

STUDDS ACCESSORIES LIMITED

REGD. OFF.: PLOT NO. 918, SECTOR-68 IMT
FARIDABAD-121004, HARYANA (INDIA)

PHONES : 91-129-4296500

E mail : sales@studds.com, info@studds.com, secretarial@studds.com

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| To, National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 | To, BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 |
| NSE Scrip Symbol: STUDDS | BSE Scrip Code: 544599 |

Subject: Transcript of the Earnings Conference Call for Analysts/ Investors held on Monday, February 02, 2026, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/ Ma'am,

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the transcript of the Earnings Conference Call for Analysts/ Investors held on Monday, February 02, 2026, in connection with the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended on December 31, 2025.

The above details will also be available on the website of the Company at www.studds.com under Investor Relations' Section at <https://www.studds.com/investor-relations/financials>

This is submitted for your information & records.

Thanking You,

FOR STUDDS ACCESSORIES LIMITED

ASHA MITTAL
Company Secretary and Compliance Officer



www.studds.com





“Studds Accessories Limited

Q3 and 9 Months FY26 Earnings Conference Call”

February 02, 2026

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges and the Company website on 2nd February 2026 will prevail.”



MANAGEMENT: **MR. SIDHARTHA BHUSHAN KHURANA – MANAGING DIRECTOR**
MR. MANISH MEHTA – CHIEF FINANCIAL OFFICER
MR. BHARAT GOYAL – VICE PRESIDENT, FINANCE AND INVESTOR RELATIONS
SGA, INVESTOR RELATIONS ADVISORS

Moderator:

Ladies and gentlemen, good afternoon and welcome to the Studds Accessories Limited Q3 and 9 Months FY26 Earnings Conference Call. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touch-tone telephone.

Please note that this conference is being recorded. I will now hand the conference over to Mr. Sidhartha Bhushan Khurana, Managing Director from Studds Accessories Limited for opening remarks. Thank you, and over to you, sir.

Sidhartha Khurana:

Thank you. Good afternoon, everyone and thank you for joining Studds Accessories Limited Quarter 3 and 9 months financial year '26 earnings conference call. I hope you had a chance to go through our financial results and investor presentation, which are available on the company's website and on the stock exchanges. I am joined today by Mr. Manish Mehta, Chief Financial Officer and Mr. Bharat Goyal, Vice President, Finance and Investor Relations and SGA, our Investor Relations Advisors.

Let me first briefly outline how we run the business. Our approach is anchored around three core pillars, brand-led demand creation, second, efficient manufacturing and third, disciplined execution. Together, these pillars allow us to scale responsibly while protecting margins and product quality. We operate on a demand-backed production planning model, drawing insights from distributive feedback, sell-through trends and regional demand patterns. This ensures that production remains closely aligned with market requirements.

At the same time, our procurement and manufacturing teams work in an integrated manner, helping us drive cost efficiencies, maintain consistent quality and respond quickly to shifts in demand. Ongoing investments in digital systems and compliance have further strengthened transparency, scalability and governance across the organization. Our helmet product development is driven by a strong in-house design and R&D capability with emphasis on global safety certifications, advanced materials and contemporary design aesthetics.

This allows us to stay ahead of evolving regulatory standards while catering to changing consumer preferences, particularly in the premium and lifestyle segments. From a manufacturing standpoint, the helmet business benefits from scale efficiencies, modular production lines and a high level of backward integration. This supports margin resilience and ensures consistent product quality.

Our supply chain is carefully managed to balance inventory turns and service levels, enabling us to respond swiftly to demand changes without putting pressure on working capital. Now, coming to our business updates. Quarter 3 is typically a more investment-heavy quarter for brand building aligned with key industry touch points and the global motorcycling calendar.

During the quarter, we stepped up our advertising and marketing investments, including participation in the marquee global and domestic platforms such as India Bike Week and EICMA in Italy, supported by focused digital brand building initiatives targeted at priority consumer

partner Global platforms like EICMA also play an important role in building international brand recognition and export readiness.

Especially as we expand our presence in Europe. Domestic platforms such as IBW help reinforce our leadership positioning in India and deepen engagement with enthusiast and premium customer segments. These events are particularly important to us as they provide high visibility platforms to showcase new product launches, design capabilities and safety-led innovation while enabling direct engagement with riding communities, OEM partners, distributors and international buyers.

Participation in these forums strengthens brand credibility, improves recall in the premium and lifestyle segment and provides valuable market feedback that directly informs our product development pipeline. These investments were intentional and long-term, aimed at strengthening brand visibility, accelerating premiumization and deepening customer engagement across markets.

From an operational perspective, our 1.5 million unit capacity expansion for helmets and boxes has been deferred by one quarter due to temporary pollution-related construction restrictions. This will have no material impact on medium-term growth plans. Further to fulfil ongoing demand, we have further optimized our production process and have added additional machinery, which will allow us to produce an additional 5 lakh units on an annual basis with this now total installed capacity stands at 9.5 million units.

We continue to invest in design, safety and premium features to stay ahead of consumer trends and regulatory developments. Our structured product pipeline, backed by in-house R&D and closed feedback loops with distributors and riders, ensures that new launches are both market relevant and margin accretive. On the international front, our wholly-owned subsidiary in Spain is progressing as planned, with commercial operations expected to commence sometime in Quarter1 financial year '27.

This will be a key pillar of our export strategy, enhancing our proximity to European customers, improving turnaround times and strengthening our competitiveness. In addition, the proposed India-EU free trade agreement is expected to act as a meaningful long-term tailwind, supporting export-led growth through improved market access. Coming to our company's consolidated financial performance, Quarter 3 financial year '26, our two-wheeler helmet and motorcycle box sales volume stood at 2.24 million.

Consolidated revenue stood at INR 163 crores, which grew 9.4% year-over-year. Gross margins stood at 61.4% in Q3 financial year '26, as compared to 56.8% in Q3 financial year '25. Margins have improved on the back of favourable raw material prices, better procurement efficiencies and better product mix as well. EBITDA for the quarter stood at INR 30.7 crores, which increased by 20.1% year-over-year. EBITDA margins stood at 18.8% as compared to 17.2% in Q3 financial year '25.

Profit after tax for Quarter 3 financial year '26 stood at INR 20.7 crores, as compared to INR 16.4 crores in Q3 financial year '25, which is a growth of 26.3% year-over-year. PAT margins

stood at 12.7% as compared to 11% in Q3 financial year '25. Capacity utilization for two-wheeler helmets and boxes stood at 96%.

Now, I'll compare the 9-month financial year '26 performance versus last year. So, our two-wheeler helmets and boxes sale volume stood at INR 6.12 million for 9-month financial year '26. Consolidated revenue stood at INR 466.7 crores, which grew by 7.5% year-over-year. Gross margins stood at 59.8% in 9-month financial year '26, as compared to 55.6% in 9-month financial year '25.

EBITDA stood at INR 90.9 crores in 9-months financial year '26, which is an increase of 18.5% year-over-year for the same period. EBITDA margins stood at 19.5% as compared to 17.7% in 9-month financial year '25. PAT for current year 9 months stood at INR 61.6 crores, as compared to the PAT of INR 49.7 crores in 9-months of the last financial year, which is a growth of 23.9% year-over-year. PAT margins stood at 13.2% as compared to 11.5% in the previous year, 9-months.

Capacity utilization for two-wheeler helmets and boxes stood at 85% on annualized basis for 9-month financial year '26. With this, I open the floor for questions and answers, operator, over to you. Thank you.

Moderator:

We take the first question from the line of Jyothi Singh from Arihant Capital.

Jyothi Singh:

Sir, just wanted to understand on the P&L side, so like our other expenses sharply increased in Q3 that you mentioned because of the brand expense. So what did the incremental EBITDA drag and when do you expect this to normalize? And secondly, on the current utilization side that you mentioned 96%. So how much incremental EBITDA margin do you generate for every 5% to 6% volume growth?

Sidhartha Khurana:

So Jyothi, I think to answer your question on the other expenses, as I said, the marketing and advertising expenses were the biggest factor on increase in the other expenses. It will almost close to INR 5 crores incremental over quarter-over-quarter and that was a drag on the EBITDA but still I think EBITDA was healthy during the year. To answer your second question on the capacity utilization right, so I think as you can capacity utilization and the corresponding EBITDA with increase in every 5% to 6% capacity increase.

So I think as you can see, our material costs have gone down as the volumes have gone up. I cannot exactly give you a number, but for sure when the volumes go up, the economies of scale do play in, and we are able to negotiate better on the material costs and the fixed expenses also do not grow. But yes, the marketing expense in this quarter, we expect it to be lower than in the third quarter. And I think this is a pattern we have been seeing for a few years that quarter three, the marketing expenses are usually higher for us.

Jyothi Singh:

Okay. And sir, on the raw material prices side, if it supposed to reverse 5% to 7% in Q4, so how much EBITDA margin downside should investor's model on that front?

Sidhartha Khurana:

So we are not expecting EBITDAs to go down because it is also a product mix play, right. So in our industry, because of I mean the products, ASP is so different that with a change in product

mix, we are able to maintain, and I think we are seeing a good tailwind on a better product mix and a better premiumization. So I do not expect EBITDA margins to go down in the current quarter.

Jyothi Singh: Okay. And sir lastly, based on the January trend, so should we expect Q4 to exit at a higher run rate than Q3 or remain broadly stable the way it has in Q3?

Sidhartha Khurana: Yes, the revenues we expect to exit March with a better number than Q3.

Moderator: We take the next question from the line of Sridhar Kalyani from Antique Stock Broking.

Sridhar Kalyani: Thankyou, Good Morning, Congratulations sir on a good set of numbers. My first question is on the India FTA with UK and also with Europe. Is it possible for you to quantify us in percentage terms or absolute terms? What will be the advantage with us? And any comparison with relation to your competitors in China or Indonesia? If you could just share some light on the same.

Sidhartha Khurana: Sure, Sridhar. Sridhar I think the India-EU deal and the India-UK deal, averagely we expect the customs duties to come down. It's an average ballpark figure because it is different for both the places, but from 2.5% to almost 0%. But I think the bigger change we will see is once our subsidiary is set up next quarter, because then obviously, we will go directly to some markets and the ASPs would significantly change. But Yes, to answer your question about the customs duty, we expect about a 2.5% advantage on the custom duty between the two countries.

Sridhar Kalyani: Got it. And sir, I just wanted to understand what is your status on finalizing the European head for European geography? Has it been finalised, or is it still in progress? Advanced stocks? What is the status?

Sidhartha Khurana: Advanced stocks, I would say no letters have been rolled out yet, but it's quite advanced. And as I said, it is going as per plan. And next quarter, we will start the commercial operations. I can't disclose the exact status of the appointment for the CEO.

Sridhar Kalyani: Got it. And sir, current ASP for the quarter, and what is your target for the next full year for FY27? Any ballpark numbers could be shared?

Sidhartha Khurana: Yes, so the ASP for the current nine months was INR770 for helmets. And our target is to take it to beyond INR800 next year. And last quarter, our ASP was almost in line with the nine-month average. But we see an uptick on the ASP as we move forward.

Sridhar Kalyani: Got it. And lastly, sir just wanted to understand like in the domestic market too, is a little bit cyclical with higher sales during the festive period or largely in the from festive season to January, till that time, there is a higher sale than the first half. Similarly, is there any cyclicity in the helmets in India or other geographies?

Sidhartha Khurana: So, we haven't seen a lot of cyclicity. What we have seen is for last two years, actually, our second half year number is about 53% to 54% of our overall revenue. So, the split is like 46 to 53, 54. So, it is not like the two-wheeler. And I think one of the main reasons is obviously, there are a lot of other channels of sales, right online and domestic, which are also replacement cycles.

So, our cyclic performance is not exactly doesn't mirror the motorcycle cyclicality, I would say., we don't see any cyclic behavior in global markets.

Moderator: We take the next question from the line of Jatinder Agarwal from Relax Capital. Please go ahead.

Jatinder Agarwal: Hi, Good Afternoon, Hi Sidhartha, I'm actually new to the business. So, I have some very basic questions that I would want to get clarified. Right. So, the Rs 770 number that you mentioned, that was about Rs 715 last year. Is that right?

Sidhartha Khurana: Yes, it was lower. I have the number. It was 747 blended.

Jatinder Agarwal: So, Rs 747 has become Rs 770?

Sidhartha Khurana: Yes.

Jatinder Agarwal: Perfect. And my, this thing is, can you give the breakup between the domestic realization and the, sorry, not the domestic. Right, exactly. So, two places, one individually for Studds and SMK, and then the realization for FY25, both on Indian and exports. And then you could just give the same numbers for nine months, that should be fine.

Sidhartha Khurana: Okay. So, I will give you first the nine-months numbers. So, nine months numbers for Studds brand was Rs 671. Okay. And for SMK was Rs 2,359

Jatinder Agarwal: Okay. Perfect.

Sidhartha Khurana: So, I spoke about the product mix, right? So, the more you sell your premium products, your ASPs go higher. So, if you look at pure brand-wise ASP, it might not actually tell you the real truth. So, you also have to understand the volume growth between both the brands as well.

Sidhartha Khurana: So, our composition for current nine months is 83% Studds and 14% is SMK. And then there are some other OEMs as well, smaller but international. So, between the two brands last year, it was 85 and 12, which has improved to 83 and 14. That improvement you are seeing also on the ASP side.

Jatinder Agarwal: Perfect. That is very helpful. And if you could then just share the domestic versus the export realization.

Sidhartha Khurana: So, domestic realization is Rs 675.

Jatinder Agarwal: Very close.

Sidhartha Khurana: And the export realization blended between both the brands is Rs 1,601.

Jatinder Agarwal: Yes, perfect. And can you just explain briefly the Spain subsidiary that you are setting up? So, this is basically like a warehouse and a distribution arm. Correct?

Sidhartha Khurana: Yes, correct.

- Jatinder Agarwal:** So, we will stock units there and then sell within the whole of EU. And do you also have potential to go to UK or is it only just for EU?
- Sidhartha Khurana:** So, UK, we plan to supply directly, we have a distributor there. And this subsidiary will mainly cater to EU. And the plan is that there are certain markets where either we do not have distributors, or the distributors are not strong. So, we want to go directly to the dealers as well. So, what it does is that in those markets, your average realization is much higher, because you do not have a distributor and you are going to the retail shop directly.
- But for the markets where we are already present, we want to work with the distributors, because they have been in the system for almost eight to nine years. So, we expect that the newer markets will give us an ASP improvement as well.
- Jatinder Agarwal:** Can you spell out those markets? And if you could then give a very brief thought as to how big is this market? What is the ASP in that market? Which is the segment that you are targeting? And what is the potential time for you based on your product profile that you have? If you have those numbers,
- Sidhartha Khurana:** I will have some of those numbers, but some are like, I do not have it in front of me, but top of the head, I will give you approximations. So, the three top markets in our mind for going directly in Europe are Germany, Italy and France. But countries like Spain, Portugal, Poland, Holland, we have strong distributors, so we will not be going directly there.
- In terms of the total European market size right, so it is estimated to be about, if you include Turkey in as well, estimates are it is close to about 5 million units market, out of which our sales in current financial year would be close to about 115 to 120,000 units. So, we are still only about 2 to 2.5% of that market.
- And in terms of the segment that we will be in, typically in the entry level to mid-level segment, which is starting from about EUR70 and goes up to EUR250 of retail price. And this segment would constitute about 65% of the total space in Europe.
- Jatinder Agarwal:** So, that is, EUR70 to EUR250.
- Sidhartha Khurana:** Yes, retail price.
- Jatinder Agarwal:** And this, sorry, I missed that. How much is this as a total market?
- Sidhartha Khurana:** About 60% to 65% of the total market is the entry to mid-level.
- Jatinder Agarwal:** Okay. And what type of, this is the retail price, right?
- Sidhartha Khurana:** Yes, this is the retail price.
- Jatinder Agarwal:** So, what will be effectively your realization, including distributor and retail commission? But yes, you are going direct, right?

- Sidhartha Khurana:** Yes, if you go direct, you typically, people work on 100% margins in Europe because the volumes are not large at dealerships. So, you can consider it as EUR35 to EUR125 range.
- Jatinder Agarwal:** And what is the right to win in this market and how long will it take? Do you have some sense as to where you want to be in three or five years? I do not want very immediate quarter guys, but something like?
- Sidhartha Khurana:** So, the target is to reach 300,000 helmets in Europe, which is still only about 6% to 7% of the market. So, that is where we want to be next two to three years. And currently, as I said, we are close to 120,000 helmets. So, it is about 2.5 times from where we are right now.
- Jatinder Agarwal:** Okay. And what is the right to win? Is it more on pricing or is it on quantity? How do you stand out in that market?
- Sidhartha Khurana:** I think our price-to-quality ratio stands out. And what we need to do to get bigger in the market is be -- so, time to market is quite high currently. So, if somebody orders a product, it takes almost like 60 to 70 days door-to-door, from India to his dealerships door. We want to be there in his shop the next day. So, once you have your own subsidiary, obviously, our inventories will go up a little bit.
- But we expect that you can be across Europe in any country, including maybe Turkey. Turkey might be sometimes take three days. But in two days, you are there in the shop because nobody wants to wait that long. And with distributors, sometimes they do not carry the optimum inventory because of costs. So, obviously, when you go, so you will carry a larger inventory initially, considering that the business will grow and eventually, in two years, you will scale up.
- Jatinder Agarwal:** I have just one question now on the India business. So, one is that there are only a few states that mandate that two helmets and the rest of the to come on Board. But other than that, if you exclude that one-off event, how does the industry grow? Because obviously, the penetration levels are low. So, how does this industry grow except for regulation? Is it more awareness that you need to create or how does it work?
- Sidhartha Khurana:** So, I think currently, the industry is not very well penetrated. It is only 60% penetrated. So, there is a lot of, I would say, room for the industry to grow within the domestic market as well. And I think where we are very excited about the Indian market is that the premiumization is playing out quite well. And I think we are seeing that as well. And I think going forward, as I said, our target is to go to Rs 800 ASP, blended, which in any case means about Rs 710 to Rs 720 or maybe Rs 730 on the domestic side, where we are currently at about Rs 675.
- So, that is something which is happening naturally. And it is actually increasing. I would say, obviously, the market is growing as well because of penetration is growing. But there is a lot of premiumization and that helps with the margins as well. So, if you see last two years, the margins have been growing. And I expect the margins to be sustained to these levels or slightly higher than this going forward.
- And I think in terms of the total overall market size, the TAM in India, so there are two big levers which we see. One is obviously penetration, for which there are a lot of things happening

at various forums, whether they are government or non-government forums. And second is the regulation.

If the regulation comes in, then it will be an exponential growth. But even without the regulation, we still think that our growth will always be bigger than the motorcycle market as has historically been. So, if the motorcycle market grows at about 7% to 8%, we are looking at our market growing about 12% to 13%.

Moderator: We take the next question from the line of Lakshmi Narayan KG from Tunga Investment.

Lakshmi Narayan KG: I want to understand what has been your OE mix to retail sales in India and whether the OE mix also has the two different brands or only one brand sales? And then on the OE side, what is the kind of realization difference you have between the OEs as well as the normal channel? And therefore, in terms of profitability, how are you looking at it?

Sidhartha Khurana: So, thanks Lakshmi. I think to address your first question on the OE percentage. So, we are currently at about 13% of our revenues are to OEs. And in terms of ASPs, the OE ASPs are obviously much lower than the market ASPs. They are about, Rs 522 as of last quarter as against Rs 675 on the domestic side. But when I said domestic side, this includes the OEs. So, actually, the dealership ASP is higher than Rs 675 because this Rs 675 includes the OEs as well. In terms of margins, OEs are lower than those of any business would have it.

So, I would assume that those businesses are OE businesses typically between 11% to 13% EBITDA, whereas the market is much higher, about 18% to 20% EBITDA. And I think between both the brands. So, I would say 99% of sales are Studds to OEs. A couple of customers like Yamaha take very few quantities of SMK, but that is still very, very small.

Lakshmi Narayan KG: Got it. And from an OE point of view, if you look at it from OE, what would be your market share in the OE segment?

Sidhartha Khurana: So, our market share in the OE segment would be close to about 20%. Let me get you the exact figure. It is about 23%.

Lakshmi Narayan KG: And you would be the leader there?

Sidhartha Khurana: No, we are not the leaders. I think we are number two.

Lakshmi Narayan KG: And what would be the number one share there? If you are 23%, how much they would have?

Sidhartha Khurana: I think the number one share would be about close to 34%, 33%, 34%. I do not have the exact number, but that is an estimate.

Lakshmi Narayan KG: Okay. Now, is it a practice that the OEs actually buy from you or the dealers would actually, I mean, or the OE dealers would buy from you? Because at times you see that the vehicle comes with a helmet. Some of them, I think, dealer also pushes as an accessory and sells it. So, is it okay to assume that for every motorcycle that is sold in India, there is some X percentage of new helmets that are sold because either it is given as an accessory or it is mandated by the OE?

Sidharth Khurana: Yes, you are right. So, we call this as, so the helmets which go along with the motorcycle, we call them as mandatory helmets. And the helmets which the dealership sells. So, the ones which go with the motorcycles, mandatory helmets, they are given free to the end consumer. But the ones which the dealership sell, we call them as non-mandatory helmets. Now, the share of mandatory to non-mandatory is almost like 95% to 5%.

So, people who want to buy helmets, they prefer to go out in the open market because there is an extensive range available. And there are multiple brands as well. Whereas in a dealership, the dealership typically carries one or two models of non-mandatory. Even the size run, the graphics run, the color run is not complete. So, we don't expect the non-mandatory business ever to grow from the OE dealerships. We always expect that this mandatory business will be a bigger chunk there.

Lakshmi Narayan KG: Do you actually track how much of your sales are actually going through the OE dealership which are non-mandatory?

Sidharth Khurana: Yes, we do track.

Lakshmi Narayan KG: Like what proportion of your sales would be that?

Sidharth Khurana: So, within the OE, that is about 5%. As I said, I do not have the exact number. I am sorry about that. But I will send you an email on the exact break-up of mandatory to non-mandatory.

Lakshmi Narayan KG: Got it. And the second part is that there has been a reduction in the styrene prices. Now, as I said, is it continuing to decline? Therefore, do you actually expect a higher margin? And that actually would prevent you from increasing organically the ASPs? Or you actually, irrespective of it, the industry would actually increase ASPs at some point in time?

Sidharth Khurana: I think the styrene prices actually have started going up again in January. So, they were down in December. So, recently, we see because of the geopolitical situations, the prices have started going up. Even the Brent, if you see, is about \$68, \$69 right now. So, we do not expect the styrene to go down. And I think in terms of ASP increase, that is a constant effort from our side.

But ASP increase has two aspects to it. One is the price increase on the product for the end consumer. And the second is a product mix. I still believe the product mix is a big play for us because the discretionary power of a consumer is huge. So, obviously, there is a mass commuter segment, which is big, who will normally buy the entry-level products.

But the moment you move out of that segment, the range is like the helmet price moves up from maybe a INR1000 rupee helmet to a INR2500 rupee helmet. So, I would say if you increase the price by, say, 2%-3%, which we expect to do it soon. So, that will never bring in the kind of profitability or increase in profitability that a product mix change can do.

Lakshmi Narayan KG: Okay. And in terms of the mix of helmets, there are, as you said, full-face helmet, there are these half-face helmet, there are one with the visor, etc. So, has that mix changed a lot in the last 2-3 years or how is it trending now? Any color on how your mix is?

- Sidharth Khurana:** What we have seen over last, I would not say last year, but last 5-7 years, the open-face models have increased their share in our production. And the simple reason is because of this mandatory law. Because in mandatory law, most of the helmets are open-face because they are cheaper to produce. But otherwise, if I see a dealership market, I do not see any change in last 5-7 years.
- Lakshmi Narayan KG:** Got it. And last thing, in terms of your capacity expansion for the next 2 years, how much you plan to increase the capacity? And what is the capital outlay you have?
- Sidharth Khurana:** So, our current capacity, we have just increased in last 2 months from 9 million to 9.5 million. So, as of today, it stands at 9.5 million. Now, with the new plant coming in, we will increase it in 2 phases. The first phase will bring an additional capacity of 1.5 million, which was to start in quarter 1 of 2027.
- But now we will start in quarter 2 of 2027 because of some construction restrictions applied by the government in Delhi region. So, that will bring in 1.5 million additional. We will move from 9.5 to 11 million. And then in financial year 2028, the second phase of that construction will get into production or will actually get executed. And our capacity will increase from 11 million to 12.5.
- So, overall, there is an increase of 3 million. And the budget outlay is about INR155 crores, out of which INR80 crores have already been spent. And another about INR75 crores is yet to be spent, out of which in the current year, we expect another about INR15 crores and the balance in next 2 years.
- Lakshmi Narayan KG:** And this incremental capacity which you are doing, I mean, how much you think could be domestic and how much would be exports? And if as an industry, are we in domestic, we are supply starved or demand starved?
- Sidharth Khurana:** So, I think on the domestic side, we are slightly supply-starved at the moment. As I said, we have a capacity utilization of 96% right now, even after increasing it by 5 lakh units. So, we clearly are supply-starved a little bit. And I think in terms of the newer capacity that we are building in, if you look number-wise, it will be more domestic.
- But if you look at revenue-wise, I would rather say revenue wise. So, revenues wise, I would say the incremental would be about 40% exports, 35% to 40% exports and 60% to 65% domestic. But that will not actually imply the same on the volumes. Volumes domestically will be slightly more.
- Lakshmi Narayan KG:** Got it. Good. This is very helpful. Thank you so much. I will go back in queue.
- Moderator:** We take the next question from the line of Ishpreet Kaur from Relax Capital. Please go ahead.
- Ishpreet Kaur:** Hi, good afternoon.
- Ishpreet Kaur:** Yes, I wanted to understand the outlook on the sales of the brands. That seems to be a little flattish or a very slow-growing number. So, if you could throw some outlook on that.

- Sidharth Khurana:** I think as I said, we are slightly supply stalled, right? So, we are kind of prioritizing what we sell more. So, obviously, with SMK, we have more profitability, higher ASP. So, we prioritize there. And I think the moment you see the new capacity come in, you will see the Studds number going up again a little bit.
- Ishpreet Kaur:** Okay. And what would be the profitability difference in terms of margins for Studds and SMK?
- Sidharth Khurana:** So, EBITDA margins, I would say a range for studds would be anywhere between 17.5%, 18% to 20%. And for SMK, depending on the models in the markets, between 30% to 35%.
- Ishpreet Kaur:** Right. And where do you see this mix going, say, three to four years down the line, between SMK and Studds?
- Sidharth Khurana:** I see because we see a lot of traction also in the Indian market, domestic market for SMK. So, I would say that our revenue should touch about revenue, not volume, but revenue should touch close to 25% SMK, which currently is about 13%.
- Ishpreet Kaur:** In three to four years?
- Sidharth Khurana:** I would say two to three years. Yes.
- Ishpreet Kaur:** And anything on the non-helmet side, because we've also started some part of business out there. So, would that also become like a bigger revenue growth driver going forward?
- Sidharth Khurana:** Yes. So, that is the plan from the company as well. So, two segments. One is obviously the sporting helmets, which is again helmets, but not motorcycle because the technology uses slightly different. So, that we have signed up with Decathlon and within this quarter, the first pilot production will happen.
- So, that's something which will give us growth beyond our regular business, which is motorcycle helmets. And also on the accessories side.
- Ishpreet Kaur:** If I could understand how big could this market be in sporting segment?
- Sidharth Khurana:** So, this is globally a very large market. India is a very small market in this, but globally, it's about a billion dollar market. And I think Decathlon is one of the larger players there. Decathlon by themselves sell about 7 million units a year. And they source it completely from China right now.
- So, as a part of a de-risking strategy, they're moving some production to India. So, that is an opportunity. As an industry, it's quite large, but we've just gotten about a few years, two or three years ago. So, we expect volumes to pick up in next two to three years and for accessories as well.
- But I still feel that motorcycle helmets at the moment, which is about 85% of our revenues, close to 85%, will still be about 70%-72%, and the rest will be accessories. So, accessories will become a bigger part of the business in two to three years.

- Ishpreet Kaur:** So, helmets will be 70%-72%?
- Sidharth Khurana:** Yes.
- Ishpreet Kaur:** The sporting helmet, which comes under the accessory or the non-two-wheeler helmet part, is this also equally profitable? I mean, between the 17%-18%-20% margin range?
- Sidharth Khurana:** So, again, with the sporting, so these are two different categories. When I say accessories, they are more like jackets, gloves, luggage, and sporting helmets is a different vertical for us.
- So, sporting helmets, if you do OE business, it is, I would say, better than the motorcycle OE business. It could be about 15%-17% EBITDA margin. If you do your own brand, it is much higher. But initially, we plan to do the OE business on the sporting goods side -- the sporting helmet side. And accessories, I would say, is quite identical to the motorcycle helmets margin-wise.
- Ishpreet Kaur:** Great. Thank you so much.
- Moderator:** We take the next question from the line of Anuj Sehgal from Manas Asian Equities Value Fund. Please go ahead.
- Anuj Sehgal:** Yes, hi. Thank you, Mr. Khurana. I just wanted to check if you could give us a sense of the competitive landscape, both in India and in the European markets. And in India, specifically, how does the market break up between some of the organized players and also the unorganized segment?
- And then likewise, in Europe, how is the competitive landscape there? Is it like a very consolidated market or is it a very fragmented market? And I think somebody asked earlier, what is the case for Studds or SMK to make a play and achieve 5%-6% market share in the next 2-3 years?
- Sidharth Khurana:** I'm not sure. I'll give you the landscape on the Indian side first. So in India, I would put the market first in two buckets. One is, I would say, the commuter segment. And the other one is the premium segment. Within the commuter segment, it's an oligopolistic market, three-player, I would say, which is us.
- There's a brand called Vega and Steelbird. And then there is slightly fragmented, but between all of us, we would occupy, three of us, we would occupy about 65%-70% market share. And then the balance, 30%, is quite fragmented. This is on the commuter segment.
- Now, on the premium side in India, it is two brands, which is us and Axor. And then there are some international brands like MT and LS2, which is slightly higher priced than SMK, that's how the Indian split is. But the premium segment is growing faster in India. And we expect that growth to be continued for a few years.
- On the global landscape, again, I would put it into three buckets, the entry to mid-level where we are present. Then there is a mid to, I would say, premium. And then there is something, I'll

say the super premium. So, we operate in the entry to mid-level, where it is, I would name four brands, competitive landscape, which is us, LS2, MT Helmets.

So, LS2 is from China, MT Helmets is from Spain, and KYT Helmets from Indonesia. So, these four brands would be competing within the entry to mid-level. Then on the mid to higher, there are some European brands like Shark, Nolan, Schuberth. So, they would typically be from 250 to EUR500. And above EUR500 is a super premium, where it's brands from Japan, like Shoei, Arai, who play in that bucket.

Also, , so there is a brand from Korea called HSE, who overlaps between the entry to mid-bucket and also the mid-bucket. I would also put them into our bucket. So, five competitors in our bucket, globally.

In terms of fragmentation, European market is fragmented, but again, there is a branded market and then there is an unbranded market. I think also the ratio in Europe would be very similar. I don't have the exact numbers, but my sense is anywhere between 60% to 70% is branded. And then there is the unbranded or fragmented market, wherein large retail chains in Europe would go to China and get helmets under their own brand. That's what the fragmented market is.

Anuj Sehgal: Okay. Now, this is very helpful. Just one follow-up. In India, you said three players control 65% to 70% of the market. How has that market consolidated, let's say, over the last five to 10 years, in terms of market share?

Sidharth Khurana: So, I think in the last five years and also in 10 years, this number has been continuously consolidating. This number as of a 2018 report was about 40% to 45% in 2018-19. And I think if you go back to 2014-15, this number would be larger than 50%. So, this consolidation is constantly happening. And this is further continuing.

This market will be controlled by these three brands more and more, I think, because of the economies of scale. Obviously, the large production, we produce about 9 million, the other two also do large productions. So, I expect it to go down to maybe a 20%-15%-20% kind of an unorganized market and balance will be between the three brands.

Anuj Sehgal: Okay. Thank you very much. This is very helpful.

Moderator: We take the next question from the line of Jyoti Singh from Arihant Capital. Please go ahead.

Jyoti Singh: Thank you for the follow-up opportunity. So, just wanted some clarification, like we have mentioned utilization as around 85% in the presentation and on call we have 96%. So, is there a variation or anything?

Sidharth Khurana: So, 96% is for the quarter and 85% is for the nine-month period.

Jyoti Singh: Okay. Got it. And on the capex side, what are the targets going forward?

Sidharth Khurana: So, the total capex for the new facility which we are building right now is INR155 crores and out of which we have already spent INR 80 crores and another about INR 75 crores is yet to be

spent over next two years, out of which we expect another about INR15 crores to be spent within the current year and the balance in financial year '27 and '28.

Jyoti Singh:

Okay. Great. Thank you so much.

Moderator:

We take the next question from the line of Lakshmi Narayan KG from Tunga Investments. Please go ahead.

Lakshmi Narayan:

Thanks again. Just one conceptual question. See, we sell to OEs and they have a choice of buying from various brands and similarly when we sell to our own distribution, they have various options. I think the distributors own or keep multiple brands. So, in this context, how do you ensure that our brand gets higher visibility or get better franchise value that a customer keeps saying that, okay, I want to buy it Studds, right?

If you look at the classic FMCG model where they spend a lot on advertisements and you're bombarded with so much of things, I mean ads across various media. So, how do you ensure that you build an enduring brand? And there is a pull also, not just a push of it. How do you enhance your brand equity?

Sidharth Khurana:

Sure. So, I think two things are in. First is obviously the product itself, right? The product itself is an experience for a rider. I would not compare it with any other product. I mean, it's not an industrial product or it's not a FMCG product. It's, if anything, it's closer to fashion. Now, how the market is evolving is that the people see helmet as a part of their personality statement. So, the better products, the better graphics, the more in line with the current trends that you are able to build that brand equity.

So, I would say, I treat the product as an experience for the consumer because it's also, again, I would like to mention that the fitment of a helmet is also very important. So, if you, for example, wear a shirt and it's slightly tight, you hate to wear it. Helmet is actually 10 times worse. It can be 10 times worse if it's, you can be claustrophobic. So, it's fashion and also the fitment, right? So, if you think that your product is not like an industrial product and it's an experience that you're selling to the consumer, the mindset completely changes of the company and the consumer both.

And that's where the brand pull actually comes in. If you look at SMK or even the super premium helmets in India, there are helmets which are sold at about INR 80,000 to INR 90,000 rupees in India, right? Helmet is a helmet. So, it's the experience that the consumers feel, and they really feel that it's worth it. So, that's part one. And I think on part two is racing.

So, if you have to build brand equity, racing is very important in our industry. So, if you've seen in, for example, in MotoGP or SBK races, it is perceived to be a much premium and safer brand. And that's where we're going. So, we are investing into racing. We've already hired a racing manager. He's based out of Italy.

Our first racing starts in Brazil this year on 22nd of March. It is called Road to MotoGP. It's Latin Cup, Latin America Cup. And we have sponsored the complete race there where 22 riders

from all over Latin America are participating. And the winner goes to the next step, which is Moto3, Moto2. So, we're picking up kids at 14 to 16 years old.

And this race will be in Brazil in March and then move to Argentina, Chile, Costa Rica. So, this is the first entry we have done into races. And next year, there are bigger plans around SBK, Superbike Racing, and Moto3 and Moto2. So, brand equity is actually built around racing as well. So, these are the two ways of building brand equity, I'll say.

Lakshmi Narayan: Well, I mean, this is international brand building. So, I mean, how do you do it in domestic? Is it that if there's a blind, removing the brand from the helmet, can the customer discern between brand A, brand B, brand C, and they say that the fitment of your brand is better on a blind test?

Sidharth Khurana: Yes, absolutely. If you ask a rider, and he will tell you that if you put two helmets on his head, and he can tell you which one is better and which one is SMK if he has tried both helmets before. So, the fitment is very, very different. And I think on the domestic side, we feel there is a slightly different strategy. Obviously, racing helps, but domestic side brand equity is also built a lot on interacting with the riders.

So, the premium riders in India, right, they like to move in groups, they like to talk a lot about the products and the accessories that they own and the experience. So, we participate in events like India Bike Week, which recently happened in Panchgani where there were about 20,000 riders. So, we like to interact one-to-one with these riders because they normally follow each other's recommendations. So, I would say rather than advertising, the experience and the sharing by word of mouth in India is super critical.

Lakshmi Narayan: Thank you. Thank you so much.

Moderator: We take the next question from the line of Jatinder Agarwal from Relax Capital. Please go ahead.

Jatinder Agarwal: Yes. Hi. Again, not really a very company-specific question, but I really don't understand the difference between, let's say, the entry level. So, actually, I understand the difference between the entry level and the mass premium sort of, but exactly like what you said in your earlier comments, when there is a range which is like north of INR7,000 all the way to INR25,000, and then the ultra luxury, what you call maybe like INR60,000, INR70,000 for a helmet. What is the big difference between these four categories, if you could just explain?

Sidharth Khurana: So, I think the mass commuter segment is a basic helmet, which meets the Indian standard, which is ISI, and doesn't have any features around it. The moment you go, for example, in a premium product like SMK, the certification, for example, SMK is certified to European certifications, which are, the certifications are designed at much higher motorcycle speeds. The Indian standard is designed at a lower motorcycle speed.

So, obviously, the certifications are different, the materials and the specifications are different. And for example, we give anti-fog films in a premium product, which is not there in entry-level products. So, obviously, the features are also different. And when you talk about the super premium or the ultra premium, there, I think it's more of a brand play.

The product is more or less similar, but because they are present in racing, it's being worn, I mean, riders, world champions are using those helmets, so people perceive it as a very high-end product. And that's how it is ultra luxurious. But if you talk about specifications between a premium versus a super premium, it will not be big.

Jatinder Agarwal: Got it. The raw material or the molds or the, this thing is more or less the same. It is not a differentI want to understand, is it a different technology that you cannot upgrade to or you need to develop in-house or is it something just about the perception and the design capabilities?

Sidharth Khurana: Also, the materials, I would say, for example, we have a helmet in carbon fiber, which is at Rs. INR12,500. Now, carbon fiber itself is very expensive. So, even SMK cannot sell it at INR7,000. So, we sell it at INR12,500, but a super premium person would also have a carbon fiber helmet, but at INR80,000. But it is not that there is any technology which is available with these ultra luxurious brands, which is not available with us.

And I think in terms of molds, more or less they are the same. But between the mass commuter product and premium, there is a difference. For example, the number of molds on a Studds product might be 12 to 15. Whereas, we recently launched a product on SMK where we had 52 molds in one product. So, because number of parts increases in a premium product.

Jatinder Agarwal: Got it. And the carbon fiber also uses the similar machinery and everything or is it a different line as such?

Sidharth Khurana: No, it is a different technology. So, plastic helmets are done by injection molding and carbon fiber helmets are done by bag molding or we call it also balloon molding.

Jatinder Agarwal: Got it. That is very helpful.

Jatinder Agarwal: Thank you. Thanks a lot.

Sidharth Khurana: Thanks Jatinder.

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

Sidharth Khurana: Thank you all for joining us today. We hope we have addressed your questions and provided valuable insights into our performance and strategy. If you have any further queries or need additional information, please feel free to reach out to our team or our Investor Relations Advisors at SGA. Thank you.

Moderator: Thank you. On behalf of Studds Accessories Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.