June 02, 2025

The National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G
Bandra – Kurla Complex
Mumbai 400051

Scrip Symbol: SANSERA

The Department of Corporate Services
BSE Limited,
P.J. Towers, Dalal Street
Mumbai 400001

Scrip Code: 543358

Dear Sir/ Madam

Subject: Earnings Call Transcript

Please find attached a copy of transcript of Earnings call held on May 28, 2025 on audited financial results of the Company for the quarter and year ended March 31, 2025.

The above transcript will also be made available on the website of our Company at www.sansera.in.

Kindly take the same in your record.

Thanking you,

for Sansera Engineering Limited

Rajesh Kumar Modi
Digitally signed by Rajesh Kumar Modi
Date: 2025.06.02 10:16:21 +05'30'

SANSERA ENGINEERING BANGALORE 560 105 LTD

Rajesh Kumar Modi
Company Secretary and Compliance Officer
M.No. F5176

Encls: a/a

"Sansera Engineering Limited

Q4 FY '25 Earnings Conference Call"

May 28, 2025

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on May 28, 2025 will prevail."

MANAGEMENT: **MR. B.R. PREETHAM – EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER – SANSERA ENGINEERING LIMITED**
MR. RAHUL KALE – CHIEF OPERATING OFFICER -- SANSERA ENGINEERING LIMITED
MR. VIKAS GOEL – CHIEF FINANCIAL OFFICER – SANSERA ENGINEERING LIMITED
MR. HARI KRISHNAN – CHIEF EXECUTIVE OFFICER, ADS DIVISION – SANSERA ENGINEERING LIMITED
MR. PRAVEEN CHAUHAN – HEAD CORPORATE STRATEGY – SANSERA ENGINEERING LIMITED
MR. RAVI – DIRECTOR – MMRFIC – SANSERA ENGINEERING LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY '25 Earnings Call of Sansera Engineering 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. B.R. Preetham, Executive Director and Group CEO. Thank you, and over to you, sir.

B.R. Preetham: Thank you. Good morning, and welcome, everyone. Thanks for joining this call. On this call, I'm joined by our CFO, Mr. Vikas Goel; our CEO of ADS Division, Mr. Hari Krishnan; Rahul Kale, COO; Praveen Chouhan, our Head of Corporate Strategy; and also Mr. Ravi, Director at MMRFIC and our Investor Relation Advisors, SGA.

The results and the presentation are uploaded on the Stock Exchange and the company website. So I hope everybody has had a chance to look at them. For the fiscal year 2025, Sansera Engineering crossed INR30,000 million mark in terms of top line with a 7% revenue growth on a year-on-year basis. This is our highest ever annual and quarterly performance in terms of top line and PAT. With this performance, we continue to outperform the industry growth despite multiple headwinds in the Indian as well as global economy.

Broadly, the domestic automotive industry registered a single-digit growth across the segments, primarily due to a high base effect and muted demand. That said, the outlook, particularly on the 2-wheeler side is looking better for the coming year with a strong rural demand supported by improving consumer sentiment.

On international business, things are moving at a slower pace as decision-making from OEMs with respect to production and new order placements and the new projects has been on hold due to tariff-related uncertainties going on globally. We hope that this is a temporary phenomenon and would get addressed in a short period. Hence, we see some impact in our export business in Q4, we saw some impact in our export business in Q4 FY '25, especially on the auto side.

It is expected to continue in the Q1 FY '26 as well while our exports from India would be impacted a bit, but our Sweden business is doing better now, primarily due to volume and price improvement with our key customers.

Speaking of the non-auto business, we now view this segment as ADS and non-ADS. ADS stands for aerospace, defense and semiconductor, whereas non-ADS would include agriculture, off-road and other industrial applications. We anticipate significant growth in the ADS segment in the years to come. And to drive this business, we have recently appointed Mr. Hari Krishnan as the CEO of ADS Division.

I would like to take this opportunity to introduce you to Mr. Hari who has joined us in this February of this year, and he brings in over 30 years of leadership experience in the manufacturing sector. Prior to joining us, he held key leadership roles in the renowned organizations like CIE Automotive, as CEO of Forging Division, Apten Forgings as COO to name a few. Hari will also oversee the business development activity of the entire group and would be a key member of our leadership team.

Speaking about the segment-wise performance for the year. In the Non-auto segment, we delivered a stable performance on a year-on-year basis. However, the fourth quarter saw a 15.6% increase, especially on the ADS side. ADS revenues stood at INR1,235 million in FY '25, with a 13% growth on a year-on-year basis with the production schedules moving up for our key customers in the Q4.

During Q4 FY '25, ADS segment, revenue surged 43% on a year-on-year basis to INR434 million. The outlook for this segment is very bright as we expect this upward trajectory to continue in the coming quarters. This will be aided by the addition of another large aerospace OEM and the semi-con revenues flowing through. Rest of the non-auto business delivered a top line of INR2,024 million (Wrongly said, the number is INR 2,044 Million).

If you look at xEV and Tech-agnostic segment, it continued to demonstrate a strong momentum, registering a year-on-year growth of 28.6%, mainly due to healthy growth in our xEV piece on the back of the execution of orders for our North American customers. Collectively, both xEV and Tech-agnostics segment accounted for close to 15% of our total revenue. With our new forging press, we are confident to do stronger business during the year.

Turning to our traditional ICE automotive components business. The Two-wheeler segment delivered a steady performance, contributing approximately 44% of the overall revenue in the ICE pie. The Passenger and the Commercial Vehicle segment contributed 18.6% and 10.5% of the total revenues, respectively. Thanks to our attempts to diversify our revenue streams, the ICE business share of overall revenue fell to 73.6% in FY '25 from 75.4% in FY '24. When considering the massive ever-expanding base of this segment, this accomplishment takes on further significance.

As of March 2025, our order book stood at INR18,511 million following the annual reset process, wherein we exclude orders that have transitioned into mass production during the year. Notably, over 60% of the order book comprises of international orders, reflecting the continued strength of our global business pipeline. Of the total INR18,511 million orders secured during the year, about 28% of the orders came from the ADS segment.

During the year, we focused on preparing -- playing field for our future growth as we have undertaken multiple strategic investment for the capacity enhancement. We spent about INR100 crores to acquire a 55-acre land in Karnataka for our future expansion. We plan to start construction work in FY '27. We have also invested about INR35 crores to acquire a facility in Pantnagar and we expect it to operationalize by Q2 of FY '26.

Further, we have done brownfield expansion at our Bidadi plant by adding new machines and setting up a forging as well as machining lines which are in line with production plans for our new orders.

Before my closing comments, I will take a minute to update you on MMRFIC, our strategic investment, which we made a couple of years ago. It is progressing as our expectations. They have multiple products with qualified technology for aerospace, defense. MMRFIC has also received government orders, grants under development from ISRO, DRDO and iDEX DIO. We are very optimistic about its prospects given the high focus on defense sector and continue to support their endeavors with regular investments.

Looking ahead, the outlook for our business remains strong with multiple growth levers across the segments, particularly ADS, where we expect to double the revenue in the year FY '26. In this dynamic world, we see a lot of opportunities coming towards the Indian companies, and Sansera is well positioned to capture these opportunities.

I now hand over the presentation to Vikas Goel, our CFO, to talk about the financial performance. Thank you.

Vikas Goel: Thank you, Preetham. Good morning, everyone. I will take you through a glance of our consolidated financial performance for the quarter ended March 2025. Our total revenue from operations increased by 5% on a year-on-year basis, reaching a figure of INR7,817 million as against INR7,458 million last year in the fourth quarter. EBITDA for the quarter stood at INR1,271 million at a margin of 16.3%. Other income saw an increase primarily due to deployment of the residual funds from QIP and resulting in interest income.

Depreciation and amortization expenses stood at INR468 million, in line with the investments that we've been doing in our facilities. Finance cost during the quarter decreased to INR96 million from INR225 million as we have reduced significant amount of debt from our balance sheet. Profit after tax at INR592 million with a growth of 27% year-on-year. PAT margin remained healthy at 7.6%.

Talking about our full year performance for financial year 2025. Our revenue rose by 7% on a year-on-year basis. The details were already discussed by Preetham earlier. The total revenues stood at about INR30,168 million. Our EBITDA for the year stood at INR5,148 million with a year-on-year growth of 7% and the margin in line with the previous year at 17.1%. Profit after tax witnessed a growth of 16% from last year and stood at INR2,169 million with a margin of 7.2%.

Our operating cash flow, net of taxes continues to be healthy and stood at INR3,766 million, which is 12% of our operating revenue and 73% of our EBITDA for the year. During the year, we have spent towards capex, INR5,911 million. And going ahead, we continued to spend on adding capacities in the current financial year. At year-end, the net cash amounted to INR125 crores as a result of the cash generated or cash received from QIP.

Thank you. We'd like to close this call -- sorry, close the address and open the session for Q&A.

Moderator: The first question comes from the line of Siddhartha Bera from Nomura.

Siddhartha Bera: Sir, first question is on the PV segment. So we have continued to see a lot of weakness there. So firstly, if you can sort of break out the decline of 16%, 17% in the quarter into the domestic and exports, how does it look? And for the export market now, I mean given the visibility which your customers are giving, how do you see the trends there to sort of pan out for the year?

Are you seeing some sort of pickup in schedules or the near-term view still maybe it can extend for a bit more time? And how does this -- how does the tariff is sort of getting impacted either we are absorbing or passing it, how that tariff is playing out for us?

B.R. Preetham: Thank you, Siddhartha. See, PV segment for us on a full year basis last year actually degrew by almost 7.9%. This was primarily due to a fact that there has been a significant slowdown in the second half of the year in the export market, owing to a lot of uncertainty both in Europe as well as in U.S. Also, it was not aided. I mean, it did not get too much of support because of the -- finally at the end of the last -- towards the last year, the tariff problems also started.

Now because all the OEMs also were very cautious to reduce all the inventories, pipeline inventories because shipping across the border from Mexico, the whole vehicle also eventually was stopped or was coming at a higher tariff. So there were lot of cautious approach from the customers.

Actually, our order book has been very strong from the PV segment. In fact, we expect to outgrow our performance in the coming year as well as years to come. Overall, if you really look at our average growth, this segment will grow faster for us because there are several opportunities where we have already contracted further new orders from the -- both from North America, Latin America as well as India OEMs exports and Indian domestic segment.

While we are quite confident on the overall year performance, of course, there could be certain impact on the first quarter and towards half of the second quarter as well because this needs to be -- I mean, as of now, the tariff -- base tariffs are in effect, 10% and we are in close discussion with our customers who have taken all the inputs from us, a very few of our orders currently are -- the duty is paid by us whereas most of our export orders are currently duties are paid by the customers directly.

So wherever we are paying the duty, we are already in discussion with the customers to offset it, but it is still -- the times are still uncertain, we are still not clear as to what would be the end result. But we expect at the end of this whole exercise, there would be more tailwinds for the Indian component manufacturing industry rather than any headwinds. So having said that, we expect that this year, we will have a stronger performance both in terms of passenger vehicles, both xEV as well as the normalized ICE segment.

Moderator: Does that answer your question, Siddhartha?

Siddhartha Bera: Yes, sir. Sir, second question is on the Tech Agnostic side. Here also, we had a good order book in the aluminum forging business where I understand that capacities are largely booked for us. But growth in this segment also been a bit soft in the last couple of quarters. So how do you think about this segment? What are the key orders here? And how should we expect the ramp-up here?

B.R. Preetham: See Tech Agnostic segment, yes, the order book is strong, and there have been slight slowdown in this segment because there is one of the customers, the European customers had an issue with insolvency and stuff like that. So there was an impact on that to an extent. But other than that, the business in terms of -- and also in Tech Agnostic component, some of the premium models which were expected to do well where we had all expected that there could be more traction in the premiumization segment in the domestic market had some initial hiccups, but we see that the traction momentum has started to happen now.

We're seeing a lot of increase in the pull from the customers on these models. But exports continues to be the thing. As I had also commented on the xEV, especially on aluminum forged components, we are now in the stabilization phase where we are actually focusing on operational excellence and improvements.

In fact, like last time, I had told that we have had enough order book to focus on consolidation of our operations to improve the margin profile, improve the operational efficiency. That is the phase in which we are working, especially on aluminum forged and machine components because we have a very healthy order book totally about -- totaling about -- close to be about INR400 crores totally.

And this year, our focus will be to execute it in a more efficient manner, where most of the learning curve has already passed us. We have gone through all the learning curves, especially on Class A components where a lot of product learning and technology learning went through. And we are quite confident now that this year, it would be returning a stronger growth.

Moderator: The next question comes from the line of Arjun Khanna from Kotak Mutual Funds.

Arjun Khanna: The first one is on -- just back on to the earlier participant's question of U.S. demand. You did mention that we are seeing uncertainty-led demand slowdown. So are the OEMs procuring from someone else, is there a domestic supplier? Or how are they fulfilling their demand at this point in time?

B.R. Preetham: Arjun, so currently, the entire industry, as we -- see the share of business has not been changed. So what is happening is there's a lot of inventory consolidation and correction that has happened because when there are tariff uncertainties -- because there are very few of the vendor base, at least largely in our component categories, inside U.S., either it is in Latin America or in Europe or in China or in India, where all the countries who are supplying have been affected by the tariffs. So I don't see that -- I mean, as per our knowledge and our market feedback, we haven't lost any share of business, but it is a general correction or the slowdown that is there.

On the contrary, U.S. customers are talking about a lot of new projects and initiatives both in terms of upgrades as well as this thing, which we had actually expected to close down before the end of Q4, but these things are slightly delayed because of the tariff clarity. But all the technical work around these orders have already been close to completion. So we expect that once this uncertainty is remote, there's a lot of traction on this segment.

Arjun Khanna: Sir, we were historically planning the overseas plant. So any update on that?

B.R. Preetham: Yes. Actually, the update is that just that we are on a pause mode because we have selected the site. We were about to sign the contract. But for now -- see the kind of opportunity sizes that is being discussed and on the verge of finalization do require our presence in North America. Now the issue here would be that depending on the final tariff from the product and USMCA norms that would come into place, what kind of operations that we would require to be put into that facility is what remains to be seen.

So while we were very certain in our pre-tariff period that we need to put up only final assembly and a couple of final operations along with inspection and godown operations. That could slightly change depending upon the overall value addition that one needs to be looked at. While the forging definitely would remain in India that it doesn't make sense, but the extent of operations can only be decided once the final tariffs are there.

Buyers are also keen but are waiting for tariffs to stabilize. So there is a lot of -- once India signs up this thing, I think there is a lot of tailwinds that will be there towards the Indian auto industry.

Arjun Khanna: So we may have to do more machining in the U.S., if I understand correctly what we are...

B.R. Preetham: I mean, that, Arjun, depends on final tariffs and how they are going to -- suppose if this base tariff is also going to continue and if there is some additional tariff for this thing, so they would prefer that there would be some extended valuation addition that needs to be done. But -- that is why we didn't -- we put the whole thing on pause so that the size of the -- size and the space requirement could change depending upon the final metric. So that is why...

Arjun Khanna: Sure. Sir, my second question is if we go to Slide 20, in non-auto we write aerospace. So this aerospace includes defense and semicon? Or is it just aerospace, and semicon and defense is in others?

B.R. Preetham: So in the last year's numbers, you say?

Arjun Khanna: Sir, on Slide 20 of the presentation, we have for FY '25, '24 breakup...

Vikas Goel: Yes, this includes the aerospace, defense and semiconductor. And this is -- if you look at meaningfully -- actually most of it is aerospace. Gradually, we are building revenue in defense and semicon also.

B.R. Preetham: Arjun, going forward, you will see a bigger number there. Just to add to what Vikas said that while we have renamed it as ADS, the meaningful ADS contribution will happen this year because a lot of qualification on the semicon and defense has happened now and we are now just starting the mass production of the semiconductor piece because these are -- I would say these are, for us, at least at Sansera, these were totally different technology altogether, much higher level of precision and kind of operations that we are doing, especially in semicon area.

And with this added, we expect that as I've told in my commentary also that we expect the ADS business to be on a safer side, should deliver double the revenue of last year. We expect that it would be more than that. But then given a lot of pieces, puzzles which needs to be put together, I would still say that doubling the revenue is definitely on target because that is -- keeping that in mind, we have also done a lot of investment, both in terms of machining facility, in terms of - Level 1000 clean room, quality systems and also special processes.

So in fact, if you really look at our plant and machinery investment, a lot of that last year and also continues to this year would go into this piece given the kind of order inflows. And you would see in the coming period, there will be also more clarity on further order wins from our side.

Arjun Khanna: So just to give context to this. So, we did roughly aerospace INR130-odd crores, INR132 crores to INR133 crores in FY '25. We are saying this could be around INR265 crores in FY '26?

B.R. Preetham: It would be very close to INR300 crores, between INR280 crores and INR300 crores. Yes.

Moderator: The next question comes the line of Anirudh Shetty from Solidarity Advisors.

Anirudh Shetty: Just needed some data points. In our order book, which is 60% exports, can you give the split across Europe, U.S., other markets?

B.R. Preetham: So you mean in the order book -- of overall order book, how much is approximately, 24% comes from Europe, 27% comes from North America and about 9% comes from Asia.

Anirudh Shetty: Got it. Sir, my second question is, we are seeing a lot of progress in our Tech Agno and xEV business, but a large share of our business in ICE is actually two-wheelers today. Can you just give a sense around the kit value that you're seeing if you just compare -- let's say, a customer, if you did X amount in ICE, are you seeing the kit value increase when the model shifts to xEV, Tech Agno and if you can just quantify that, that will be helpful?

B.R. Preetham: No, I think, okay. We have spoken about the kit value consistently over the period. So depending upon what kind of model that we work with, if it is -- see Tech Agnostic components generally are all aluminum forge and machine components. So in the scooter segment, there are limited number of such components which are there.

It could be suspension, it could be some in braking, some in suspension. So there would be -- if you really look at as ICE scooter versus EV scooter, the content per vehicle for us largely remains the same, but the addressable market would between INR4,000 to INR5,000 per vehicle.

But whereas if you really look at once the shift of electric vehicles happens towards motorcycles, then that is where the real game changer will be because that is where the content per vehicle is expected to go up significantly because the lightweighting requirement on the motorcycles is far higher than the requirement in the so -.

So just to put a figure that if we are able to secure all the components that we are doing for similar models, it could go up to a 5-digit mark, could go up to almost INR10,000 per vehicle as the kit content. So this is how contextually you'll have to see, vis-a-vis about an average ICE motorcycle content of between INR1,800 to INR2,000, that's where we are.

Anirudh Shetty: This is very helpful. Just one final question is, in our Europe business, do we have a sense around what is our exposure to the European passenger vehicle OEMs out there?

B.R. Preetham: See, largely, today, whatever we export to Europe and bearing our Sweden facility, which actually in our international business, that also contributes, that is largely for the commercial vehicle and larger engines. But otherwise, our European sales largely is on passenger vehicle only. So I would say that exactly, I don't have the numbers now, but more than 70% of our exports to Europe is for passenger vehicles.

Anirudh Shetty: Okay. So you're saying that 26%, which is exports from India, of that, give or take, 70% is for passenger vehicles to Europe. That's...

B.R. Preetham: No, no. That was -- if that was the question. I thought only Europe, you want in the overall exports, how much is the passenger vehicle, was that your question?

Anirudh Shetty: No, no. It was Europe specifically. So then you think 70% of that or 18% of sales?

B.R. Preetham: Yes, yes, correct. So you're right. You are right.

Moderator: The next question comes from the line of Vaibhav Shah from DSP Mutual Fund.

Vaibhav Shah: Sir, the first question is on the subsidiaries performance for the quarter. So if I look at our consolidated revenue and profitability numbers, minus my stand-alone numbers, it seems to be a little bit slower in this quarter. Also in performance highlights, you have mentioned that the subsidiaries is having some one-off impact on profitability, which is expected to stabilize in Q3. So can you just talk about what is this impact? And how do you see this performance improving over the course of FY '26?

B.R. Preetham: Vaibhav, I think last year, we did comparatively better in Sweden because Sweden, we got the price support from the customer in terms of both peak price as well as there was a onetime grant that was also given to enhance the capacity and also support the production because there was another vendor who closed down and then we had to immediately ramp up the production and support them for that.

So looking at that, our EBITDA margins for last year was definitely much better than compared to the previous year. But going forward, I would say, full year, I think EBITDA margin of Sweden was about 11.4%, which was way higher than the previous year, which was 6.4%. So going forward, we expect that this would be stable between 10% and 12%, which is what we -- given the context of Europe and the cost structure there and limited growth opportunity that is there while we are growing at about 15%, 20% this year, but then 10% to 12% stable margin is what we expect to be delivered from our Swedish subsidiary.

Vikas Goel: On next -- from second half of this year. Basically, the comment that you see on the presentation is referring to the one-off where we got a lump sum compensation for a previous cost increase from the customer. So going forward, this will become a uniform margin as we speak.

Vaibhav Shah: Understood, sir. So just if I see my consolidated EBITDA margin, which has declined on a Q-o-Q and a Y-o-Y basis to 16.3%, how should we think this EBITDA margin improving with higher contribution from segments like Non-auto, Auto, Tech Agnostic growing faster, say, in FY '26 or beyond, where do you see this settling as well as subsidies, you were talking about margin stabilizing over here?

BVikas Goel: Yes. Definitely. See, as we were speaking a little while before that our ADS segment is supposed to perform really well based on the schedules that we have and the kind of ramp-up we are doing in that space. And this is a much higher margin business, plus we also expect improvement in other segments going forward.

Added to that, the improved performance of subsidiary that we spoke about. We should expect about 50 to 60 basis points improvement in terms of overall consolidated EBITDA percentage for the full year. And this will happen. This will be a grading -- I mean, it will be an upward scale as we move through the year. It may not happen at a same level through the year.

Vaibhav Shah: Understood, sir. And the last question is on our overall revenue growth. So if I look at for this quarter, the consolidated revenue grew by 5-odd percent. Obviously, if you can help us give some context between Auto and other segments.

And going forward, how should we think about revenue growth? If I understand or remember correctly, you talked about outperforming at least Auto industry growth by 1x, 1.5x. And with these new segments, like Aerospace doubling in FY '26, how should overall revenue growth look like say in FY '26?

B.R. Preetham: Yes. We should be back to our high teens kind of growth this year. That is what we expect that we should -- because that is what is the overall indications from our customers for both the set business as well as the new product launches. So while we remain very optimistic that we should be very, very close to high teens towards a normal CAGR growth which we have done, FY '21 to '25, our CAGR growth is between 18% and 19%. So that is what we expect that we will go back to this year.

And all the order book maturity as well as the new orders starting, everything indicates towards that. Of course, this -- again, as I said that the first quarter, we still are looking at the impact of tariff on this thing. Despite that fact, I'm only saying that all these things have been taken into account while we say that full year, we expect a high-teen growth.

Vaibhav Shah: Understood, sir. Just one last question. What would be our capex spends for FY '26? And would we be doing similar asset turns in the new capex that we have given? You have given a very good split in terms of where you are spending your incremental capex. So it would be helpful if you can just also talk about what sort of asset turns we should expect from this new capex that you have done?

B.R. Preetham: So the -- see, lot of focus and this thing is going on in ADS. So ADS posts are -- now that facility is also getting full, so we expect that with the full facility being ready, it would -- our gross block would be closer to INR300 crores in this facility, including our special process. And with this facility, we expect that we should be able to deliver close to about INR600 crores to INR650 crores of revenue, which means that overall, there would be an asset turn close to about two.

But having said that, we are also looking at additional machining shop to be added into the facility in the coming years, maybe next year or so, which would mean that the additional investments would return a higher asset turns. But overall, what I can say is we will, including Sansera automotive and this thing, we will maintain that 1.35 to 1.4 asset turns overall. So that is what we should look at. And this year, depending upon the speed at which the things get normalized in North America, we expect anywhere close to INR350 crores of capex to be done.

Vikas Goel: Yes, this will include the ADS capex as well.

B.R. Preetham: Yes, it is all, full group.

Moderator: The next question comes from the line of Khush from Electrum PMS.

Khush: I had a couple of questions. First, can you give us a split between the revenue mix of Tech Agnostic and xEV in terms of total sales? And second, sir, like you mentioned, we are expecting high teen growth. So can we get more granular data in terms of the growth that you are expecting segment wise?

And so lastly, my questions on MMRFIC. So what percentage stake do we have today? And what kind of order book or the total addressable market considering the products and the approvals that we get in that segment are we expecting?

B.R. Preetham: Okay. So I will -- in the first question, in Auto, Tech Agnostic and xEV, which contributed to 14.8%, 8.8% came from Tech Agnostic and 5.9%, almost 6% came from xEV. In terms of what percentage do we hold in MMRFIC post the CCPS conversion of whatever amount that we have already put in, that's about, I think, INR30 crores, we should be closer to 30% of this one.

While we have already said that we have the right to go up to 51% as and when the company needs infusion. To be very clear, MMRFIC today, given the context at which we are today currently post the operations Sindoor where you have seen a lot of technology that was used. This company is specifically in the midst of developing technologies for all those things what we saw, be it on speaker radars for very accurate striking missiles or EW radar system, or loitering ammunitions or for that matter, the border surveillance.

The company is working very, very closely with various developmental projects, which are -- some of them are in the testing phases and these would be very, very strategic in terms of the technology that India is trying to indigenize. Currently all these technologies, as I previously mentioned, were also being -- are also being imported, and there is a lot of emphasis from the government side to indigenize these technologies.

So company is in the very advanced stages of proving out these technologies. Added to that, MMRFIC is also now engaged with a lot of grants and new development program, which includes iDEX programs and also for ISRO in various communication related projects. So we are very, very excited with this opportunity that has been there to work along with the promoters of MMRFIC to support them to develop these technologies in India and leverage that technology into the future.

Khush: So you could help with the revenue or the PAT that MMRFIC did for FY '25? And what kind of order book are they sitting on?

B.R. Preetham: As you -- it's about INR20 crores. Approximately about INR20 crores revenue with about 40% EBITDA. This is what was developed, but please understand, these are mostly coming from grant and developmental projects, developmental costs that they've received and few of the ramping up of -- few of the initial orders. But we -- when on a full scale production, the EBITDA level could be much higher when the mass production starts and we expect that these things would come into place towards FY '27 fully. That is where we had told that when we had invested also it would take about 3 years' time for the company to get into the mass production, right, sir.

Khush: Just one last question. If you could give more granular data in terms of growth rate, maybe segment wise that what will drive this high teen growth that we're expecting for the next 2, 3 years?

B.R. Preetham: See, as we said that our progress towards achieving 40% on Auto, Tech Agnostic, xEV and Non-auto business and we are well placed to go into that. And if you really look at how we are looking at -- aero, I already told that we are looking at doubling the this thing, it is more than 100%. We expect that two-wheelers should grow between 10% and 12%. This is for us. This is for Sansera's revenue growth. We expect Passenger Vehicle segment to grow between 15% to 17%. And Commercial Vehicle will also do a double-digit growth. This is broadly what I can say.

Moderator: The next question comes from the line of Mukesh Saraf from Avendus Spark.

Mukesh Saraf: My first question is on the order book. Notice that xEV and Tech Agnostic outstanding order book has come around to say closer to INR3 billion. While we have seen some business getting commercialized there and hence, the order book has come around there, but the new order intake there seems to have kind of come off in the last few months. Is this just a timing issue and we kind of see this coming back strongly? Or are you seeing something more structural there on some of the segments that we are catering to?

B.R. Preetham: So xEV -- of course, xEV and Tech Agnostic, I answered the Tech Agnostic part earlier because our total order book -- if you really look at our total order book, which is currently INR18511 million, almost 17% is xEV and Tech Agnostic. While what has happened is on Tech Agnostic, especially on aluminum, we have taken a very conscious decision of stabilizing the production because their cost structures need to be understood from both the sites; otherwise, we get into a challenge of -- while the company also needs to understand more cost structures on these new technology components.

So we would like to actually -- that is where, since whatever capacities that we have put in, we have full. In fact, I was corrected that the overall order book on aluminum, I said that it's around INR400, it is much higher. It is closer to and in excess of INR500 crores. So we have enough of that. So we have consciously slowed down participating in aluminum forged and machine component, the things to make sure that we are on the right track. On the xEV segment, see, we have just commercialized -- I mean, last year was a full year of commercial production for us with the North American supplier.

And I had also said that there is several opportunities, but the customer was also very clear because the kind of -- this was our first exposure with them, and they wanted to see how -- from the development process, how well that we establish our supply chain and also perform on PQCDSM parameter. So now that it's a full year, there is large -- many RFQs are in discussion with the customer and also with the other customers.

And to strengthen this and also to work more deeper into this segment, we have actually appointed a very focused marketing team for North America, who have been in the leadership role in the auto industry, based out of -- two of them based out of China as well as based out of the U.S. to focus on North America based customers, both on auto and non-auto, not the ADS part of it and that we have done in this quarter.

So while the efforts increase our footprint. But this tariff was also a barrier for a lot of decisions to be made because obviously people would not like to decide on the uncertainty. But it is -- there is no -- fundamentally, there is nothing -- the thing we look at the segment quite strongly, Mukesh.

Mukesh Saraf: Got it. Got it. And second question is on capex and the plants that you are going to start constructing in FY '27 for the new land that you have acquired, could you give some sense on the kind of segments we'll focus on there? Will there be a lot of ADS there? Or will there be more of the forging, maybe regular steel forgings over there?

B.R. Preetham: No. Actually, we are also looking at various other opportunities to increase our value-added products in both Auto and Non-auto segments. ADS would not be -- I don't think ADS will not be there in that facility specifically because ADS we are trying to consolidate it, we still have some more place where we can construct another 60,000, -70,000 square foot. And beyond that, it only makes sense for us to go nearer to the customer where into the new aerospace part that is being Phase 1 and Phase 2 not go towards this would be very far off whereas this specific facility will focus on new technologies, both aluminum and steel, mostly into Auto, Non-auto, Non-ADS segment.

Mukesh Saraf: Got it. Got it. And just lastly...

B.R. Preetham: Because, Mukesh, this is one large piece of land that we have for expansion. Like last time, I said that we have got a Pantnagar facility and this Pantnagar facility is to largely focus on low-cost manufacturing segments and focus on mass production or legacy components where we could use the cost base and leverage that.

So we are going to consolidate that portion of business in Pantnagar. All other new businesses, which are driven mostly on exports and domestic side on Auto and Non-auto would get consolidated into the new facility.

Mukesh Saraf: Got it. And just lastly, specifically this quarter, we've seen gross margins come off more than 200 bps. Is there any pricing pass-through that's pending? I mean, if there was some increase in raw material or -- because the product mix looks largely similar when I look at it sequentially?

Vikas Goel: So at a category level, the product mix looks similar, but then at a component level, there have been shifts, which happens at times and we've seen this in earlier years also. So this is, as we understand, quite normal.

Moderator: The next question comes from the line of Varun Basrur from Julius Baer.

Varun Basrur: So just looking at the Slide 6, looking at the order book build-up INR500 crores, I believe, is move to mass production, so does this mean that INR500 crores is a peak revenue in maybe the second or third year? Or is it the cumulative revenue?

Vikas Goel: No, no. This -- see annual revenue -- annual peak revenue, which will be realized by third year. That's the general experience we've had.

Varun Basrur: Right. Right. So what that means is that if I go back 1 year, that INR600 crores that was moved to mass production, barring any deferrals, that should be essentially what will come in FY '27?

B.R. Preetham: No, no. Portion of it will come in '26. So large portion of it will come in '26 and other portion of it will come in '27. So the maturity should happen by '27. You are right. Full maturity should happen by '27.

Moderator: The next question is from the line of Shashank Kanodia from ICICI Securities.

Shashank Kanodia: Just wanted to check on the gross debt numbers. So now given the fact we have a surplus cash on balance sheet and the capex for next take can be funded through cash flow from operations, so do we see the gross debt coming down and probably becoming nil or do we still have to maintain -- intend to maintain a mix between debt and cash on balance sheet?

Vikas Goel: We will continue some mix of debt and cash, mainly to have a better balance sheet support. Broadly, the debt that is remained is the long-term debt, which had in the main flagship company, about INR200 crores and about INR100 crores of debt is in the subsidiaries, which we have not touched.

So this will get liquidated in normal course as per the standard repayment schedules. And you're right, we are generating a lot of operating cash. That should be sufficient for us to invest in the capex, and we broadly should not require further debt to raise.

Shashank Kanodia: Sure. And second, sir, in terms of your order book, the view that we have maintained is that it should hit the peak revenues in 3 years' time frame, right? So from the current base, we should expect us to grow something like INR5,000 crores of revenues in FY '28, right? Is the understanding correct?

B.R. Preetham: Yes, you're right. It could not -- it may not be FY '28, it could be FY '29. No, what do you mean? I mean, additional INR5,000 crores or -- yes, FY '28 is a very reasonable time frame to look at crossing INR5,000 crores, yes.

Shashank Kanodia: And sir, lastly, on the raw metal side. So domestically, we've seen a decent price peak in terms of steel prices. So how are we navigating this? And is the entire RM a pass-through to us?

B.R. Preetham: So both in domestic, both increases and decreases are full pass-through. So whatever is the increase, all these years which has happened, we have been given by the customer and whenever the reduction happens, we'll have to pass it back. It's a 2-way contract.

Shashank Kanodia: Okay. So sir, consequently, the mid-teens growth guidance that we give for '26, does it factor in the ASP increase? Or it's just pure like-to-like organic growth that we are seeing for our product profile?

B.R. Preetham: No, there is no raw material effect that we have taken. Raw material is taken at a neutral.

Vikas Goel: We have not assumed any inflation here. It's the volume increase on the running components as well as the starting of new products like the order book that we said. So those two factors are there on this.

Moderator: Ladies and gentlemen, due to time constraints, we will take that as the last question for today. I would now like to hand the conference over to the management for the closing remarks.

B.R. Preetham: Thank you very much all of you for taking time out and participated in this earnings call. We would like to emphasize the fact that while there were uncertainties surrounding the export market, we are quite confident that company will be back to the normal high-teens kind of growth profile in this year. And you would also see a strong performance from some emerging sectors like ADS and others. So thank you very much again. And any questions that you may have on the follow-up questions, you could address it to our IR partners, SGA or directly to us. Thank you again.

Vikas Goel: Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Sansera Engineering Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.