Vehicle Solutions CVS confirmed that the announced transfer of certain advanced driver assistance system ADAS activity applies exclusively to its ADAS division portfolio, specifically compute solution, camera, radar, passenger car, ADAS function and does not pertain to ADAS portfolio of ZF CVS division.

It does not affect ZF CVS development supply service or support of ADAS solution for Commercial Vehicle. Existing customer contracts, service agreement and terms and conditions remain in force and program deliveries continue without interruption. For the complete statement and further detail, please refer to the stock exchange announcement dated 14th January 2026.

We will also talk about India Europe free trade agreement. ZF Group applauds the signing of India EU Free Trade Agreement, a truly important fact step to shape an integrated economic zone serving nearly 2 billion people and strengthening one of the world's key trade relationships.

In times of geopolitical uncertainties and rising tariff hurdles, the agreement is an important sign for cooperation and exchange. This agreement opens new path for collaboration, innovation and sustainable growth across industries in both regions.

For ZF Group, it unlocks significant opportunity to deepen our technology innovation and advance future mobility technologies, with this bilateral agreement. Additionally, it allows us to contribute to more resilient and diversified value chains.

Regarding some changes in the operations, new Head of Operations, effective Friday, 30th January, Mr. M.S. Ravi Kumar retired as Regional Operating Officer of CVS India after 39 years of service. He was succeeded by Mr. G. Mukund, who joins us from VECV Limited. He has



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more than 35 years of industry experience. We would like to thank Mr. Ravi Kumar for his many years of service and wish Mr. G. Mukund the very best in his new role.

And now moving on the financial performance for Q3 FY '25-'26, I would hand over to Sweta, our CFO.

Sweta Agarwal:

Good afternoon. Thanks for joining in. For your ready reference, the results were made public at 1550 hours on February 10, 2026. I hope you've had a chance to go through them. I'm happy to share that our total revenues consolidated for the quarter ending 31st December '25 reached INR1,105 crores compared to the INR980 crores in Q3 of the previous financial year.

This is an increase of 12.8% year-on-year, and a 15.3% increase compared to the previous quarter. The company delivered strong operating performance in Q3 FY '25-'26, achieving an EBITDA margin of 20% on total sales and profit before tax before exceptional items stood at INR194.5 crores.

After factoring in the INR7.9 crores of exceptional impact relating to the Labor Code changes, our profit before tax stood at INR186.5 crores, translating to 16.9% of total revenue. The company reported a PAT profit after tax of INR140.2 crores with 12.7% PAT margin and our PAT grew by 11.7% over same quarter in the previous financial year, and an increase of 29.5% compared to Q2 '25-'26.

I'm pleased to note that, this is the first time we have also crossed revenues of INR1,100 crores in a single quarter, and we continue to grow sustainably across INR1,000 crores in 3 out of the last 4 quarters. Handing back to our MD.

Paramjit Singh Chadha:

Thank you, Sweta. Despite favourable policies, along with improved mining activity and rainfall patterns have enabled us to remain resilient in a volatile macroeconomic environment and continue supporting the demand from our valued customers. We remain committed to driving sustained growth for all our stakeholders, including our investors, customers, suppliers and employees.

Looking ahead, we are optimistic about continued momentum, supported by recent India, Europe FTA and positive volume outlook across the CV industry. Thank you. We now welcome your questions.

Moderator:

The first question is from the line of Mukesh Saraf from Avendus Spark.

Mukesh Saraf:

My first question is on the EBITDA margins. We have seen the margins improve significantly this quarter. We actually saw the same last year third quarter as well when sequentially the margins improved more than 300 bps.

So just trying to understand what has driven these margins because other expenses have come down, while gross margins have stayed similar Q-o-Q. It will kind of help understand this phenomenon, please?



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Sweta Agarwal: Thank you for the question, Mukesh. Mukesh, we typically do our retrospective price amendments in Q3. So, what you would see is a small impact of the price adjustments or collections of the increases of prices from April to September also being collected in December. That's why you see the seasonal increase in the same quarter of last year as well as this year.

I mean, on a financial year basis, you would see a small expansion in our margin over what we delivered for FY '25 and '26, but this is the seasonality that you're seeing in December quarter standalone.

Mukesh Saraf: Right, I mean, retrospective price adjustment will probably reflect in the gross margins, I would imagine, because your gross margins haven't really moved sequentially. It's the other expenses that have come down. So, I mean, is this also driven by this pricing -- the retroactive pricing adjustments?

Sweta Agarwal: That's right because proportionately, the expenses would not -- it just goes into adding to the margin, right? There is, of course, an effort in our cost management and better absorption due to higher volumes, but the impact of the higher EBITDA in last December as well as this December would come from the SPV or the sales price variances.

Mukesh Saraf: All right, Understood. And secondly, I mean, I think you did mention that exports have remained weak this quarter, obviously, because of the tariff issues, etcetera. Now that we have a lot of clarity on the U.S. tariffs as well as with the EU agreement, how are we placed in terms of exports?

I mean, if you could kind of help us understand next couple of years, how could exports grow, especially given that the parent actively looks to source from India given its best cost engineering capabilities? So, I mean, any outlook for the next couple of years we can provide on exports specifically?

Sweta Agarwal: I mean, when you're asking for outlook on a couple of years, let's say that the EMEA is showing consistent growth in vehicle production. But having said that, we are living in a very volatile world, so commenting for '27 would be difficult. In general, we can say EMEA is strengthening. But however, early days yet for the U.S. tariff announcements, and we are not able to comment on that, and we don't see that impact in EDI as yet.

Mukesh Saraf: Okay. And just lastly, I think in the opening remarks, you mentioned about the mandating of low-floor buses for city applications and how that could benefit the ECAS, the Electronically Controlled Air Suspension product. Any timelines we could have on the possible mandating of these low-floor buses? And how is our current revenue from ECAS? Are we currently importing this product, any sense on the ECAS product?

Shankar Venkatachalam: Yes. Right now, this is a draft legislation at this point of time. You might be aware that the market is gradually shifting to ultra-low entry buses to facilitate ease of entry and mobility in cities. So there is a draft legislation that in the upcoming October 2026 timeframe, all the buses



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that are going to be sold in major metros and cities could be ultra-low entry. And we see a potential of this ECAS being utilized in each of these buses. And currently, yes, it is an imported solution, and we have internally activated some actions towards a fully localized content.

Mukesh Saraf: Any sense on the -- how much like on an average, the content per vehicle for ECAS could be for us, once it's localized, what could be the potential per vehicle realization?

Shankar Venkatachalam: So today, it's running at very low volumes. Going forward, when the volume increases, the price would also typically come down to maybe about INR25,000 to INR30,000 per vehicle.

Mukesh Saraf: Okay. All right. All right. And just lastly, I think the revenue mix that you mentioned for 3Q, some of the numbers are inaudible. If you could just repeat the OEM aftermarket and exports revenue mix alone for the third quarter, please? That's it from my side.

Sweta Agarwal: Sorry, could you repeat your question?

Mukesh Saraf: The third quarter revenue mix between OEM aftermarket and exports. If you could just repeat those numbers, some of those numbers were inaudible.

Sweta Agarwal: Okay. So OEM was about INR520 crores, aftermarket INR157 crores and exports INR259 crores, with service income being about INR125.

Moderator: The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.

Mumuksh Mandlesha: Congrats on healthy results and greetings to the managements. Sir, we are 1.5 year away from the ADAS regulation implementation. So, most of the OEMs would have started finalizing the vendors for the ESC, ABS and the ADAS function. Can you help us understand how are you seeing the book building for us for this ESC and ADAS system? How we are seeing the traction with the major CV OEMs?

Shankar Venkatachalam: Mumuksh, thank you for the question. On the ESC side, we are working with all of the OEMs. So, we would retain our current leadership position in terms of the ESC system overall with each truck and bus OEM.

On the ADAS side, this is still at a discussion phase, advanced discussion phase with most of the OEMs. But there are discussions going on in the market with regards to other players who have offered products at a lower pricing than what is currently being offered by ZF.

And as a result of that, there are several discussions and ongoing proof-of-concept related topics that are undertaken with each OEM. So, we are at an advanced stage of discussions and expect to have some directional conclusion in the coming quarter.



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- Mumuksh Mandlesha:** Just on the content value for the system, we earlier mentioned INR65,000 kind of value for the system, broadly INR25,000, INR30,000 for ESC. Is it also -- on the ground, are you seeing the same kind of pricing post the negotiation that are going with the customers?
- Shankar Venkatachalam:** On the ESC, we would be at around INR20,000 to INR25,000 as we had indicated earlier. On the ADAS, the earlier indication of INR40,000 to INR45,000 was the number we had indicated during our earlier discussions. However, based on the latest outlook and the feedback from customers, their expectation is somewhere half of that. So, that's the kind of pricing levels which we are looking at as we are going forward.
- Mumuksh Mandlesha:** Got it. Sir, for this regulation, would you require any capex requirement for the next few years to support the orders, sir?
- Shankar Venkatachalam:** At this moment, we are only enabling our capabilities from an application engineering perspective. So, that's more from a test track related capability requirement only, yes.
- Mumuksh Mandlesha:** Okay. Okay. I mean, then going ahead, there would be a requirement to then start manufacturing when the regulation comes in, right, sir?
- Shankar Venkatachalam:** In the longer term, yes, we would be looking at further localization content when the volume picks up for the market overall.
- Mumuksh Mandlesha:** Got it, sir. Got it. And sir, for this quarter, because the regulation of ESC buses have started, right? So, I just want to understand what kind of volumes we are doing or what kind of revenue this quarter came from the ESC solution for the buses?
- Shankar Venkatachalam:** Just to give a comparison, from Q3 of '24, '25 to the Q3 of '25, '26, we are seeing approximately 3,000 units of ESC delta increase. So, approximately 1,000 units per month increase over last year based on the legislation that has been mandated for the buses.
- Mumuksh Mandlesha:** Got it. Agree with that, Sir. Sir, on the -- just on the low-floor bus, the application...
- Moderator:** Sorry to interrupt. Mr. Mumuksh, may we request you return to the question queue for a follow-up question. The next question is from the line of Lakshminarayanan from Tunga Investments.
- Lakshminarayanan:** I just want to understand, what has been the growth of the trailer segment in the last 9 months because what I understand is that, that segment was actually growing faster. And there were some components which we are actually able to put on the trailer segments where we were doing EPS segments, so on and so forth. Can you just help me understand how the mix has changed? And what has been our content in these trailer combinations?
- Shankar Venkatachalam:** Yes. Thank you for the question, Mr. Lakshminarayanan. I think the trailer segment had been growing in the early part of the year, primarily driven by a change in mix from the rigid to the tractor trailers. However, in this quarter, quarter 3, compared to previous year, there was a dip of about 6 to 7 percentage in the overall trailer production.



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So, there has been multiple factors related to GST fleet underutilization, export requirement decline and so on. So, these were certain factors that triggered a drop in the overall trailer production in this quarter. So overall, if you see, this has impacted in terms of numbers, volumes of trailers that are produced in the quarter 3.

Lakshminarayanan: Got it. And what kind of components we actually have within them? And can you just give a rough estimate?

Shankar Venkatachalam: So apart from the prime mover to which we supply to all the OEMs, on the trailer side, we supply the actuators, which are fitted on the axles as well as the braking system-related components, valves and EBF, lift axle control systems as well.

Lakshminarayanan: Got it. Got it. And there was -- we were supplying to a Russian commercial vehicle manufacturer, and that actually had a challenge because of all this Russian war, etcetera, right? Now, can you just help me understand whether that particular thing was lost or it is actually augmented in some other way?

Shankar Venkatachalam: From India perspective, we were not supplying directly to any Russian manufacturer. That was more from a global business perspective. And I think since we are part of the companies which are part of the European Union, I think post the Russia-Ukraine war, all supplies have ceased for Russia.

Lakshminarayanan: Got it. Got it. Third question is that can you just talk about what are the other regulations that would actually help us that is ESC and buses and also ADAS and AES, ECAS, etcetera, right? So, can you just plan out what would be the next 2 or 3 years and which would actually would drive the growth in terms of prior -- in terms of, which would be taking higher prioritization? Of course, you've talked about ADAS in the previous question.

Shankar Venkatachalam: Right. So, ADAS is already a legislation, which is coming up in 2027. Apart from that, we have a few other draft legislations. I think one is the draft legislation of mandating ESC and school buses. So, that is again something that is potentially going to roll out later this year. And the other point which we spoke about is mandating ultra-low entry buses in the type 1 city bus segment, which could lead to improved sales of our e-cars.

Thirdly, this would be something that is an overall benefit to the CV industry is the scrappage policy, which is under discussion for the last several years. If that is potentially rolled out, that would have an overall benefit in the CV industry as a whole.

Moderator: The next question is from the line of Ankit Shah from White Equity Investment Advisors.

Ankit Shah: Sir, my question was on EV bus e-compressors. So, we understand that our content in the EV bus jumps about 4x or 5x, mainly because of this e-compressor versus the ICE buses. So, is this with respect to even the smaller buses? Or is this for a particular segment of the buses? One, another piece within this call, so are we near monopoly in the e-compressors for the EV bus? Or



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is there competition? So, we've heard names like KingClima, Bitzer, Valeo, etcetera. So are this our competition or we are near monopoly in India?

Paramjit Singh Chadha: Yes. I think you rightly said that in electric vehicle, e-compressor is more expensive as compared to the ICE vehicle. And mostly in India, we are, I would say, a major supplier from India, but there are some imports also by some of the manufacturers. But as a government policy that every EVA has to ensure that local content. So we are fulfilling that liability.

Ankit Shah: Okay. And this e-compressor opportunities for all buses? Or is it for a particular range of buses, more than 9 meters or 12 meters?

Shankar Venkatachalam: Today, majority of the buses are 9-meter and 12-meter and the current product, what we have proposed fits in that application. But off late, there are some requirements coming for the smaller 7-meter buses as well. So, we are trying to see the product, suitable product fit with our product, which is also capable to be packaged across board. So typically, in a bus application, which has higher air consumption and requirements, our product is the right fit.

Ankit Shah: Got it. Got it. Sir, we understand about 4,000, 4,500 EV buses were sold in calendar year '25. One report projected that e-bus volumes could hit about 17,000 in 2 years' time. So, can you share your perspective on whether this is plausible from your perspective?

Shankar Venkatachalam: As you rightly mentioned, the e-bus segment has seen a steady year-on-year growth that has been positively driven by 2 factors. One is the straight transport unit undertaking related tenders as well as the PM-eBus Sewa related discounts and incentives that are offered. So most recently, I think the 10,500 buses order was also concluded in the month of November, December, which is going to add a real fill to several OEMs who are into bus manufacturing.

So, these are the quantum of buses that are going to be produced over the next 2 years. And it is anticipated that the government will further incentivize these kind of initiatives going forward, driven largely by domestic value addition. So, the key OE players who are able to give more maximum local content will also be incentivized to offer these buses. The complete opex model operation system to the public. So. in lieu of that, it seems possible, but of course, subject to a lot of other charging infrastructure and capabilities that need to also be built in to support that.

Ankit Shah: Absolutely. Right. And the last question on the recent order that Tata Motors received from Indonesia for exports of 70,000 vehicles. So, just wanted to understand whether we have an opportunity in this. So, would these vehicles be exported to Indonesia in a complete knockdown position and our products would go with them or this is not in our domain?

Shankar Venkatachalam: So, of the vehicle orders that they have received, there is an Ultra T.7, which comprises 36,000 units, and that is offered on an Air Brake System platform. in that air brake vehicle system platform, we are working with Tata on that product.

Ankit Shah: Got it. The advanced products are not part of that, right, like the smaller vehicle?



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- Shankar Venkatachalam:** I think it's a very basic ABS system. There are no advanced products as part of the spec.
- Ankit Shah:** Right, right. And the last, if you can share the number of...
- Moderator:** Sorry to interrupt Mr. Ankit, I request you return to the question queue for a follow-up. The next question is from the line of Nirali Gopani from Unique PMS.
- Nirali Gopani:** Sir, my question is on this comment that you made that where the content per vehicle or the pricing between our and the competition is different of 50%. So, if you can just talk a little bit more on this, how serious is the competition? Because given we are the technology leaders, how easy will it be for someone to replace us with the OEM? If you can just highlight a few points there, that will be helpful.
- Shankar Venkatachalam:** Thank you for the question. I think the main background of the other players who have come into the segment are from a different segment, the passenger car portfolio. So, their product and offering may be differently suited. However, we are still in discussions and advanced stage of alignments with customers with vehicle proof-of-concept trials and so on.
- Nirali Gopani:** Okay. So, you expect that in order to win the orders we'll have to come midway with the competition on our pricing or we'll have to compromise on our pricing part?
- Shankar Venkatachalam:** At this point of time, we are talking about what value we are offering to the customer, and we also have our own testing capability as well as the field vehicle data acquisition. So, these are the algorithms that are available with us, which are our USP when it comes to talking about the product to customers.
- Moderator:** The next question is from the line of Dishant Jain from Quasar Capital.
- Dishant Jain:** Yes. Ma'am, can you please repeat on the retrospective price adjustment part?
- Sweta Agarwal:** Dishant, the price adjustment. So, price increases happen with effect from 1st April, but the effect is given via POs in December, November or December. That is the reason why in December results, there would be an impact of retrospective price increases from April to September.
- Dishant Jain:** Sure. But then if the price increase, then it should have been in the -- like increase in the gross margin, right?
- Sweta Agarwal:** It does get into the gross margin, yes. But you do not -- sorry, please ask your question.
- Dishant Jain:** Yes. So, the effect of the price increase should be visible in the gross margin, right? Because on a Y-o-Y basis, it is on the similar lines.
- Sweta Agarwal:** If you're comparing it to the same quarter of last year, there is the same impact also in the same quarter of last year.



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- Dishant Jain:** Okay. But even on a sequential basis, the gross margin on the same.
- Sweta Agarwal:** I don't -- I'm not sure where you're getting your numbers from. Maybe you can connect with me or send me a question via e-mail, and we can take it up there.
- Dishant Jain:** Sure, sure. My second question ma'am would be on the -- that recently EU deal. Are we thinking -- the parent company thinking of introducing some products from the Indian operations since we would be in a position to supply to the Europe after this deal. So, any thoughts on that?
- Sweta Agarwal:** Around -- so the EU FTA has just been signed off. Of course, this presents a significant opportunity, but we are still evaluating what would increase and how this would play out. And ZF will release comments upon developments on how they are affecting our -- and how they're translating for us.
- Dishant Jain:** Sure. And just last question, ma'am. Is it possible to give the Europe growth and the U.S. growth for Q3?
- Sweta Agarwal:** Yes. Europe has grown about 20 -- Europe has grown about 9%. Europe has grown about 9% and U.S. has degrown by about 28% on volumes -- on vehicle production.
- Dishant Jain:** On vehicle production?
- Sweta Agarwal:** Yes.
- Moderator:** The next question is from the line of Dishant Jain from Anand Rathi.
- Dishant Jain:** So, my question is on the low-floor bus city application, like what is the segment opportunity in terms of volume and value? And how are we positioned to capture the opportunity?
- Shankar Venkatachalam:** Dishant, when we look at the ultra-low entry buses, these would be typically type 1 city buses. So today, if you look at the overall volumes in this particular segment, maybe there may be about 1,500 buses a month potentially that could be transformed into the ultra-low entry type application. Of course, the infrastructure and the routes that are currently mapped on the usage of these buses need to be enhanced. Otherwise, you're going to have all these buses scraping the floor of every single road pothole that we have surrounding that.
- And going forward, the potential opportunity that we have apart from the basic braking system is the e-Cabs, because these ultra-low entry buses also would have the kneeling and raising functionality similar to the Termite Coach bus. So, that is the opportunity that we spoke about a little while earlier.
- Dishant Jain:** Okay. And my second question would be in the smaller CVs, like how are you getting traction for ESC or EVS?



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Shankar Venkatachalam: Smaller CV, you're referring to SCV or LCV, which segment are you having queries with regards to?

Dishant Jain: Over 5 tonne.

Shankar Venkatachalam: Okay. So, in the SUV segment, the products that are there with the air brake, we are already present. The products that are fitted with the hydraulic brake, we are in series supplies to some of the OEMs with our hydraulic ESC products. Those are already in series production today.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Paramjit Singh Chadha: Thank you very much. And we are -- as we discussed that commercial vehicle market above 6 tonnes is booming, buoyant market. Our team is working to support that. And definitely, the indications given by all the OEMs during our personal visits also last month are talking about this buoyant market at least till March and even indications are given after April. Thank you very much to all the stakeholders who are supporting us into this growth and wishing all the best for the future. Thank you.

Moderator: Thank you. On behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.