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(Formerly known as Kross Manufactures (I) Pvt. Ltd.)  
(IATF 16949 Company)

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14<sup>th</sup> February, 2025

To  
The General Manager  
Department of Corporate Services,  
BSE Limited  
Phiroze Jee Jee Bhoy Tower  
Dalal Street, Fort  
Mumbai – 400 001

**Scrip Code: 544253**

To  
The General Manager  
Department of Corporate Services,  
National Stock Exchange of India Limited  
Exchange Plaza,  
Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051

**Symbol: KROSS**

**Sub - Submission of Transcript of Earnings Conference Call held on February 11, 2025**

Dear Sir/Ma'am,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Earnings Conference Call held on February 11, 2025

This is for your information and record.

Thanking You,

**For Kross Limited**

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**Debolina Karmakar**  
Company Secretary and Compliance Officer  
ACS 62738



“Kross Limited  
Q3 & 9M FY25 Post-Results Conference Call”  
February 11, 2025

**E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 11<sup>th</sup> February 2025 will prevail.**



**MANAGEMENT: MR. SUDHIR RAI – CHAIRMAN AND MANAGING  
DIRECTOR – KROSS LIMITED  
MR. SUMEET RAI – WHOLETIME DIRECTOR – KROSS  
LIMITED  
MR. KUNAL RAI – WHOLETIME DIRECTOR AND CHIEF  
FINANCIAL OFFICER – KROSS LIMITED**

**MODERATOR: MR. MIHIR VORA – EQUIRUS SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to the Kross Limited Q3 FY25 Earnings conference call. 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 and 1 on your touchtone telephone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Mihir Vora from Equirus Securities. Thank you and over to you, sir.

**Mihir Vora:** Hi, good morning, everyone. On behalf of Equirus Securities, I welcome you all to the Q3 FY25 Post Results conference call of Kross Limited. From the management side, we have Mr. Sudhir Rai, Chairman and Managing Director, Mr. Sumeet Rai, Wholetime Director, and Mr. Kunal Rai, Wholetime Director and CFO. So without further ado, I now hand over the floor to Sudhir sir for his opening remarks. Over to you, sir.

**Sudhir Rai:** Thank you. Good morning, everyone and thank you for joining us today for our Q3 and 9-month FY25 earnings call. Along with me, I have Mr. Sumeet Rai, Wholetime Director, Mr. Kunal Rai, Wholetime Director and CFO, as well as senior team members from our Investor Relations Advisories, Strategic Growth Advisors and the Equirus Securities team.

Before we dive into the highlights of our quarterly and 9-month performance, I would like to provide a brief update on some key business developments. As previously guided, we have made significant progress in the expansion of our axle beam extrusion plant. The new extrusion machine is expected to arrive by early March and commercial production scheduled to commence shortly thereafter.

I would like to also add that this machine, the entire set, was tested at the manufacturer's end by our engineers and team. This advanced technology will increase our capacity to 7,500 units per month, up from our current 5,000 trailer capacity for axles and suspension assemblies. We are confident that with this investment, we will not only enhance our current operations, but also open up new growth opportunities, particularly in the tag and dead axle segment where we currently have no presence. Furthermore, we expect this expansion to improve product quality and drive higher margins.

Additionally, we have announced our plans to enter the seamless tube manufacturing segment at a new facility in Adityapur Industrial Area in the Saraikela district of Jharkhand. This will involve an investment of INR167 crores and this will be funded through a mixture of debt and our internal accruals.

Seamless tubes are produced by converting steel round billets of an appropriate size through a series of specialized processes to achieve the required outer and inner diameter. We have chosen a mill size ranging from 115 mm to 220 mm, that's the maximum, commonly known as Mill 219, which is ideal for producing high-quality seamless tubes and in particular, for our requirement, what we are focusing on.

In the coming years, the automotive sector, including our own trailer axle and productions, will see a shift from fabricated beams to seamless tubes, making this a significant part of our captive requirement. This move will help us achieve greater backward integration, reduce our reliance on external vendors, lower our production costs, and ultimately enhance our overall productivity and profitability.

The surplus production capacity after meeting our captive requirements will be used to meet the growing demands of seamless tubes in sectors like oil and gas, where India's continued investment in pipeline infrastructure. Seamless tubes are expected to play a crucial role in the transportation of crude oil and gas, reducing reliance on road and rail transportation.

Additionally, seamless tubes have major applications in circular components such as gear blanks, ring gears, and bearing rings, where they are cut to precise size. To capitalize on these expanding opportunities, we plan to place orders on key imported equipment by the end of this financial year. We anticipate the completion of this project within 18 months, targeting mid-FY27.

Now, moving to the performance highlights of Q3 and 9-months FY25, despite industry challenges, particularly the slowdown in infrastructure projects that led to the subdued demand in M&HCV segment, we delivered a performance and outpaced the broader industries.

Looking ahead, as the government continues to prioritize infrastructure projects and road network, the demand for high-performance commercial vehicles is expected to raise, presenting significant opportunities for suppliers like Kross. Our strong position within the value chain will, with a focus on precise engineering components such as axles, suspension system, and other critical vehicle parts, position us well to meet the growing demands.

With this, I would like to hand over the call to Kunal to update you on the financial performance of the quarter and 9 months ending 31st December 2024.

**Kunal Rai:**

Hi, good morning everybody, to whoever has joined the call. I would like to just brief you on the financial performance. We start off with the Q3 FY25 performance. Our revenue stood at INR150.1 crores compared to INR148.6 crores in Q3 FY24. Our EBITDA stood at INR19.7 crores compared to INR20.8 crores in Q3 FY24. On the margin side, our EBITDA margin on the quarter declined by 83 basis points from 14% in Q3 FY24 to 13.1%.

Our PAT stood at INR13.6 crores, registering an overall growth of 16.8% compared to INR11.6 crores in Q3 FY24. Our PAT margin for the quarter improved by 123 basis points, increasing from 7.8% in Q3 FY24 to 9.1%.

Moving on to our nine-month FY25 performance, our revenue stood at INR435.4 crores compared to INR437.2 crores in 9-month FY24. The contribution from trailer axles and suspension business was at 42.5%, while the component business contributed to 57.5% in 9-month FY25.

Our export sales are now at 3.4% of 9-month FY25 revenue. The EBITDA stood at INR54.5 crores compared to INR54 crores in 9-month FY24. EBITDA margin for the period has increased by 15 basis points from 12.4% in 9-month FY24 to 12.5%.

Our PAT stood at INR30.9 crores, registering an 8.9% growth compared to INR28.4 crores in 9-month FY24. Our PAT margin for the period has improved by 60 basis points, rising from 6.5% in 9-month FY24 to 7.1%.

That's all from my side on the financial performance for the quarter and our nine-month FY25.

**Moderator:** Thank you. We will now begin with the question-and-answer session. We take the first question from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

**Pritesh Chheda:** Sir, can you give some quantitative comments on the axle and suspension volume numbers, what you did in Q3 and what you did in Q2?

**Kunal Rai:** Sure. In Q3 and Q2, we have done approximately between 7,500 to 8,000 trailer axles. Basically, it has varied month over month. We saw a very strong October. We did close to 3,000 axles. In November, the industry slightly dipped and we went back to 2,200. But in December, we have seen again a better response. We have done close to 2,800. And total suspension systems over the quarter, if you look at it, it's at approximately, between the mechanical and the air suspension, it's approximately 2,200 sets.

**Pritesh Chheda:** And you have to give us similar number for Q2 as well.

**Kunal Rai:** Yes. So, similarly for Q2 also, our revenues between Q2 and Q3 on the axle side haven't been very different. It's almost been the same. So, number-wise, we've done very similar figures. In July, we did approximately 2,600. August, it's at 2,300. September, we've got a good recovery at approximately 2,800.

Suspension systems also, between the mechanical and air, the mix is quite similar. So, overall on the axle side, between Q2 and Q3, you could say an average of approximately 7,500 to 8,000 axles per quarter. However, we've seen good growth in the month of January and our order book of February is approximately of 4,000 axles.

**Pritesh Chheda:** So, you're saying that between Q2 and Q3, there is no growth, there is no incremental volume number in axle and suspension?

**Kunal Rai:** No, we haven't seen. Q2, there was quite a dip in the trailer side. However, we've made some good stocks over there. And in Q3, there has been a little bit of recovery again. So, our overall volume on axles and suspensions between Q2 and Q3 has more or less remained stable.

**Pritesh Chheda:** Okay. Can you give us the axle and suspension revenue growth, on Y-o-Y, and components revenue growth, Y-o-Y? So, in your 1% revenue growth, Y-o-Y?

**Kunal Rai:** So, our axle and suspension revenue growth, if you look into our 9 months in FY24, was INR183.9 crores. And this year, in 9 months, has been at INR185.1 crores. So, that's approximately 1%.

- Pritesh Chheda:** So, basically, INR185 crores versus INR183 crores.
- Kunal Rai:** Yes, sir. So, and I believe the trailer segment has dropped by close to 8% to 9%. And if you look into our revenue component in the component structure, it is again, very much the same. It's INR253 crores was of our 9 months performance of last year, and INR250 crores has been of 9 months FY25. That holds at approximately 57.5%.
- Pritesh Chheda:** And my last question is, what is the progress on the export orders that we have talked about during the IPO? So, there were a couple of component export orders, which were supposed to ramp up incrementally, I think, valuing some INR150 crores-INR200 crores. So, what is the status there?
- Kunal Rai:** So, the export orders are, in fact, going on path, sir, as to how we have been able to maintain our component business, the same as last year. Even with the industry dropping as basically coming from the export business, because that's the business which has been increasing.
- With customers in Sweden, it's completely on path. We are delivering the required quantities of one of the product families. The second product family is going to be starting within this quarter. So, we are in line with it. As far as percentage-wise, if you look into, in FY24, our overall contribution was just 1%.
- In this year, we plan to have at least 5% coming in from exports. So, it's going in line. Right now, it's at around 3.5% in our 9-months figure. So, we expect the Q4 slightly to be even better, with our peak capacity reaching on the product family that we are doing business in. So, we are looking at 5%, around INR25 crores-INR28 crores revenue coming in this year from the export front.
- Moderator:** Thank you, sir. Sir, it looks like the line for the previous participant has got disconnected. The next question is from the line of Shaurya from Arjav Partners. Please go ahead.
- Shaurya:** Sorry, I got disconnected. So, what are we planning to close in terms of revenue in FY25?
- Kunal Rai:** So, as you can see, 9 months has been quite flat with the industry drop also. But we've got a good strong Q4 coming, in the sense volumes at the OEMs have picked up. The overall M&HCV sector has been down 5%. The previous quarter was also quite soft. But we are seeing a better quarter in this year.
- And that is how, if you look into year-on-year, it's a very similar trend that has happened. So, if this continues till the month of March, then we still look at ending at better than what we have done in the previous year.
- Shaurya:** And what post that, like FY26 and FY27? What kind of growth are we expecting?
- Kunal Rai:** See in FY26, we still don't know as to how the commercial vehicle sector or the tractor sector is going to phase out. But what is important is we are focusing on our upcoming projects. We've got a lot of new developments coming up, especially in the trailer axle business is our new extrusion plant. We are going to be offering the tag axle to our OEM customers.

The exports, which were at 1% last year, now at close to 5%. We want to grow that because that is where our focus would be. Plus, a couple of more new developments with the existing customer would be also starting. So, if everything goes well, then we are looking at growth of at least 15%-20% for the next year with these new products coming in pipeline.

**Shaurya:** And we had an EBITDA margin of around 13% in Q3. So, is that what you take forward or should we see some improvement in that?

**Kunal Rai:** No, if you look into our last year EBITDA margin of this quarter, it has been at around 14%. It has slightly dropped to 13.1%. But within Q4 and going ahead, we will see better EBITDA margins coming in. And especially with the exports going up, we would deliver better EBITDA margins and profitability as well.

**Shaurya:** Okay, sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Nikhil Kale from Invesco. Please go ahead.

**Nikhil Kale:** Yes, thank you for the opportunity. Sir, just wanted to get some clarification. The trailer axle and suspension volume numbers you mentioned, Q-o-Q, there is not a lot of change but it seems on the revenue side, there is a decline, right? So, please correct me if I'm wrong. Revenues for quarter 3 are around INR56 odd crores versus INR63 odd crores in Q2, right? So, around a 10% odd kind of decline. Is that correct?

**Kunal Rai:** The revenue is down from INR63 crores to INR60 crores, sir, actually. It's actually INR59.8 crores in this quarter. It's also because of raw material prices, steel price is also softening over the last quarter. But on the volume front, we don't see a major shift.

In fact, in quarter 2, there was a subdued demand on the trailer side. We've built up some stocks over there and that's how quarter 2 has performed quite well. But quarter 3 has been good as well. And more importantly, we see Q4, the demand from the trailer business is quite good, quite strong.

**Nikhil Kale:** Okay, understood. And if I'm not wrong, I mean, now going into Q4, while you're seeing kind of a pickup in the numbers, I think the base for last year was also quite steep, right? I think you did around INR78 crores-INR79 odd crores, in Q4 FY24? Is that correct?

**Kunal Rai:** You're talking about the monthly sale?

**Nikhil Kale:** No, trailer axle quarterly sales in Q4 FY24.

**Kunal Rai:** Yes, yes, absolutely. That was something we had done in the month of March. But we're looking at approximately 4000 axles per month in the month of February. That is what our order book looks like. And see, we've been producing close to 2500-3000, operating at around 60% capacity. What's important is now that we've reached to a level where we've basically reached 80% of our capacities now of 5000.

And the new line which is coming in of the extrusion will not only enhance our capacities on the axles, but it's also a better product to be given to the fabricators. So, we're looking forward to the uptick of business from that angle as well when the extrusion line gets in.

**Nikhil Kale:** Got it. So, fair to say that sequentially we might see an increase, but on a Y-o-Y basis, it might still be a decline next quarter.

**Kunal Rai:** Next quarter?

**Nikhil Kale:** Yes, Q4.

**Kunal Rai:** No, Q4 decline. There won't be a decline in the business of the axles and suspensions. Last year, we had done close to INR260 odd crores on our trailer axle and suspension business. And in the 9 months, we have done INR185 crores in this year. So, we don't see a decline in the overall business of the trailer axle and suspension overall. It will only increase, in fact.

**Nikhil Kale:** Okay, understood. And secondly, just wanted to understand the staff costs have gone up substantially on a Y-o-Y basis close to 28% YoY. So, can you just maybe throw some light on that?

**Kunal Rai:** So, this is the employee cost from basically INR7.6 crores has increased by INR2 crores to INR9.7 crores. But this is, you could say, it is a one-off case in this quarter. It's going to be back at our previous percentages from the coming quarters. There were certain employee arrears and slight revision in the wages.

It was basically a one-time settlement with certain people in the workforce. So, that is what has basically given it a slight increase. But on the number of people and everything, it's still quite stable. And we would be going back to the earlier percentages from the coming quarters.

**Nikhil Kale:** Okay, understood. Thank you.

**Moderator:** Thank you, sir. The next question is from the line of Mihir Vora from Equirus Securities. Please go ahead.

**Mihir Vora:** Thank you for taking my question. So, basically, my question was first on the domestic industry. So, in the Q4, are we seeing a decent ramp-up in orders from the OEMs on the component part of the business as well? Like you mentioned, trailers are doing good. But what is the case in the component business? Is it still slow or has it picked up?

**Kunal Rai:** The component business is getting better. Volumes at OEMs are getting better. We've seen in the previous quarters the entire industry being very cyclical. That means we see one month performing better than the other 2 months. Especially if you take Q3 as an example, we saw a good October, November, and December. Demand was quite soft.

But at least in Q4, what we have seen is January has been better. And February also up to now, things have been good. So, if this trend does continue up to March, then we will surely see an increase in our domestic contribution of components and also on the export front.



**Mihir Vora:** And secondly on the trailer axle business. So, sequentially, we have sort of underperformed the tractor trailer production of the industry. So, like any reason here why year on year, we may have outperformed, but sequentially there is a steep decline in our volumes compared to what the production volumes have been. So, any reason here, like what would be the reason our trailer axle supplies have gone down in the quarter?

**Kunal Rai:** Actually, we are continuously expanding our reach on our axle front. There have been a few states where we've got a good demand already. And we've reached a good percentage of share of business in the states like Rajasthan and Chhattisgarh. There are certain states where basically our presence has not been there, especially in the south and all. And if there is anything that we have missed out, it would have been missed out in these segments.

Also, from a product line perspective, very recently now, we have launched our 18-tonner axle also. And that is basically coming in this quarter itself. We've just launched it a few months back. And there are one or two more axle which are there in the product segment which will be soon planning to launch.

So, very soon we'll have the entire product launch, product mix there to offer to all the customers. Plus, the reach also we are expanding to regions where the presence is not there much.

Overall volume front, especially as to how we have performed in the quarter 2 and quarter 3, we are quite happy with that. And it is only going to grow. And specifically, if you look into our 9-month performance, we haven't dropped on any volume and we have not dropped on any revenue front also. So, if you look into the previous 9 months of the last year on our axle and suspension business, even though the industry has dropped by 7%-8%.

**Mihir Vora:** So, my last question would be on the capex. What has the capex been for the 9-months FY25 period? And what is your estimate for the full year in terms of FY25? And then if you can provide a guidance for FY26.

**Kunal Rai:** So, I'll have to look into the exact capex on it. But we had basically, from the proceeds of the IPO, we had set out approximately INR70 crores on our capex. This is mainly on the enhancement of our forging capabilities and our new line in the foundry and as well as new machines for us to equip us to ramp up on our production of our exports.

And we are completely in line to whatever we had planned during our IPO stage. The major capex plan which would be coming in FY25, the last quarter and FY26 would be on our seamless tube project. We would be starting our investments in quarter 4 for the seamless tube plant. And the majority of it would be done in FY26. The total value of the capex on the seamless tube project is approximately INR170 odd crores.

**Mihir Vora:** Okay, all right. Okay, that's all from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Nikhil Kale from Invesco. Please go ahead.

**Nikhil Kale:** Sir, my question is again on the trailer axle and suspension business, more on the competitive side of things. So I think, Ramkrishna Forgings, in their conference call spoke about almost a

INR27-INR28 odd crore kind of a quarterly revenue from this business. And they seem to be operating in the same regions that you are operating in. So has that kind of hurt your market share?.

**Kunal Rai:**

Sumeet, are you there online? You want to take it?

**Sumeet Rai:**

There have been a few players that have entered the market. There have been a few multinational companies also coming in. But we feel that we have -- in the areas that we have been present, we have maintained our market share and in certain areas even grown our market share, in areas like Rajasthan.

So, of course, if they are getting business, they are getting it from somewhere because the overall trailer industry has been flat year on year. In fact, volumes of the trailers have slightly maybe dropped over last year. So that business is going somewhere.

But we feel that we are in a good place to grow. The order book is increasing. End of December and January has been a good order book for us and February is even better. So we feel our market share is still the same, what it was over last year.

**Nikhil Kale:**

Okay, understood. And in terms of the products that you have versus say what RK is kind of offering, any particular configurations or who are there and they are not present or is it like a complete overlap that they have?

**Sumeet Rai:**

See, as far as the product range is concerned, there is a certain product range which caters to about 70% of the market and that is the product range that every player in this field has. What sets us apart is we have gone in to the higher tonnage market, off-road market, where a higher capacity of suspension and axle is used. So that launch has happened 2 months back and we have got pretty good response there.

We have also gone in to the segment which is on the lower capacity front where the trailer does not carry the 55 tons gross vehicle weight that is allowed but rather it uses a lower rated prime mover which is used in container applications and such. And so in the month of January actually, we launched that suspension. So that also sets us apart.

And in the coming months, in this quarter, we will be launching our axle and suspension for the car carrier. So that is another segment which for us till now we have not been catering to and we will expect a volume growth with that as well.

**Nikhil Kale:**

Understood. And in terms of your expansion across different regions, earlier you have spoken about there are certain regions where you will not present to that extent. So what are the plans over there or are you waiting to create additional capacity before you expand into some of the other geographic regions?

**Sumeet Rai:**

There are two, three things which we are working on to expand into certain regions. Of course, having a dealer network and sales network and service network is very crucial to getting into new regions. So that is something that we are working on to set up these sales channels and service network to make sure that we are there into a region for a longer term.

Also, the expansion in product categories with the higher tonnage and the lower tonnage suspension and axles. This will help us getting into these other regions like Gujarat and certain areas in Maharashtra. So it is the expansion in product categories and also work on our sales team and service team.

And then with the extrusion plant, which we are hopefully going to start in the next 3, 4 months, this we hope will be a game changer in this industry. And the acceptability of this product will be much more than a conventional product because that sets us apart from the others.

**Nikhil Kale:** Understood. Thank you.

**Moderator:** Thank you. The next question is from the line of Mohit Chugh from Subh Labh Research. Please go ahead.

**Mohit Chugh:** Hi, sir. Sir, as you said that you are backward integrating to seamless tube. So I just want to know like what percentage of cost can we save through that facility and what EBITDA margins are we expecting in the future?

**Sudhir Rai:** The EBITDA margins will also improve a lot in the sense that the prime reason for putting up this new technology. I'm sorry, your question was on the seamless tube and the effect of it on our EBITDA margins. That's right?

**Mohit Chugh:** Yes, sir. Like what percentage of cost can we save through seamless tube facility?

**Sudhir Rai:** Okay. So currently most of the seamless tubes which are coming in for our requirement is from an import route. Okay. And through the import route, we have got two major fluctuations. One is the overseas demand and number two is our own currency. So looking at all this, these are the add-ons which we will be having on our EBITDA margins.

Now, the effect of it will be about 3% to 4% on the cost of the product. If we go in for our own backward integration and use the tubes which we manufacture ourselves, they will cost about 3% to 4% lesser than our existing route.

**Mohit Chugh:** So in my second question, can you please repeat the new product that you said earlier like you will be working on in future?

**Sudhir Rai:** Pardon? Can you come again, please?

**Mohit Chugh:** I was saying that if you can please repeat new products that you will be working on in the axles and suspension segment that you mentioned earlier to the last participant.

**Sudhir Rai:** Fine. Sumeet will answer that.

**Sumeet Rai:** Yes. Basically, the launch --the new products that we have launched in the past 2 months have been number one, an 18-ton axle which is suited to more heavier-duty application. That's number one.

Number two, we have launched two mechanical suspensions. One, a 20-ton suspension, which again is suited to go with the 18-ton axle for the heavier-duty applications. And number two, a lighter-duty suspension, a 13-ton suspension, which is suited to lower-GVW vehicles, which have a GVW of about 45 to 49 tons. So these are the two mechanical suspensions that we have launched already.

What we are going to get into in this quarter will be the launch of the car carrier axle and suspension. This product aims at trailers, which are specifically designed to carry cars and bikes from the OEM to the various dealers and everything. So this is a segment which, till now, we have not entered into. But in this quarter, we'll have the product range compete in that as well.

**Mohit Chugh:** Okay, sir. So, sir, this segment, that is the car and carrier bike segment, so are there any other competitors also that are working in this segment in India?

**Sumeet Rai:** The market for this is largely dominated by who is currently the market leader in the trailer segment, which is York. And they have more or less like a monopoly in this segment. But we are hopeful that -- over time, having this product category in our portfolio, we'll be able to penetrate in this.

**Mohit Chugh:** Okay, sir. Thank you, sir. That's it from my side.

**Moderator:** Thank you very much. The next question is from the line of Taha from Tara Capital. Please go ahead.

**Taha:** Are we seeing any slowdown in the European market as far as our exports are concerned? And any guidance you can provide for FY26?

**Kunal Rai:** Sorry, your first question, I think the voice was slightly breaking, but was it on the export side?

**Taha:** Yes. So the first part of the question was, are we seeing any slowdown on the export business? And any guidance if you can provide on FY26 export?

**Kunal Rai:** So the thing is that, you know, for us, we are only increasing on our export business, because our earlier contribution towards exports has been negligible. So this is a new product line, new customers that we've onboarded. And for us, it's increasing many folds.

This year, as I mentioned, it's around 4.5% to 5% of export contribution, which will be only increasing. Because right now, we've just started off one product. And in the coming quarters, there are three to four more product lines, which we are going to begin.

And on the other question, second question of yours, I think it was on the FY26 guidance. Basically, if you look into how the commercial vehicle, M&HCV segment has performed, it's approximately on an average 5% down in this year. And in the coming year, obviously, we've not got a lot of guidance yet from the OEMs. But we're not considering a very, very high growth in industry volumes. However, it is important that we focus on the areas where we are planning investments.

One would be on the trailer axle suspension front, which contributes 43% on our revenue. Second is our exports, which we want to grow to a double digit in the coming few years. So, and the new products, which we are in talks with our customers, that is where the focus of the company would be.

**Taha:** Got it. And so my second question is, on the new line of business, like you mentioned, you are entering the tag axles. So, if you can just provide some insights on how big is the industry, what kind of margin you can make? And does it contribute significantly to our top line?

**Kunal Rai:** See, basically, the extrusion line that we are going to be starting is going to, number one, be used for our trailer axle application. And number two, we can be in the business of supplying dead axles to the OEM customers. Now, the OEM customers for their rigid body vehicles use these tag axles.

So, there is, I think, put together between all OEMs, they do produce close to 5,000-6,000 tag axles. They use 5,000-6,000 tag axles per month. That is the volume which is there. Obviously, with the OEMs, the process of validating it and testing it is a process. So, once we have the product ready, we would be in touch with them for further validation testing.

**Taha:** Okay. Got it. And it will be of similar margin, 13%-14%?

**Kunal Rai:** Sorry?

**Taha:** It will be of similar margin, this business, right? 13-14%?

**Kunal Rai:** Absolutely. It will be approximately of similar margins.

**Taha:** Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Richa from Equity Master. Please go ahead.

**Richa:** Sir, thank you for the opportunity. So, my question is, if you could quantify the opportunity in 18-ton axle, that would help. And what kind of market share, considering that we would be the second player, are we planning to corner in this?

**Kunal Rai:** Sumeet, you could take that call.

**Sumeet Rai:** Yes. See, it's difficult to quantify a market share in a particular segment which is dedicated to higher load capacities and rougher terrains. But we are seeing -- with this launch in product, we are seeing an increased demand for it. It's just been about 2 months since we have launched this product, so I can't really answer exactly what the market size is and where we stand on that. But there is definitely a market there for the higher tonner capacity axles.

**Richa:** Okay. And, sir, my second question is on the export opportunity. If we look beyond FY25, considering that so far I think you had two tie-ups, one with a Sweden-based player and another with Japanese. So, what is your visibility on exports? If you could share some kind of numbers, like where it could go from 5% to maybe over the next 2 years. Where do you see the share of exports?

And also, in addition to that, how are the margins different in exports versus domestic markets?

**Sudhir Rai:**

So, export, you know, is something – there are a couple of catalysts which are working in our favour. One is this new China Plus One, which is playing in everyone's mind. And we are seeing a lot of effect of that. The number of inquiries we are getting from this China Plus One story is very encouraging. That is one aspect.

Number two, the Western countries find it very, very difficult to make forged parts or casting parts, auto components. They have gone beyond this category of parts because of certain – their own cost of manufacturing. And the second one is, of course, on their fuel costs, which is exorbitant, and on environmental issues.

So, keeping these two, I think we are focusing a lot of attention on our growth factors. It will take us about 2 to 3 years where we will see a double-digit growth, and we'd like to take it to something close to 15% in the next 2, 3 years, our export targets.

So, one, of course, you mentioned the Swedish company, and we are on good platform with them. And we have a couple of other companies also where we are trying to get into a good alliance.

**Richa:**

How would the margins be different in export versus domestic?

**Sudhir Rai:**

Okay, yes. The margins, fortunately, are much better. I mean, if we are to draw our balance sheets only based on export business, we would be running with an EBITDA of 20% to 22%. So, you could say a little less than double margins. It's still now fortunate that in spite of the long period of realization, the margins are still much, much better if you look into auto component business.

You see, it's not only just this. With this extrusion plant coming in, we will even have the opportunity to export this. Currently, no one exports trailer axles from India because they are made from the fabricated root. But world over, the world only uses an extruded axle. So, we will have this opportunity with this new one. This will open a new revenue also for us.

**Richa:**

Okay. And I'm not sure if I got it right. I think in a previous response, you perhaps suggested or gave a guidance of around 15% growth. Is that assuming no significant recovery in the broader market or are you counting on domestic market recovery?

**Sudhir Rai:**

Can you please come again? You said 15% growth?

**Richa:**

Yes, I think you mentioned 15% growth with the new components and export opportunities. So, what kind of domestic...

**Sudhir Rai:**

Yes.

**Richa:**

Yes, please correct me if I'm wrong. And also, was it considering a flattish domestic market?

- Sudhir Rai:** I'm sorry. When I mentioned 15%, it was about the growth in the next 2 to 3 years on our export front. We would be able to get 15% of our revenue from exports. That is what we are targeting. 15% of our revenue coming in from exports in the next 2 to 3 years. That's what I was explaining.
- Richa:** Okay. Fine. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, we take that as the last question for today. I would now like to hand the conference over to the management for closing comments.
- Kunal Rai:** We thank everyone for joining in and asking their questions. We appreciate your participation in our earnings call today. And we hope that we've addressed to the queries. And should you have any further queries, please feel free to reach out to our Investor Relations Advisors, that is Strategic Growth Advisors and thank you from our side.
- Moderator:** Thank you, members of the management. On behalf of Equirus Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.