

The logo for Subros, featuring the word "Subros" in a white, sans-serif font. The letter "o" is stylized with three horizontal lines passing through its center. The background of the slide is a dark blue gradient with a series of overlapping, curved, translucent shapes in shades of cyan and magenta that create a sense of depth and movement, resembling a fan or a series of blades.

Cooling the Planet

Investors Meet

Mumbai

11th December 2023

Safe Harbour

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Presentation Outline

01



Subros an update

(Company Profile)

02



Industry update and Business Performance

(Automotive Industry status and key drivers)

03



Business Outlook

(Key Indicators, Strategic Initiatives etc)

Subros



Cooling the Planet



**Subros
An Update**



Subros



Cooling the Planet

Company Profile

Established in 1985, Subros is the Largest Air Conditioning & Thermal Products company in India.
A Joint Venture company between



| | |
|---|--|
| Equity Distribution | Indian Promoters-36.79%, Denso,Japan-20%, Suzuki,Japan-11.96%, Other Public-31.25% |
| Business | Integrated Thermal Products manufacturer for auto and non auto products |
| Segments for Thermal products | Car, Bus, Truck, Tractor, Reefer, Railways and Home AC. |
| Plants Technical Centre Tool Engineering Centre | 7 Locations (Pan India Presence) 2 Location(Noida) 1 Location (Noida) |
| Certifications | IATF 16949:2016 ERM ISO 31000:2018 EHS ISO 14001:2015, 45001:2018 |
| Market Shares | 42% (Passenger Car AC) 51% (Truck Aircon/Blower) |
| Gross Revenues | Rs. 2806 Cr. (2022-23) US\$ 338 Mn |



Noida Plant



Pressure Die Casting



Pune Plant



Manesar Plant



Chennai Plant



Karsanpura Plant



DSEC



Technical Centre



Nalagarh



Tool Engineering Centre



Our Board



Ms. Shradha Suri
Chairperson & Managing
Director



Dr. Jyotsna Suri
Director



Mr. P. K. Duggal
Whole Time Director and Chief
Executive Officer



Mr. Hisahi Takeuchi
Representative of Suzuki
Motor Corporation, Japan



Mr Naohisa Kuriyama
Representative of
DENSO Corporation, Japan



Mr. Tomoaki Yoshimori
Representative of
DENSO Corporation, Japan

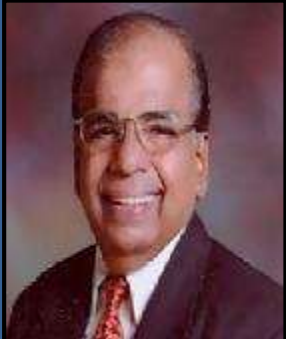


Mr. Yoshuira IIDA
Alternate Director

Independent Directors



Mrs. Meena Sethi



Mr. K.R. Ramamoorthy



Mr. M A Pathan



Mr. G.N. Mehra



Mr. Arvind Kapur



Mr. Shailendra Swarup

Total 12 members → 3 from Promoter, 3 from Collaborators and 6 Independent

Our leadership Team

Strategic Executive Committee



Shradha Suri Marwah
CMD



Mr P K Duggal
Chief Executive Officer



Mr Y Negi
EVP & COO-SCM

Operation Executive Committee



Mr. Hemant Agarwal
CFO & VP Finance



Mr. A Parashar
EVP & COO-
Operation & Service



Mr. D Srin
EVP (Technical Centre & STEC)



Mr. Roopak Agarwal
VP R&D



Mr. Gaurav Gupta
VP HRD



Mr. Ajay Agarwal
AVP SCM

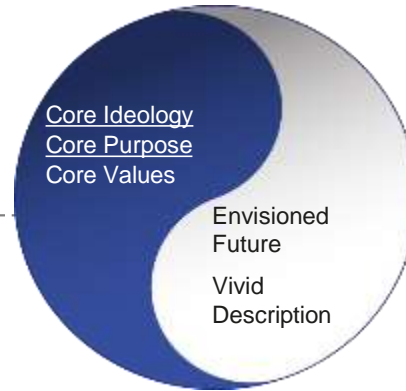
What Inspire Us

Core Ideology



Core Values

- Respect** | Respect for Level
Respect for all Stakeholders
- Passion & Commitment** | Inspired Minds Drive
Excellence Keep Promises
- Trust** | Integrity – Personal & Professional
Transparency
- Team Work** | Shared Purpose Collaborated
Action
Joy & Happiness at the workplace



Envisioned Future

We aim to provide comfort by **adopting new and innovative technologies**, while striving to **make the planet a better place.**

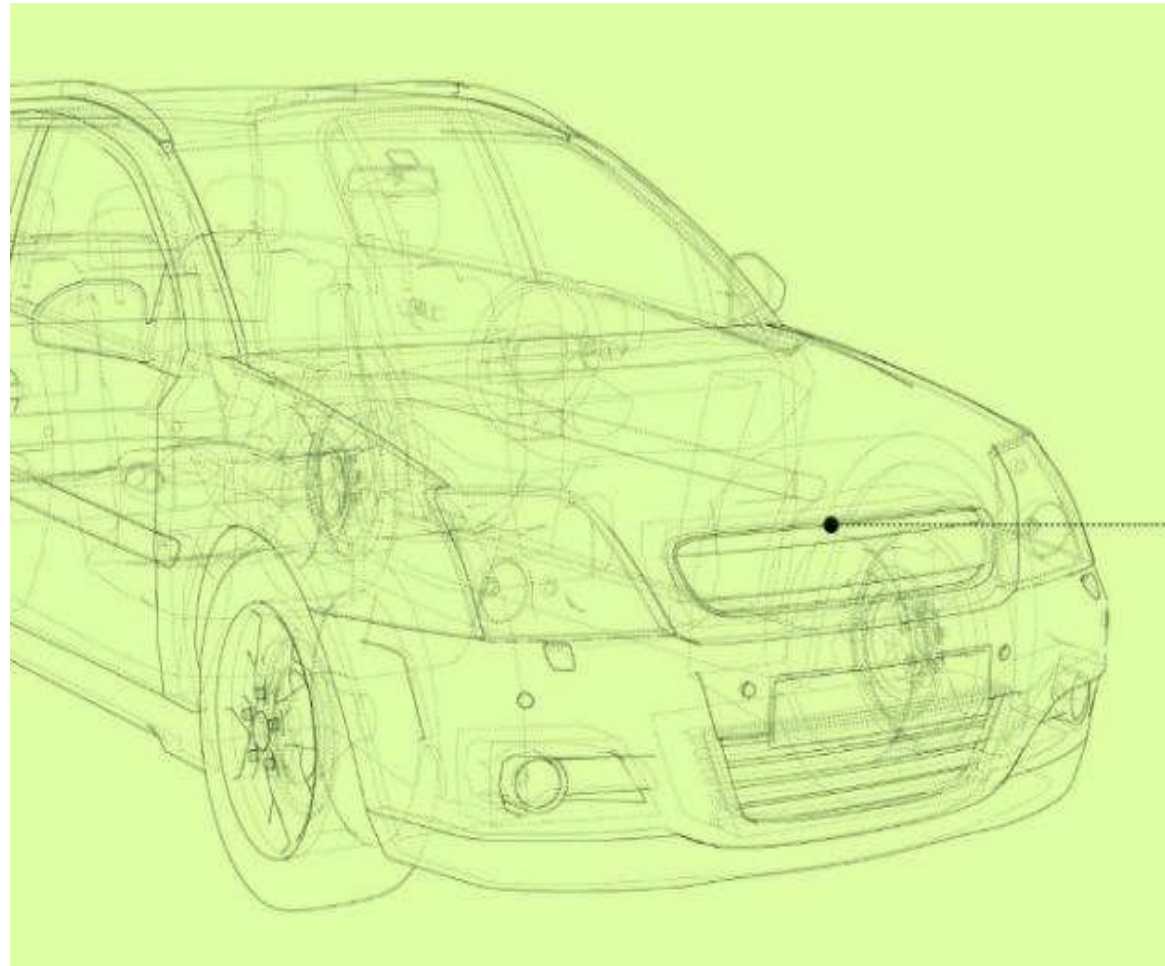
Vivid Description – 25 Years Later

In the not-too-distant future, we shall be **redefining 'Cooling Comfort'** while reducing our Carbon Footprint.

We shall be finding new ways of doing **'More and more' while consuming 'Less and less'** in efforts and resources, through innovative designs and processes respectively.

We shall be actively contributing to **'Sustainable Energy' and 'Sustainable Transport'**. Our products and services shall expand to all areas where thermal management becomes crucial – Public Transport / Smart Buildings, and Cold Chains.

Product Range → Passenger Vehicle Segment



HVAC



HVAC Assy



Raditor Facn Assy



Compressor P & S Series

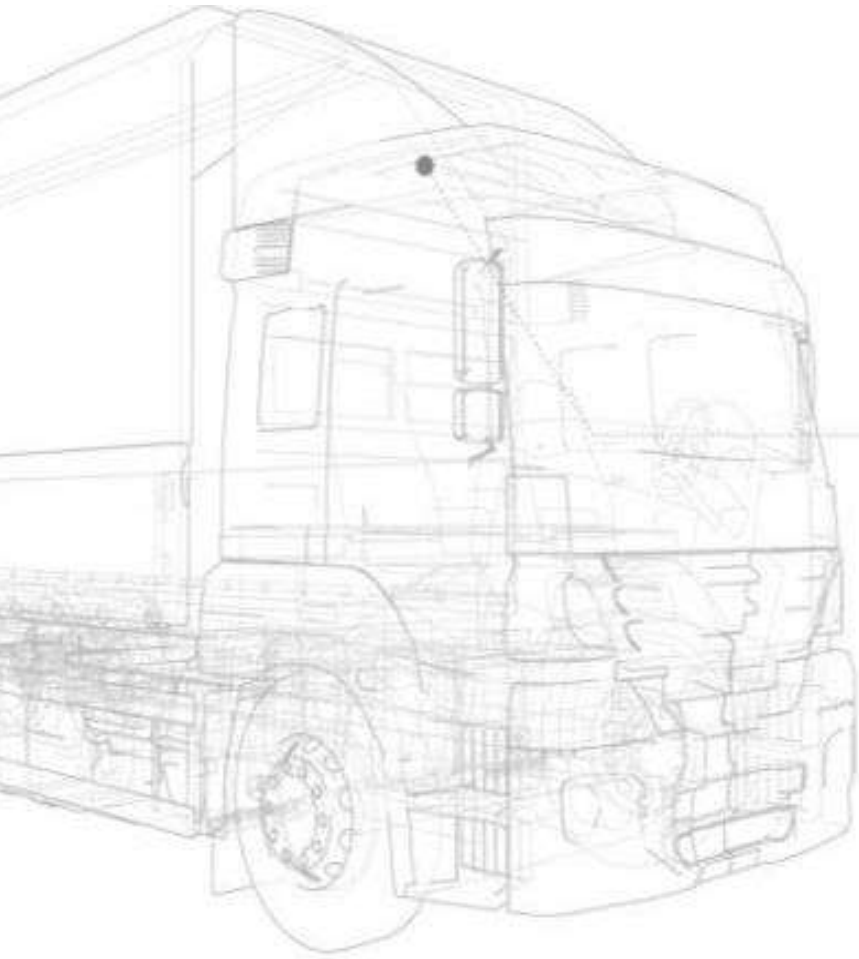


Condenser Assy



Hoses & Tubes

Product Range → Truck Segment



LCV Blower



HCV Cabin Blower



Truck Blower



ICV AC



Condensor



Hose and Tube

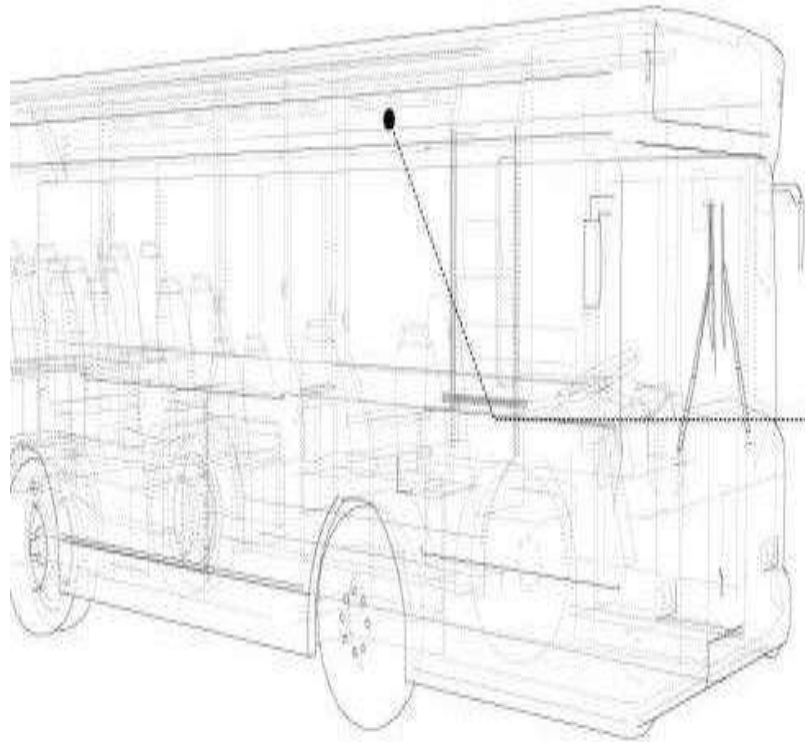


Condenser



Compressor

Product Range → Bus Segment



Cooling Capacity
7.5 KW to 45 KW
Vehicle Range
4m to 12m Buses

Applications
Tourist, Staff, School, Intercity,
City, Ambulances etc



Rooftop Unit



Compressor



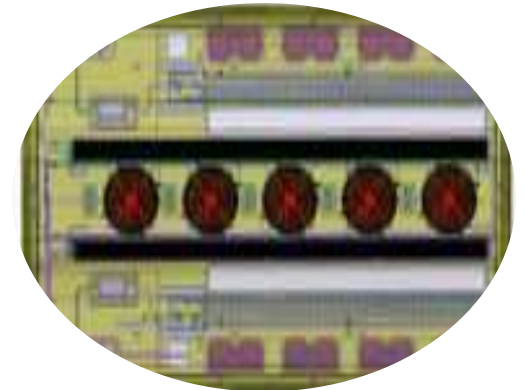
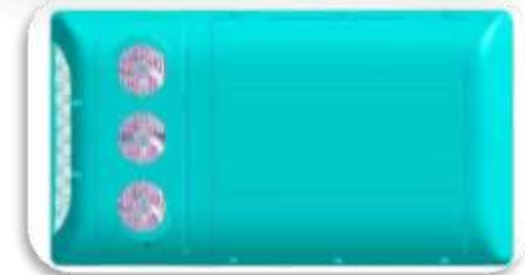
High Electricity
Compressor



Condensor
Unit

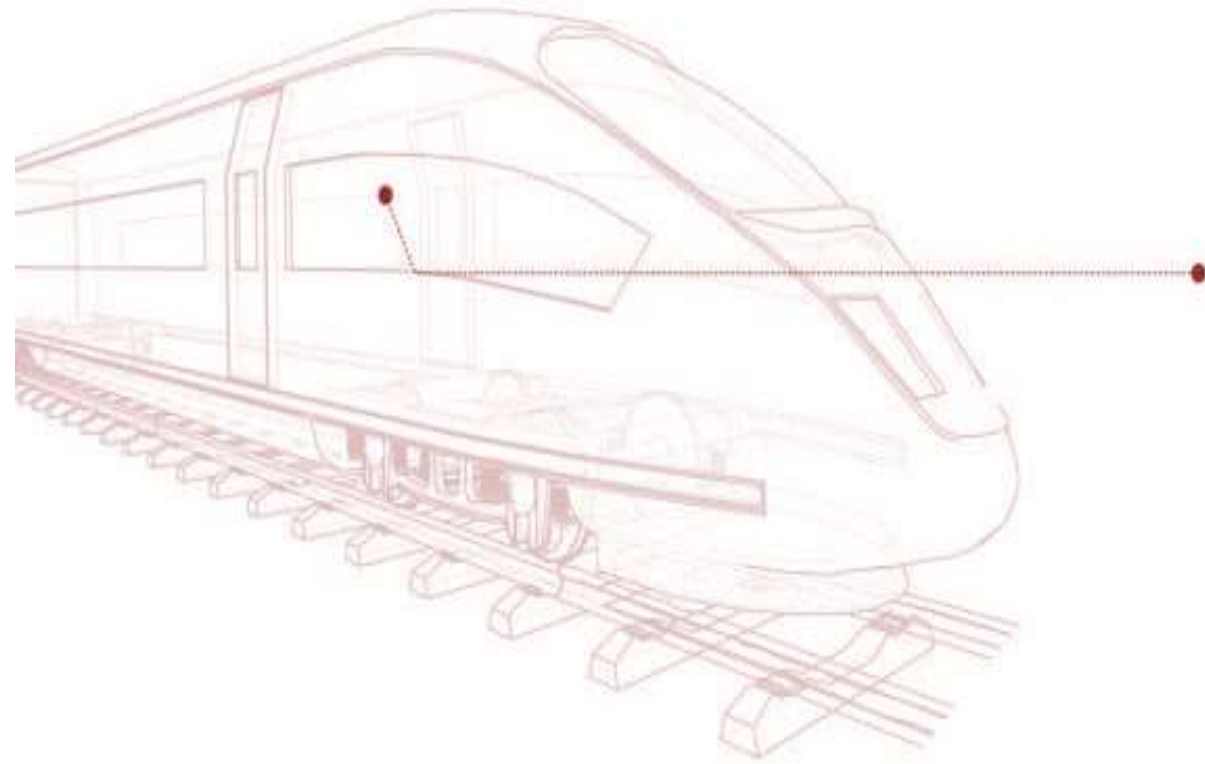


Cooling Unit



Bus Kit Solution for ICE, EV, Hydrogen

Product Range → Railways Segment



Driver Cab Tower



Deisel Loco AC



Loco AC



Electric CAB HVAC



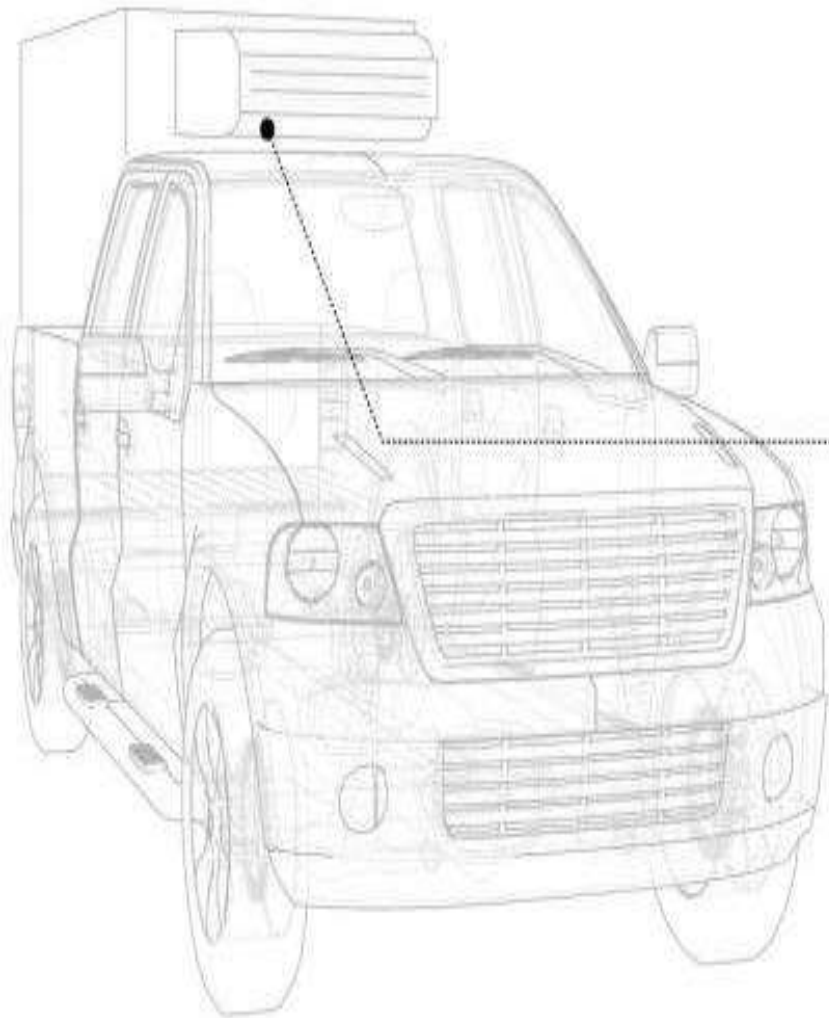
CAB AC Train 18



Coach AC



Product Range → Refrigeration Truck Segment



SL-500



SL-1400



SL-2500



SL-3000



SL-4000

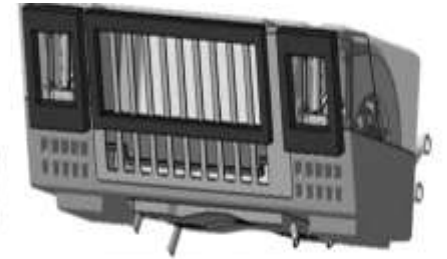
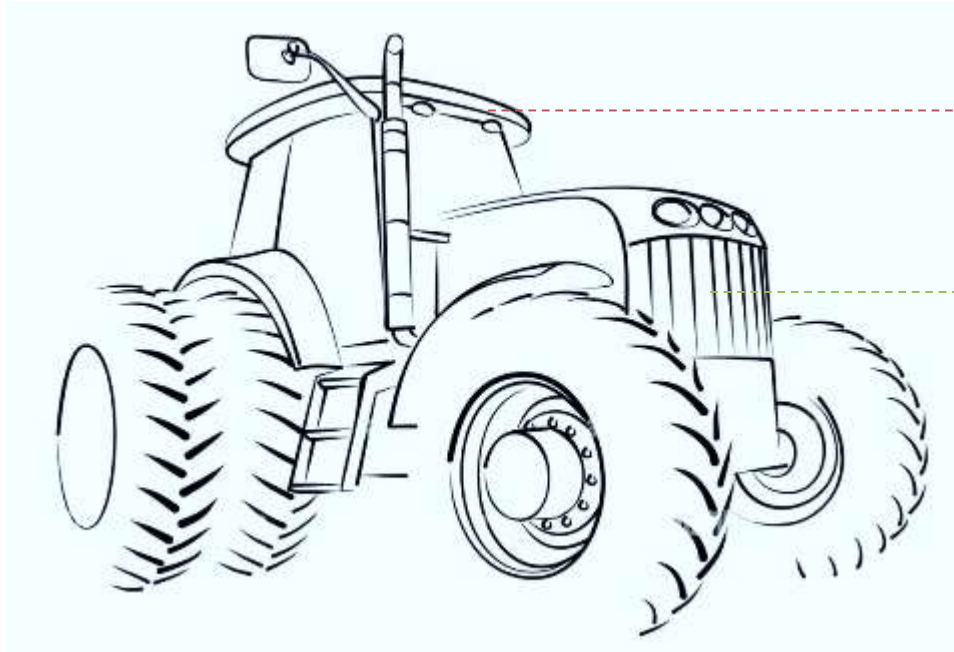


SL-5000

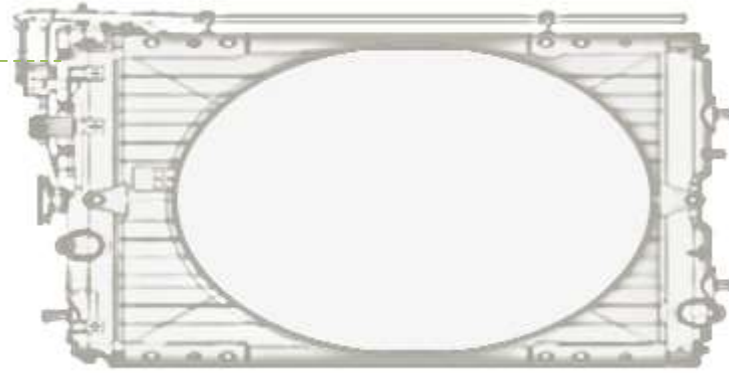


SL-8000

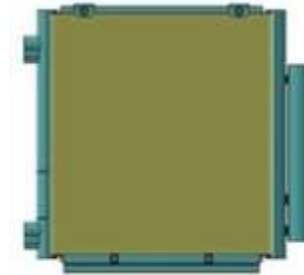
Product Range → Tractor Segment



AHVAC
UNIT(C,Su,Lu)



Radiator Assembly



Condensor Unit



Compressor SV-97

Product Range → Residential Home Aircon



Ductable IDU : 5.5 ~ 16.5 TR



Ductable ODU : 5.5 ~ 16.5 TR



Split AC: 1.5 TR & 2.0 TR
3 Star & 5 Star



Window AC: 1.5 TR & 2.0 TR
3 Star & 5 Star



Heat Exchanger

Customer Map

Passenger Car Segment (AC+ECM)

Logos for Passenger Car Segment (AC+ECM): MARUTI SUZUKI, SUZUKI, RENAULT NISSAN, DENSO, Mahindra, FORCE MOTORS, TATA

Refrigeration Trucks

Logos for Refrigeration Trucks: MARUTI SUZUKI, TATA, ASHOK LEYLAND

Commercial Vehicle Segment (Bus, Truck, Tractor)

Logos for Commercial Vehicle Segment (Bus, Truck, Tractor): TATA, Mahindra, DENSO, Pinnacle, VE COMMERCIAL VEHICLES, DAIMLER, SML ISUZU, FORCE MOTORS, ASHOK LEYLAND, TATA MOTORS, Marcopolo

Railways (Driver Cabin + Coach)

Logos for Railways (Driver Cabin + Coach): MEDHA, INDIAN RAILWAYS, ALSTOM, BHEL, CAF

Residential and Commercial

Logos for Residential and Commercial: VOLTAS, HAVELLS, Haier, AMSTRAD, CARYAIRE, Cruise

Tooling

Logos for Tooling: DENSO, talbros, Global Autotech, Johnson Controls, HITACHI, SUNBEAM, DAIKIN

Technical Capability of Subros



Subros



Cooling the Planet

Technical Capability

STC

Subros Technical Centre



Indian Market Understanding
Trends for R&D and application engineering

DSEC

Denso Subros Engineering Centre



Global Market Understanding
Trends for application engineering

STEC

Subros Tool Engineering Centre



Expediting tooling
development

Subros have realized complete backward integration

83% localization level of child parts for our Products

100% of Tooling Localisation (Injection Molds, Die Casting and Sheet Metal)

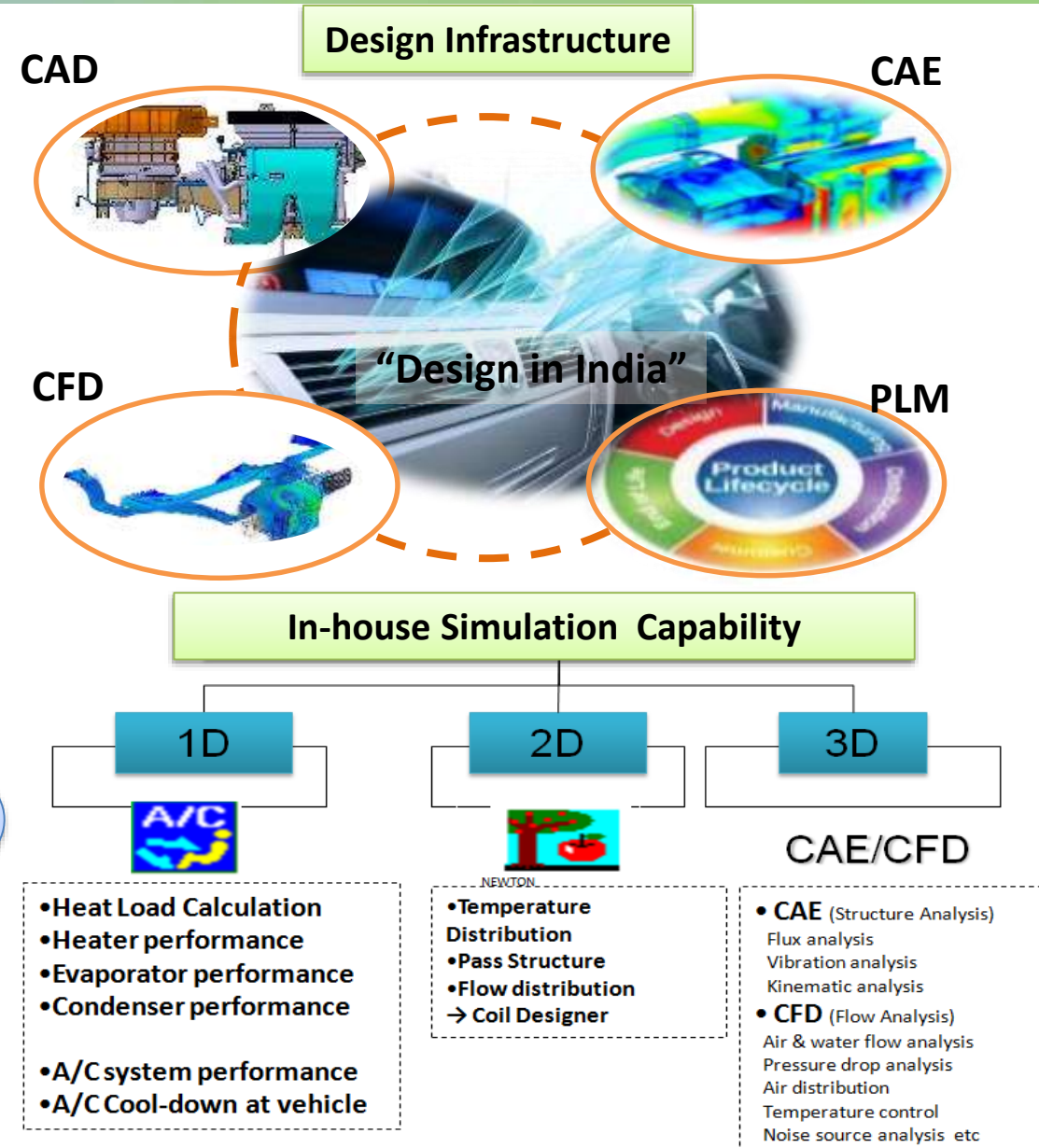
70% of Localize design activities in India

We strive for Design in India and Make in India to be Self Reliant

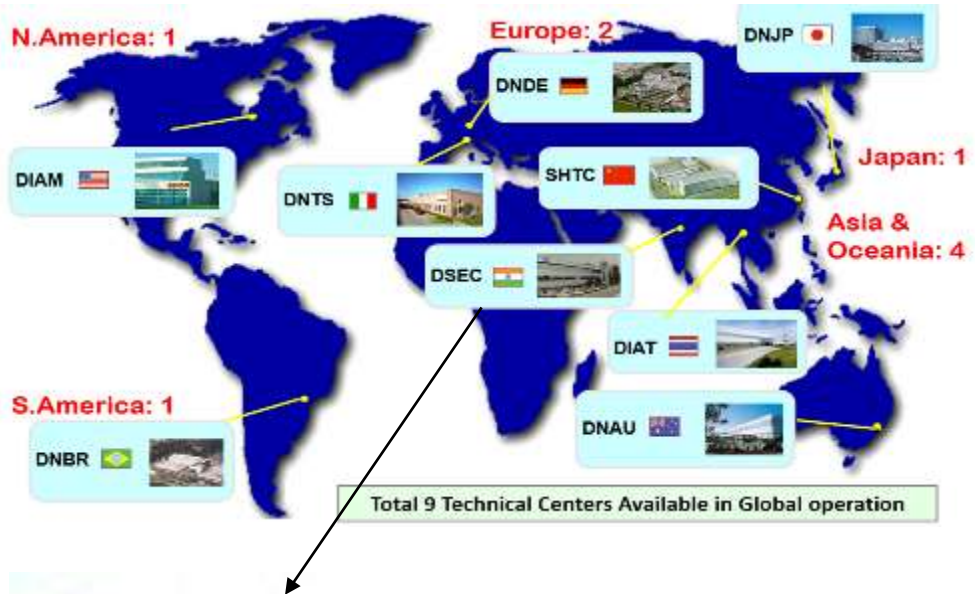
Subros Technical Centre (STC)



Developed its first completely indigenous Hydrogen bus AC kit



DSEC (Denso Subros Engineering Centre) Profile



| | |
|-----------------------------|--|
| Name | Denso Subros Thermal Engineering Centre India Private Limited (DSEC) |
| Ownership | 74% by DENSO, 26% by Subros |
| Business Description | Application Engineering for Air Conditioner and Engine Cooling Systems & Components |
| Customer | Subros and DENSO group (DNKI, DNHA, DIAM, DNJP etc.) – Denso Global R&D Centres |
| Key benefits | Reduction in lead time of development (~ 35%) Reduction in development cost (~ 30%) |

DSEC and Subros are working to benchmark Global and Indian Companies in view of Technology (Green mobility i.e. EV, Hybrid, CNG), regulation (CAFÉ, Safety and Refrigerant) requirement and target to do 100% design localisation in India

Subros Tool Engineering Centre (STEC)



| | |
|------------------------------|--|
| Location | STEC , A-16 , Sector 68 , Noida |
| Capabilities | Precision Plastic Injection Molds, Specialty Aluminum Die Casting Dies Precision Progressive Stamping Dies Special Purpose Machines Tooling Refurbishment & Maintenance activities |
| Max, Die size | Size 3m x 2m, Weight - 30 ton |
| Quality Certification | ISO 14001, TS 16949, OHSAS 18001 |
| Tooling Tonnage | Injection Mold - Upto-1200T (3000*3000*1200) PDC Dies- Upto 1000 T (1500*1000*675) Sheet Metal Dies – Up to 350T(2500*1000*550) |

Key Tooling developed by STEC

Car AC HVAC Parts

ECM Shroud

ECM Fan

P Tank

Oil Pan

Tank Header

RAC IDU Front Cover & Bottom

Cylinder cover Head

RAC IDU Panel

Key Customers:
MSIL, TML, M&M, SML Isuzu, Sunbeam, Global Autotech, Talbros, Denso, Johnson Control Hitachi . Daikin

Subros Sustainability Roadmap



Carbon Neutrality Roadmap → Target 2040



| | 2030 | 2040 |
|--|------|------|
|--|------|------|

Scope 1 +2
(Direct + Indirect) **-50%**

Scope 3
(Value Chain) **-35%**



Cooling the Planet

Objective Carbon Neutral

Our Approach



Innovations in the process,
EV/Thermal products



Optimize/reduce
energy use



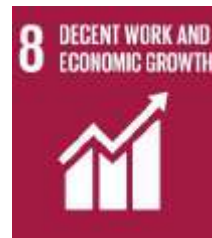
Transition to
carbon free
energy



Suppliers & Logistics-
Raw material and
transport



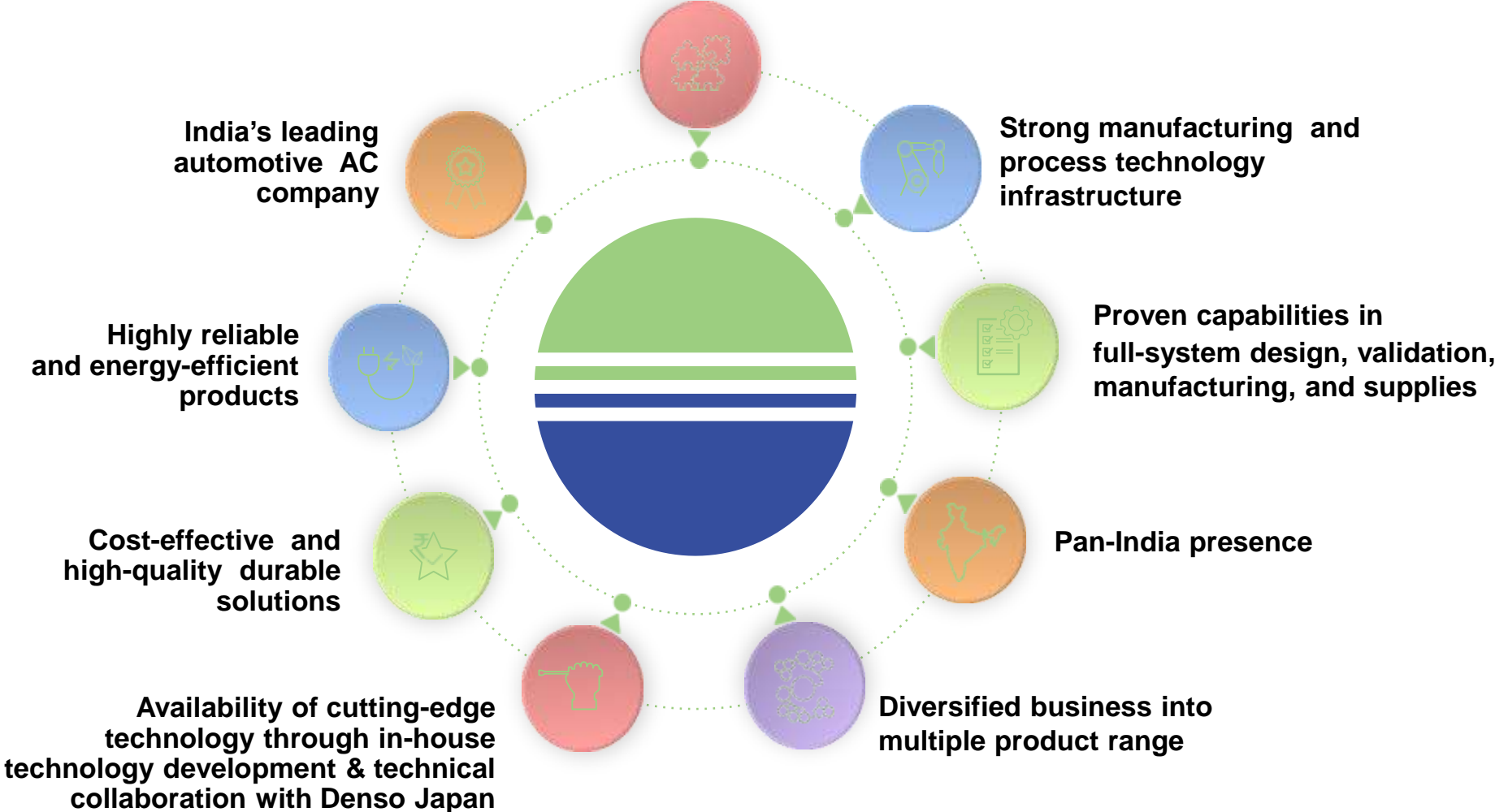
SDG's



Focus Areas & Strategic Priorities

Our point of distinction

Backward integrated to enable built-in quality



Presentation Outline

01



Subros an update

(Company Profile)

02



Industry update and Business Performance

(Automotive Industry status and key drivers)

03



Business Outlook

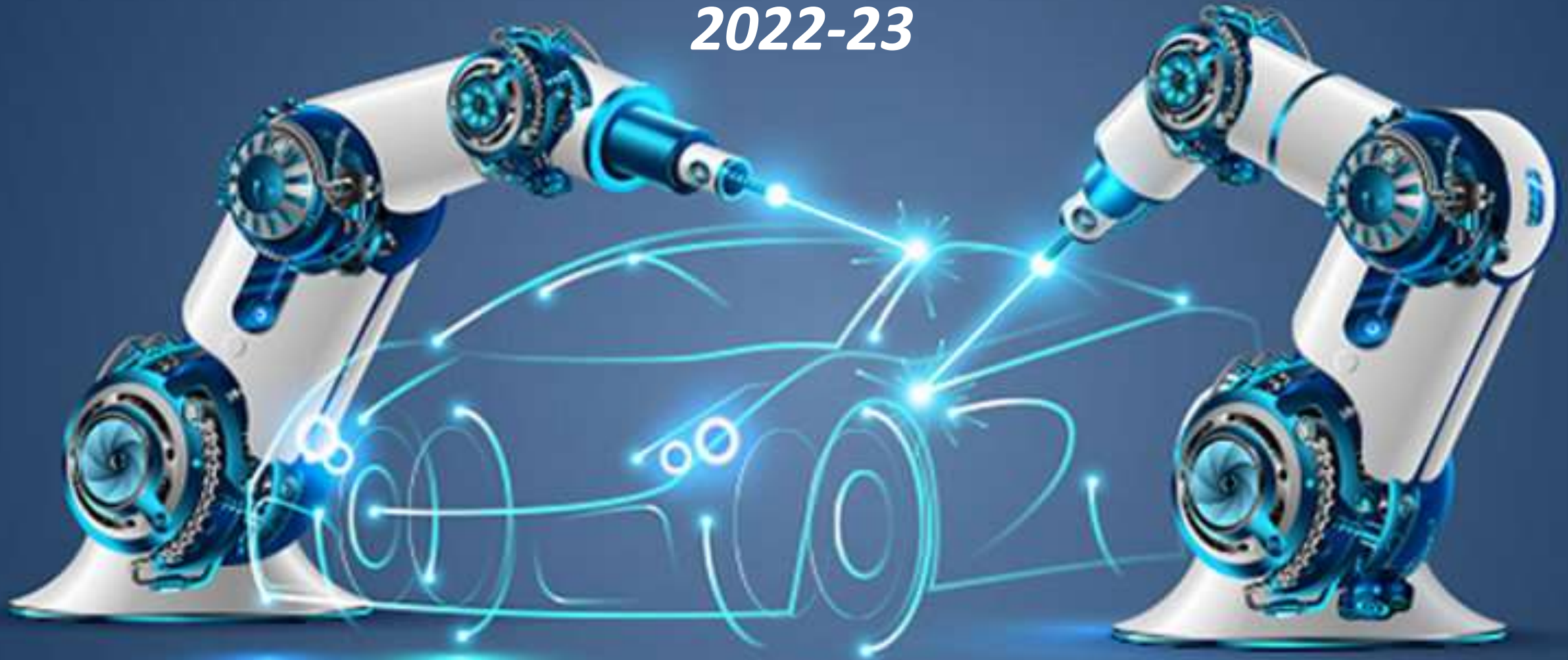
(Key Indicators, Strategic Initiatives etc)

Subros



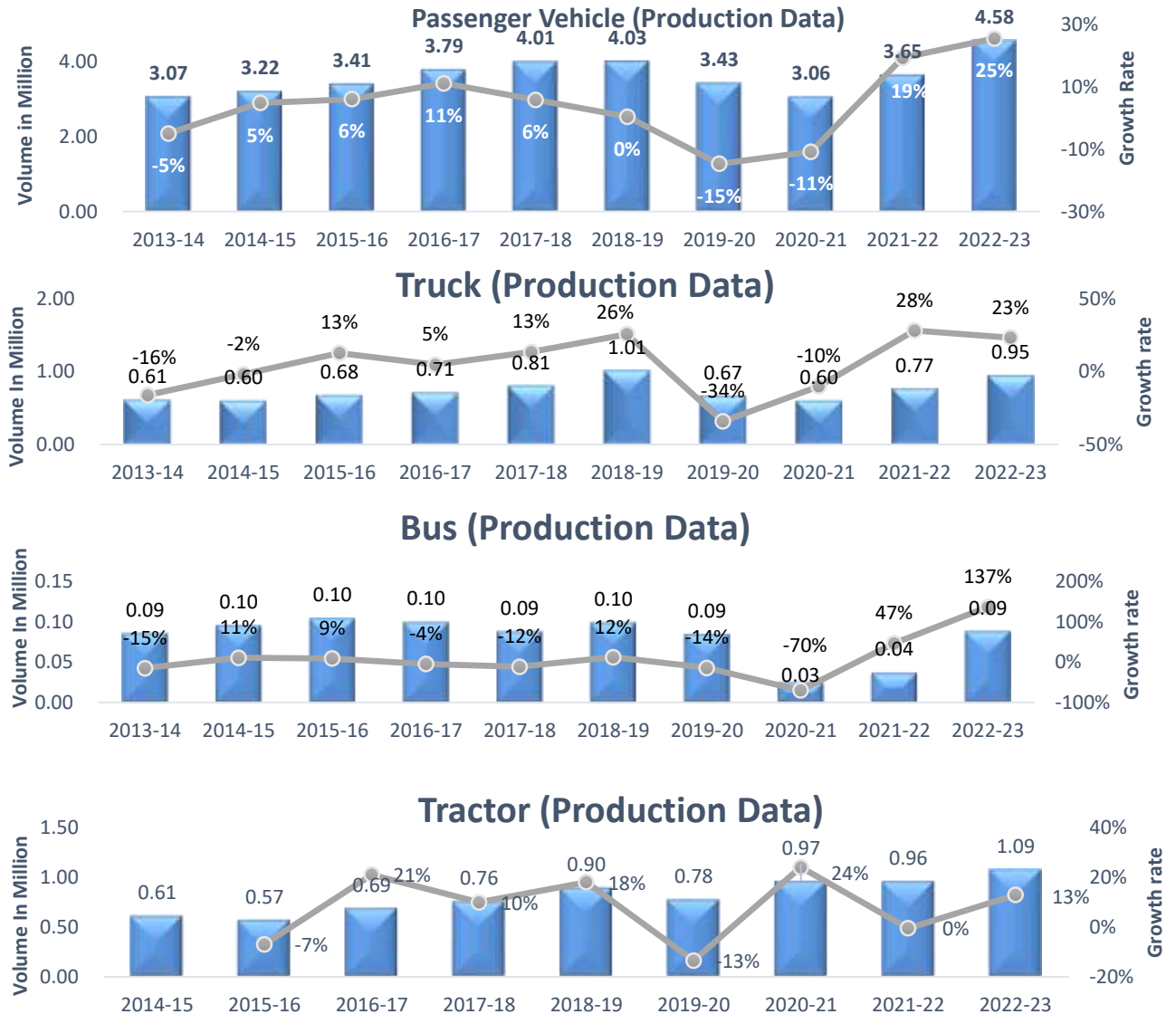
Cooling the Planet

Industry performance 2022-23







Industry Performance 2022-23

- Healthy Demand momentum across segment in domestic market
- Semiconductor shortage continues to be dynamic and rising input costs and interest rates are key challenges that the industry is managing.
- The long waiting period and flexible consumer behavior during the festive season have helped the industry to see movement in the segment.



Source from SIAM data

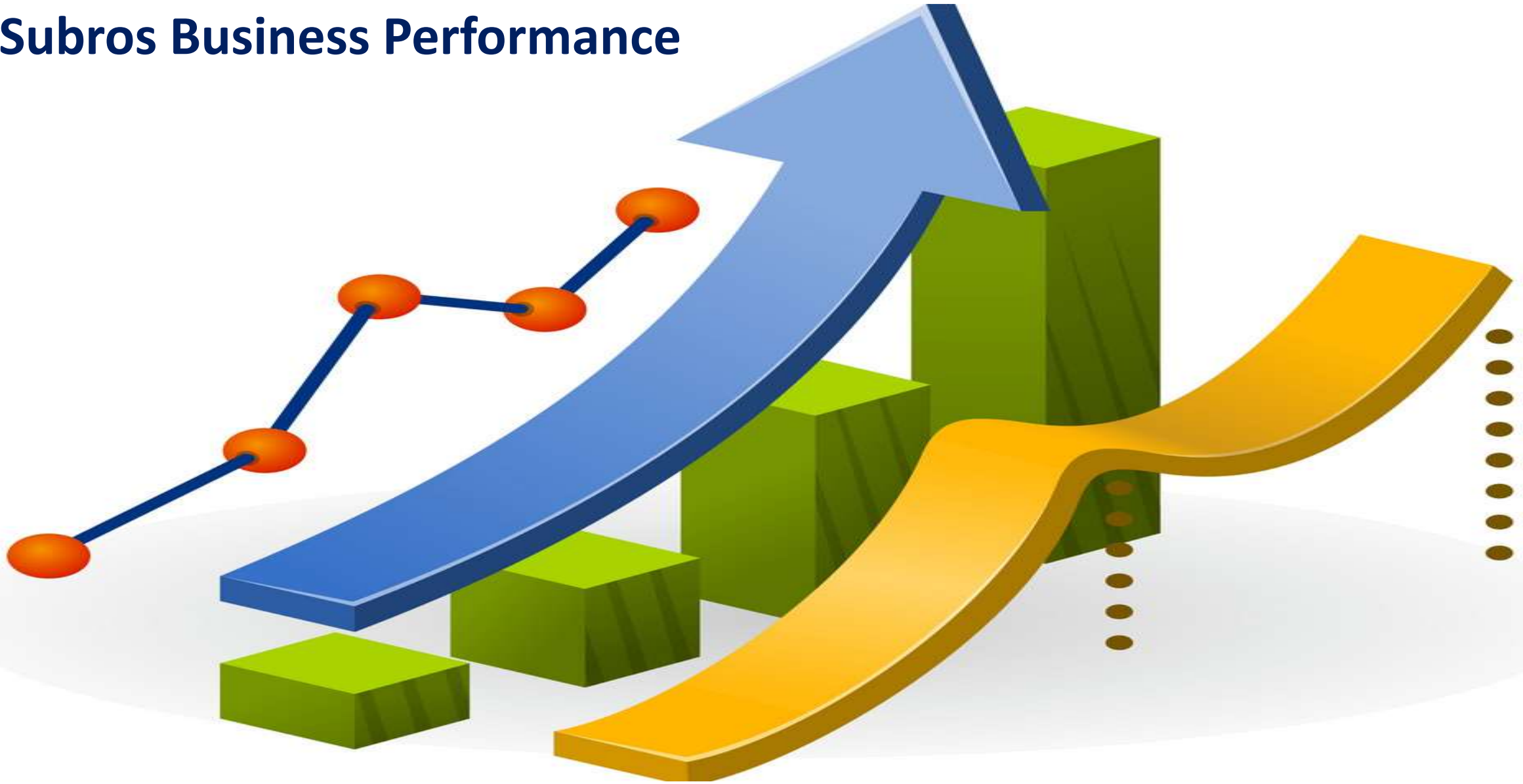
Key Factors driving Industry Performance 2022-23

|  |  |  |  |
|---|--|--|---|
| Passenger Vehicle | Bus | Truck | Tractors |
| <ul style="list-style-type: none"> • Personal mobility • Pent-up replacement demand • Adequate financing availability • Easing supply chain issues | <ul style="list-style-type: none"> • Infrastructure outlay • Shared Mobility • Last-mile connectivity • Focus on clean fuel technology | <ul style="list-style-type: none"> • Infrastructure development pushing sales M&HCV • Urbanization pushing sales for LCV vehicles • Adequate financing availability | <ul style="list-style-type: none"> • Healthy monsoon levels • Government measures and healthy crop procurement • Adequate financing availability |

Multiple favorable factors to healthy replacement demand

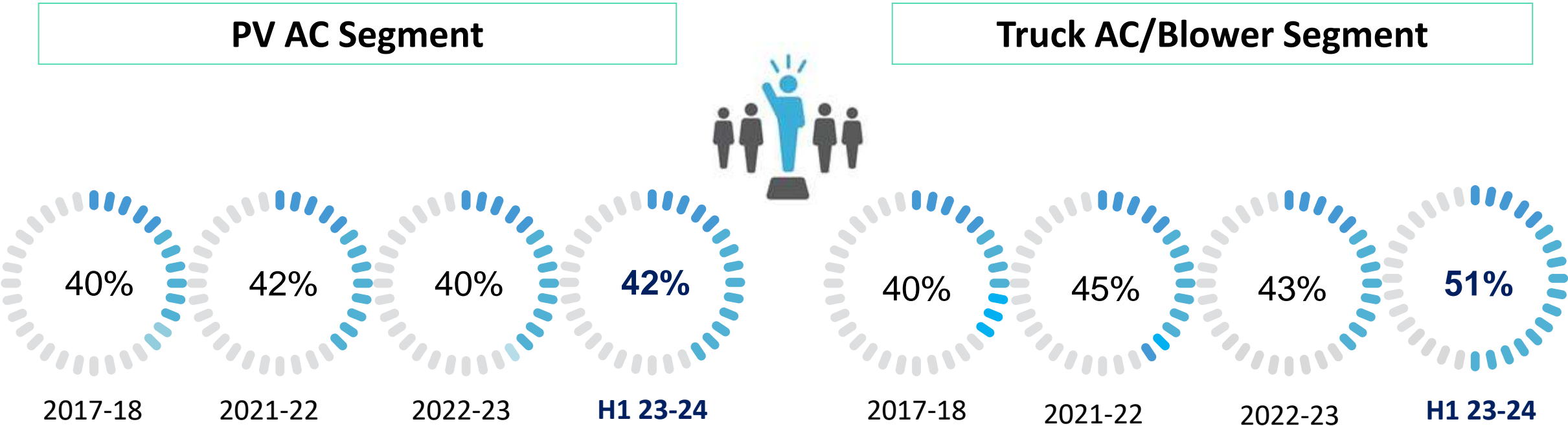


Subros Business Performance



Share of Business

All Time High Share of Business



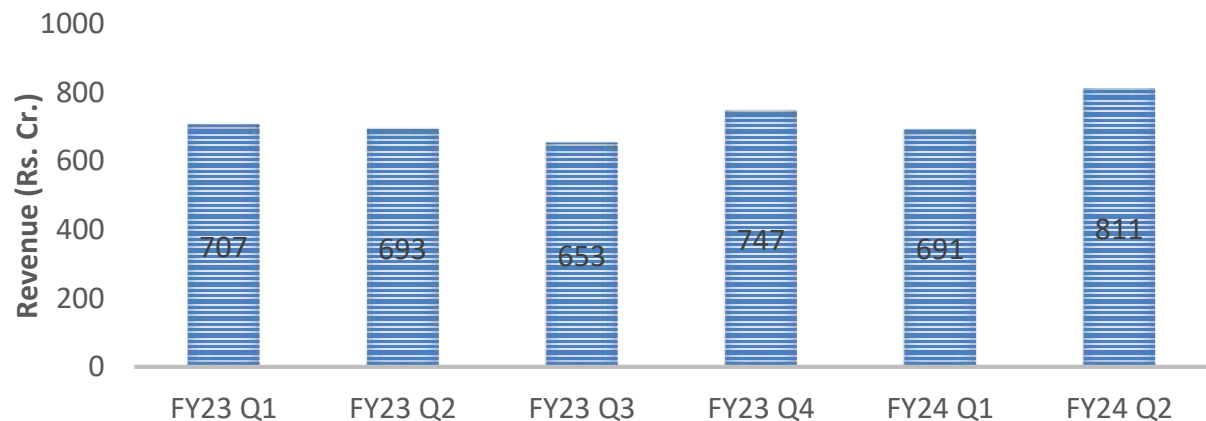
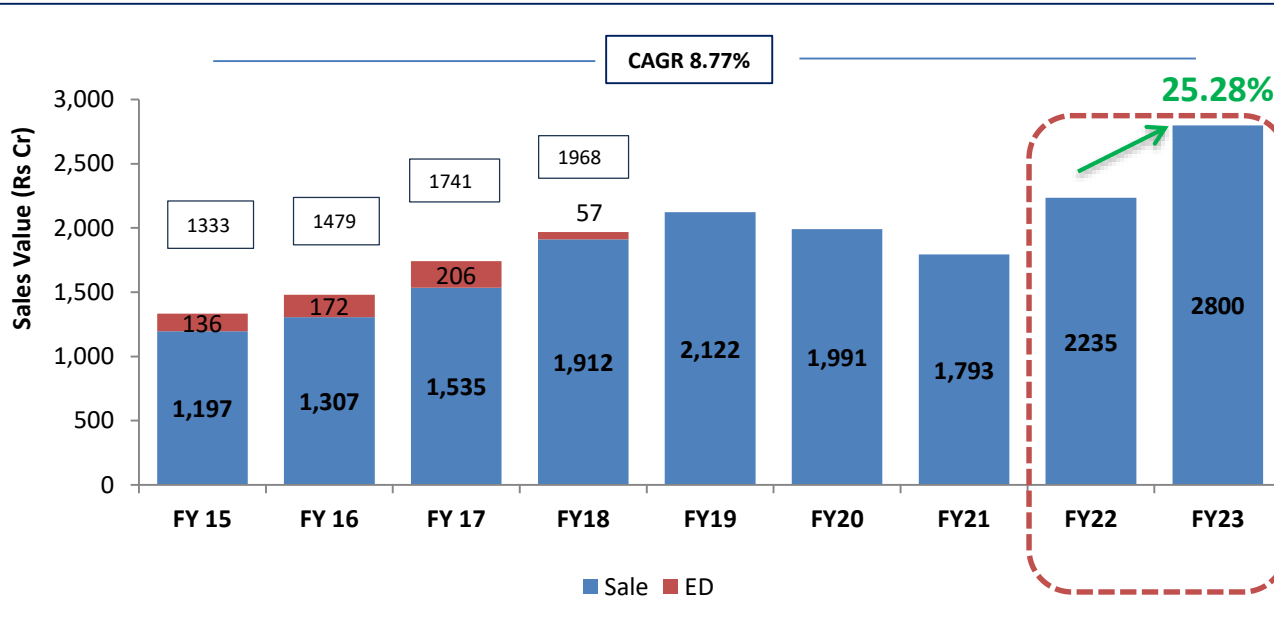
We remain market leaders in both the segments

Long Term Target PV Segment ~45% and Truck Segment ~55%

Calculated based on SIAM vehicle production and Subros Actual sale (HVAC)

Revenue Growth

Revenue Trend



Growth Drivers

Performance

- Steep recovery after Covid-19 due to high market demand
- Key contributors to the total revenue:
 - New Vehicle (new Business) SOP → 20%
 - Green Mobility (Thermal products for Hybrid, EV, CNG) → 15%
 - PV Segment AC products → 77%
 - ECM Products → 14%
 - MSIL/SMG/TKM → 84%
 - Other customers and segments → 16%

Strategic Initiatives

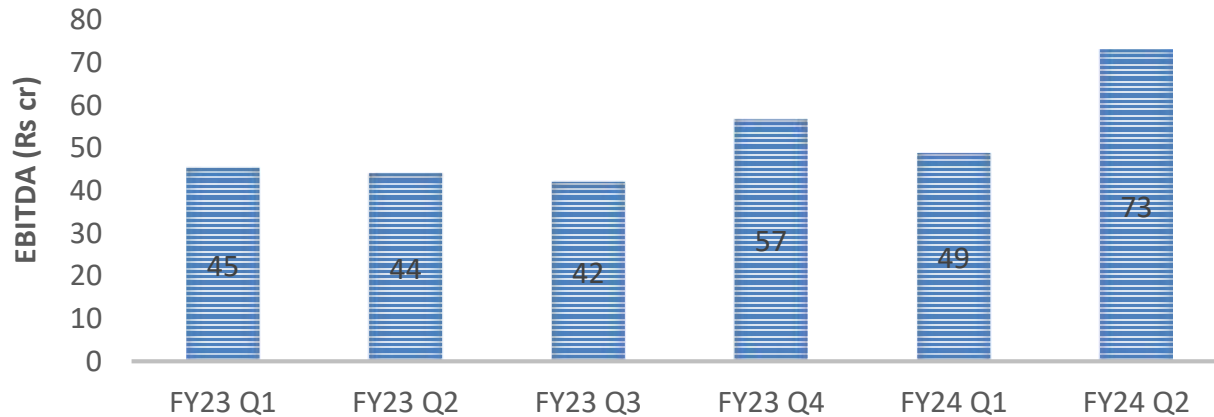
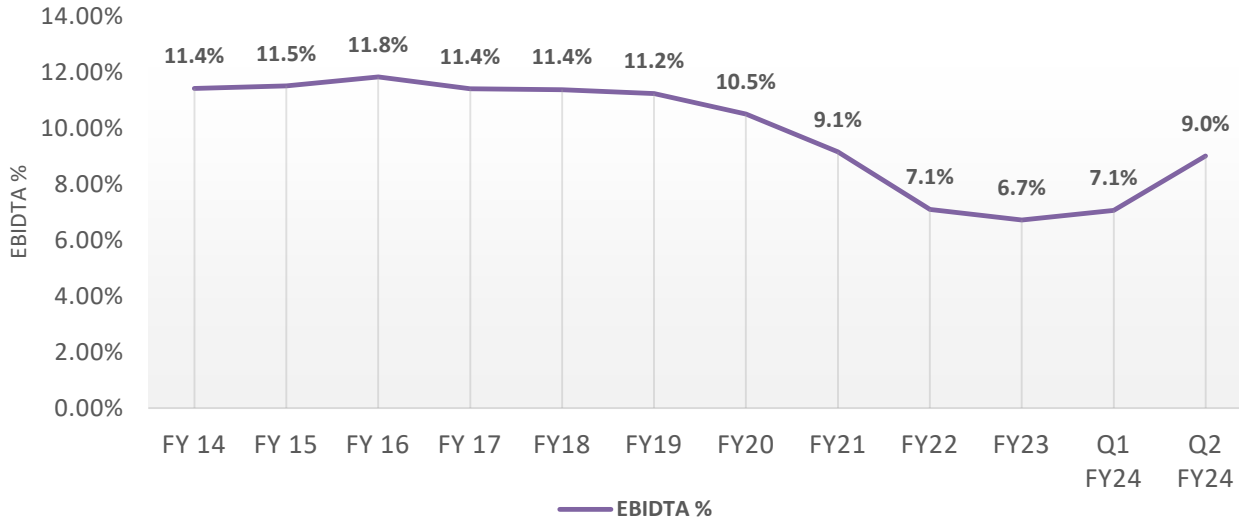
- Increase of share of business in existing customer (5~6%)
- Development of EV products for Cars, Bus AC, E-Compressor, BCM.
- AC Products for Truck AC regulation for N2 & N3 category
- Rail Coach AC product Expansion & development
- Focus on After Market business

LT Outlook

- Target Share of Business 48% in PV
- After market growth 2x
- Product expansion contribution approx. 10%

EBIDTA Growth

EBIDTA Trend



Growth Drivers

Performance

- Key contributors to improve EBIDTA margins:
 - Cost down initiatives across the organisation
 - Fabrication cost normalised and impact reduced at Tier 2/3 supplier
 - Reduction in Container and Logistic cost from China & Japan

Strategic Initiatives

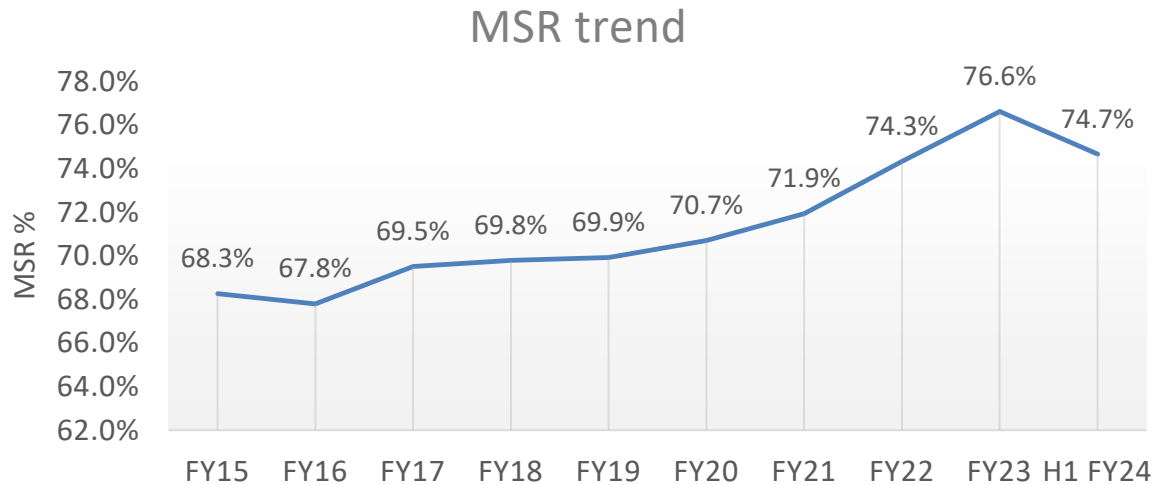
- Review of our cost structure, identifying areas for efficiency improvements and exploring opportunities for business modelling.
- Streamlining processes, leveraging technology, and renegotiating contracts to ensure that every aspect of our business is contributing positively to our bottom line.
- Aggressive plan for material cost improvement thru Localisation or alternate sourcing.

LT Outlook

- We strive for >10% EBIDTA as short term target and finally to target ~12% EBIDTA as long term target

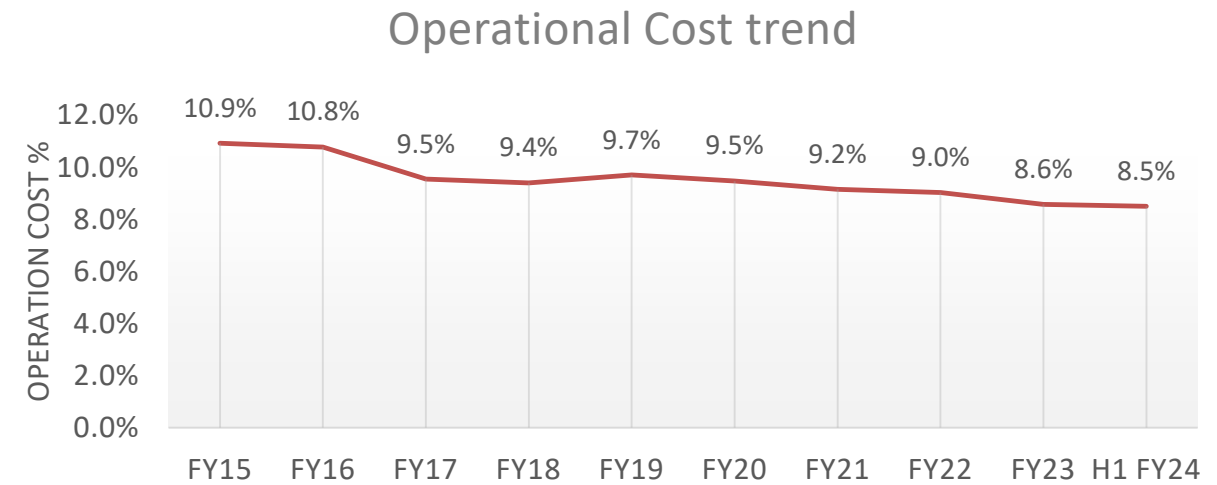
Strategy Initiatives – Key Initiative

MSR improvement



- MSR improvement thru localisation and Cost down project initiated across the organisation
- Reduction in Fabrication cost Mitigated impact at Tier2/3 vendor
- Reduction in Container cost mitigated the impact of higher Import cost
- After Market Sales expansion

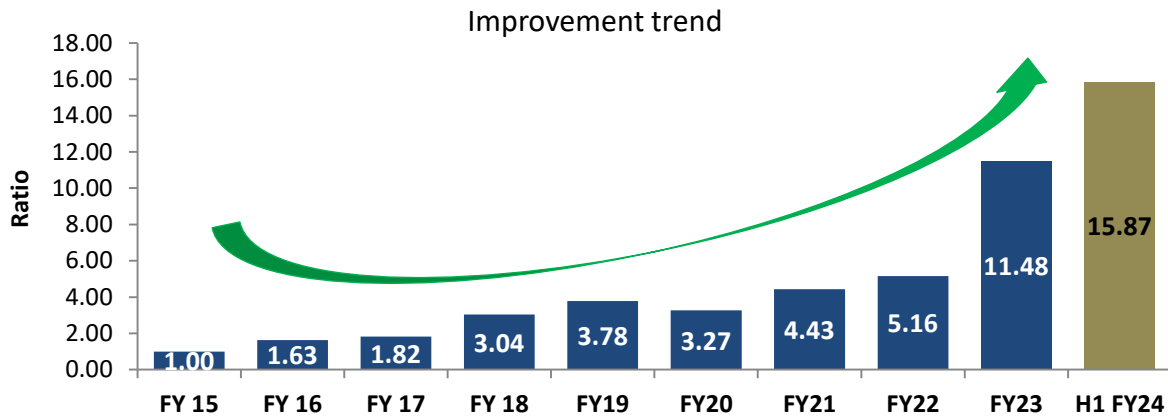
Operational cost improvement



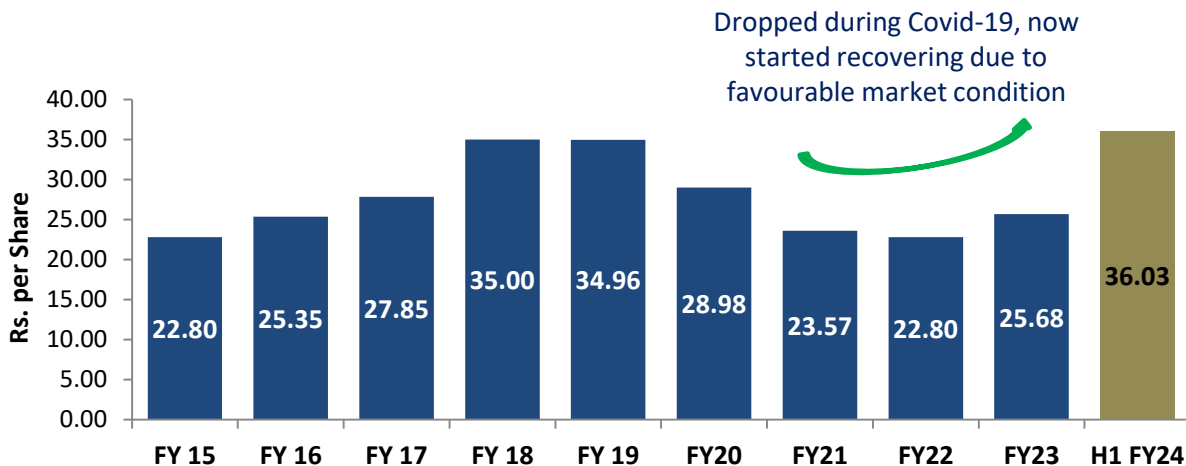
- Increase in efficiency of the M/c thru Cycle time, layout improvement to maximise productivity
- Initiative of Green Energy (Solar) across organization
- Reduction in Fixed cost thru various initiatives across all plant location
- Product positioning based on proximity and optimising logistic costs.

Key Ratios

Interest Coverage Ratio



Operating Profit Per Share (INR)



Operating profit per share is annualised based on H1 FY24 performance

Growth Drivers

Performance

- Higher consistent Cash accruals resulting low debts and low interest

Initiatives

- Increase in efficiency of the M/c thru Cycle time improvement and maximise production
- Effective Cash flow management
- Improvement in Net Cash surplus

LT Outlook

- Working capital loans will remain as per business requirement
- Planning capital expenditure out of cash accruals only

Formula: EBIT/Interest

Growth Drivers

Performance

- Child parts localisation, reduction in material & fixed cost improved operating profit of the Company
- Operating profit per share is at Rs. 36.03# based on H1 FY24 performance

Initiatives

- Focus on After market sale
- Material cost down thru Localisation and Alternate sourcing
- Cycle time reduction to optimise process cost and maximise production

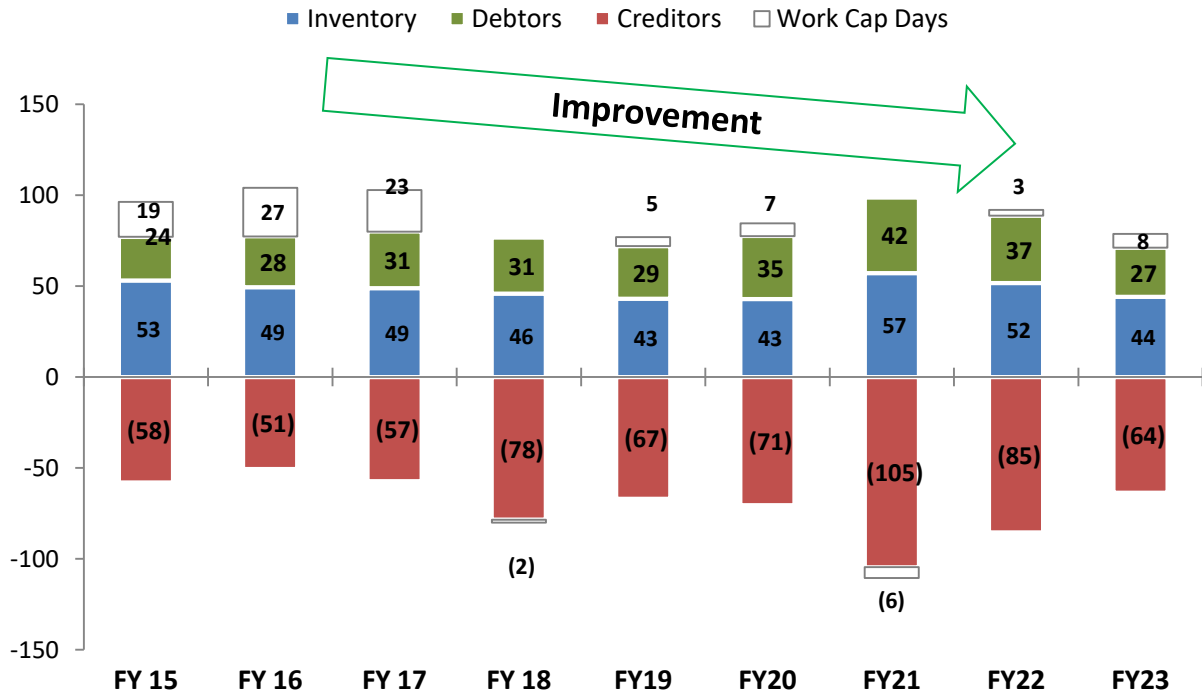
LT Outlook

- Gradual improvement with the Initiative taken by the organisation as explained earlier

Formula: Operating Profit/No. of Shares

Working Capital Management

Net working capital days



Growth Drivers

Performance

- Working capital cycle achieved 8 days basis in FY23
- FY21 was exceptional due to Covid-19, Revenue dropped, and Payable/Inventory got increased.
- Aligning of working capital cycle with Vendor

Initiatives

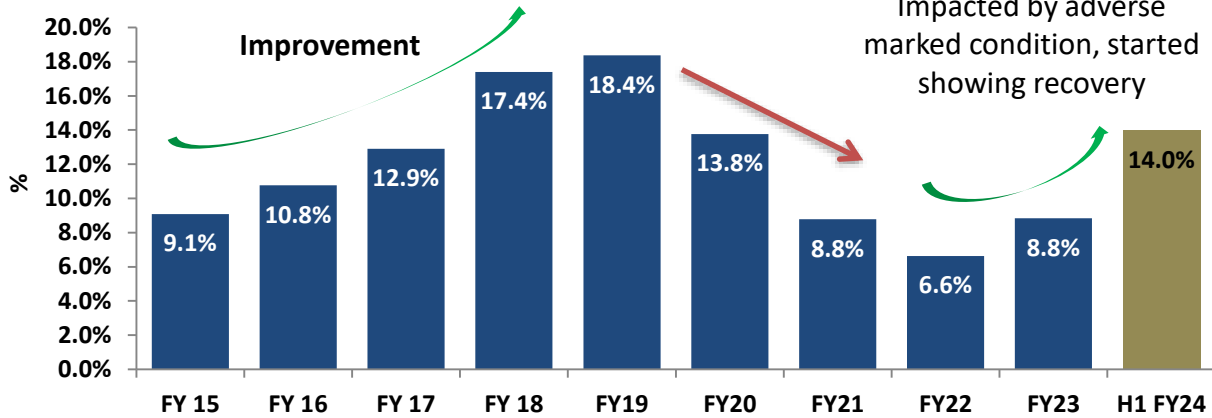
- Efficient management of -
- Inventory ordering and transit days planning
- Creditor cycle in line with Debtors cycle

LT Outlook

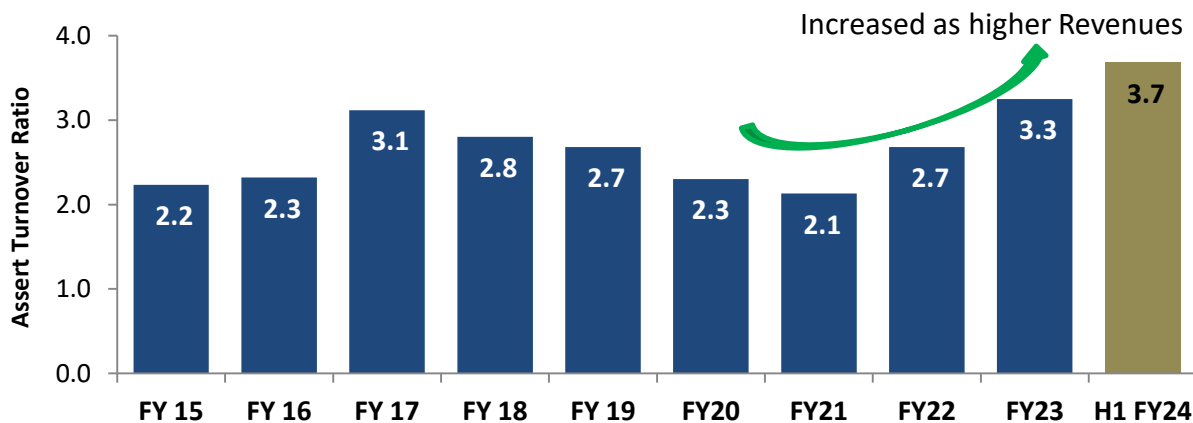
- Our target to remain working capital cycle less than 10 days
- Strictly following MSME guidelines

Effective use of available capital

Return on Capital Employed



Assets Turnover



FY24 is based on H1 performance on annualised basis

Growth Drivers

Performance

- ROCE is at 14%# based on H1 FY24 performance
- Material cost reduction and increase in operational efficiency improved ROCE of the organisation
- Capex optimisation

Initiatives

- Rationalise Business planning and alignment with Customer plan
- Focus on After market and expansion
- Focus on cost optimisation
- Focus on Cycle time reduction and low cost automation

LT Outlook

- Our target of ROCE is more than 20%
- Investment on digitisation and focus on automation

Formula: $EBIT / (STL + LTL + Net\ Worth)$

Growth Drivers

Performance

- Achieved 3.7 times of turnover which is highest ever due to optimum utilisation of the Assets

Initiatives

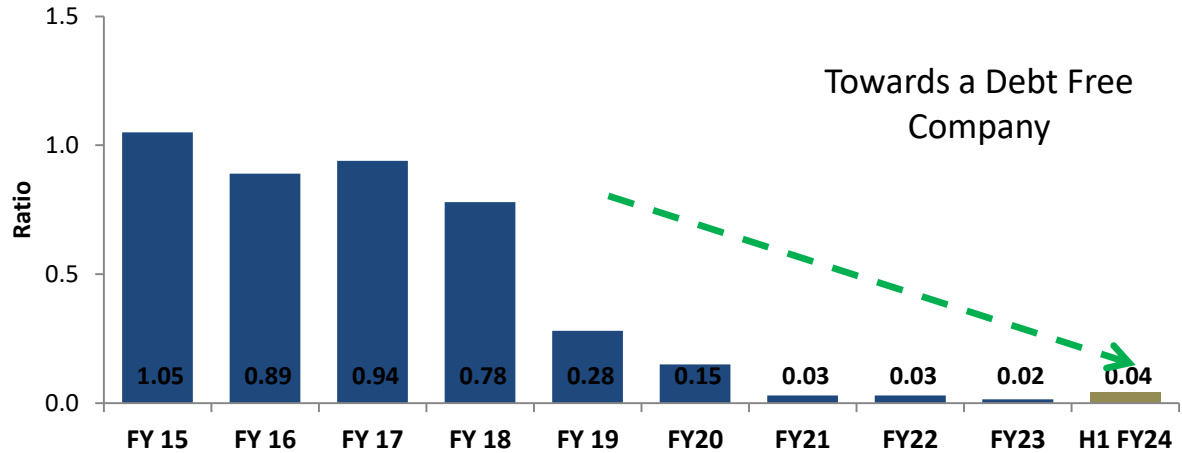
- Effective utilization of fixed-assets
- Product positioning and alignment of the capacity across all the plants for maximum utilisation
- Expansion in After market

LT Outlook

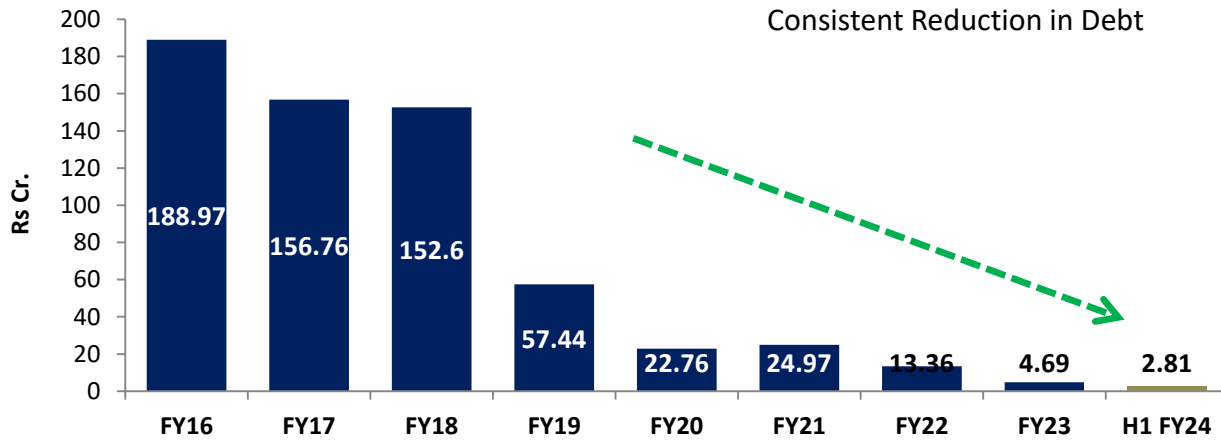
- Asset turnover will have continual Improvement with growth in Sales and rationalise Investment.

Earnings Growth Resulting in Deleveraging

Improvement in Debt to Equity



Long Term Borrowing trend



Improvement by reduction in Borrowings and repayment of loans

Growth Drivers

Performance

- Higher consistent Cash accruals resulting low debts.
- It has improved to 0.02 times in FY23 after repayment of term loans & efficient management of funds

Initiatives

- Better Capex and working capital management out of cash accruals

LT Outlook

- Working capital loans will remain
- Planning capital expenditure out of cash accruals

Growth Drivers

Performance

- Higher consistent Cash accruals
- Control over the new capex

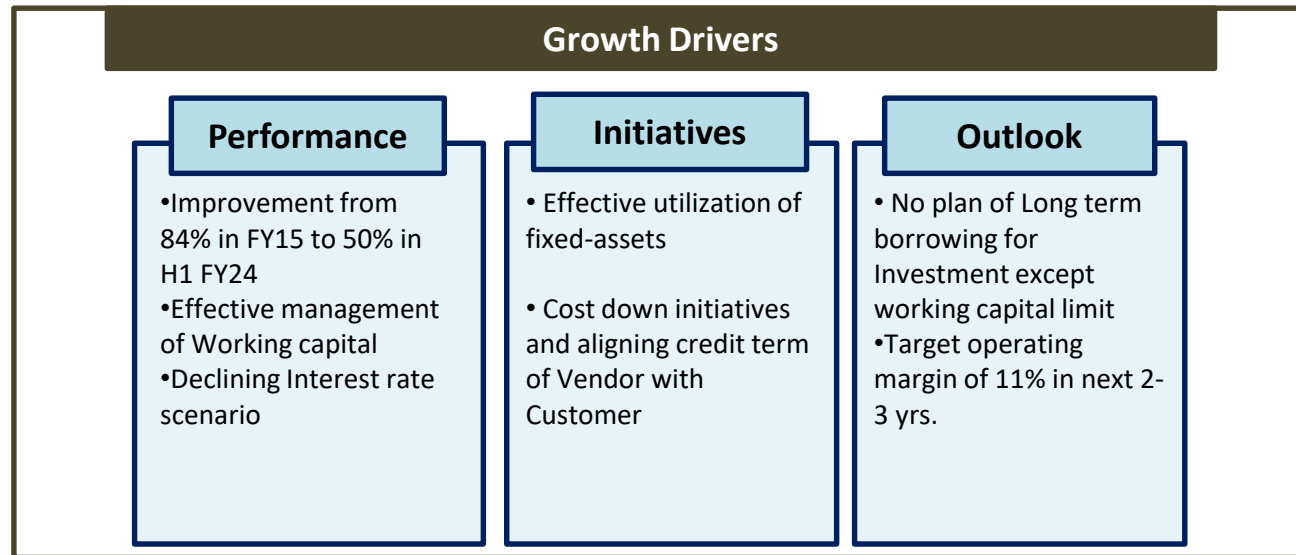
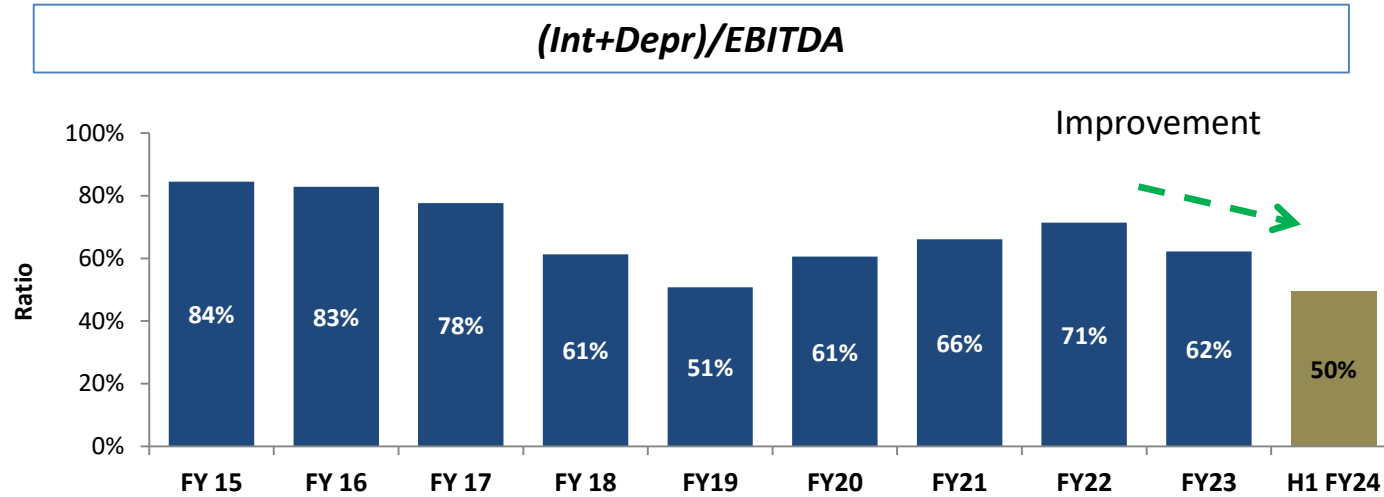
Initiatives

- Capacity enhancement thru Cycle time reduction of M/c and maximise production
- Effective Working Capital management

LT Outlook

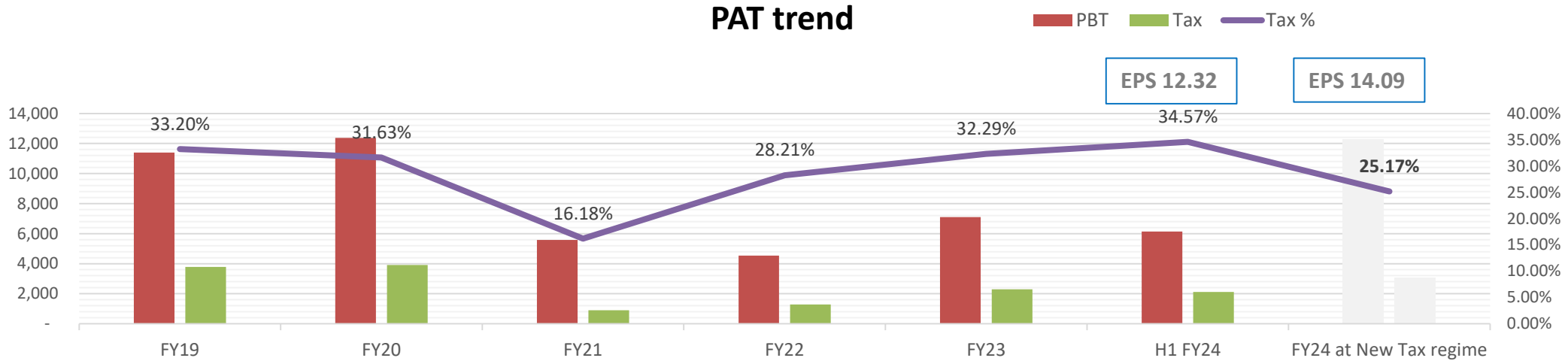
- All New Capex Investment out of internal cash accruals except major expansion on technology

Earnings Growth Resulting in Deleveraging



Earnings Growth Resulting in PAT reduction & EPS improvement

PAT and EPS



Growth Drivers

Performance

- Gradual Improvement in profit before tax due to Industry growth and new businesses and product domain,
- Tax rate was at 30% plus surcharge & Cess due to accumulation of MAT.

Initiatives

- Improvement in Margins coupled with cost reduction and increased revenue.
- MAT outflow to decline and gradually reduced. It will be utilized in FY 2023-24

Outlook

- WEF 01/04/2024, co will move to rationalized tax rate @ 22% plus surcharge & cess. Positive impact on EPS by Rs 1.77 per share.
- With projected profitability it will further improve drastically

EPS is annualised based on H1 FY24 performance

Presentation Outline

01



Subros an update

(Company Profile)

02



Industry update and Business Performance

(Automotive Industry status and key drivers)

03



Business Outlook

(Key Indicators, Strategic Initiatives etc)

Subros

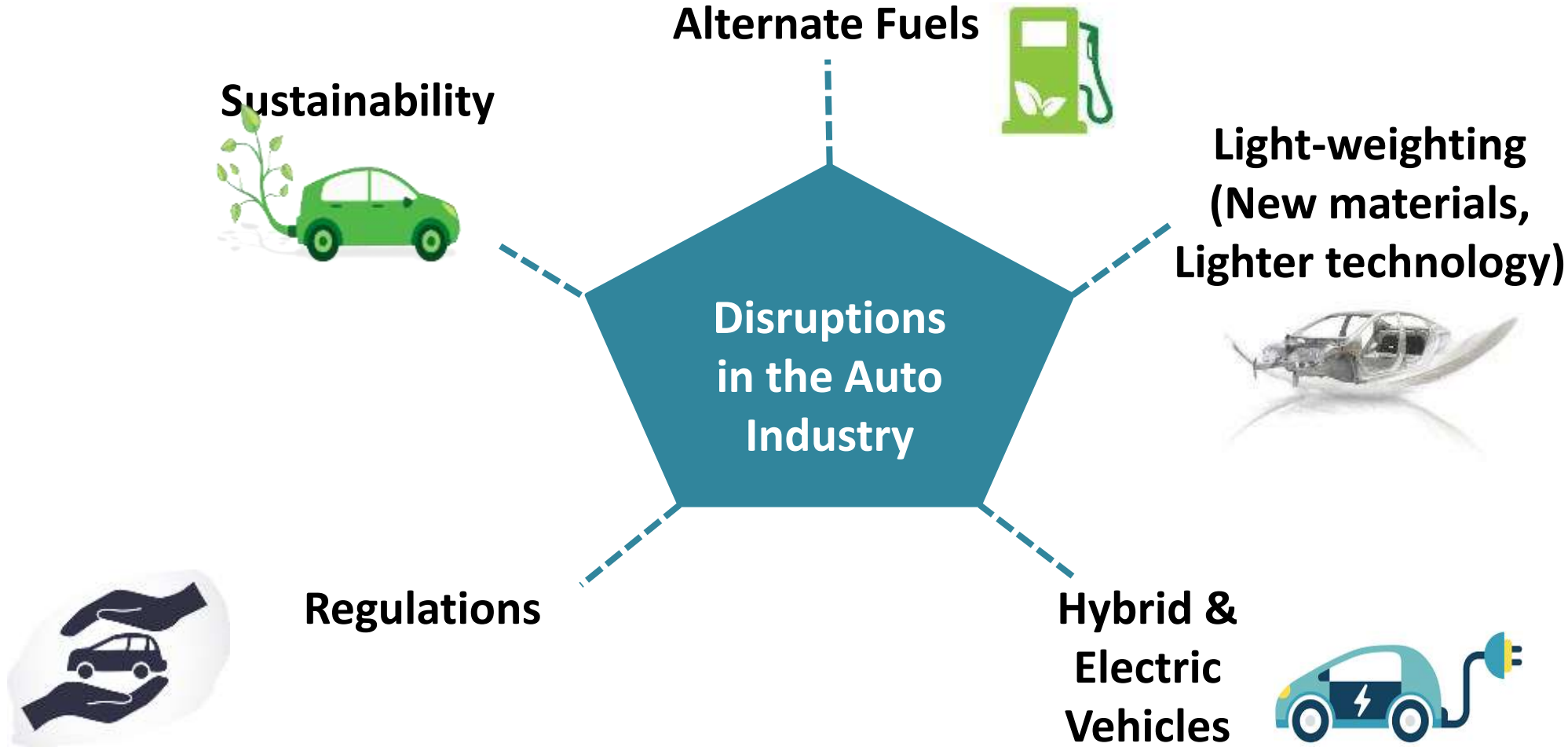


Cooling the Planet



Business Outlook

Future Disruptions



Capability , Capacity & Collaboration are key actions to manage these disruptions

Long Term Outlook



Growing income

3X increase in average household income (MIG) from \$6,393 in 2010 to \$18,448 in 2020

Youngest Nation' by 2025

India to become the youngest nation by 2025 with an average age of 25 years

Vehicle penetration (India 32 Cars/1K)

Expected to reach 72 vehicles per 1000 people by 2030 (China 173/1000)

Mobility status

- 7 % of the population owning car
- 33% population owning 2 Wheeler

Atamirbhar Bharat

- Self Reliant India
- Localisation
- China +1

Expanding R&D hub

- India accounts for 40% of total \$31 Bn of global engineering and R&D spend.
- 8% of the country's R&D expenditure is in the automotive sector.

Economic Indicators

Indian Economy is the 5th largest in the world

| Year | 1990 | 2020 | 2030 |
|----------------|------------------|-----------------|------------------------|
| Global Ranking | 15 th | 5 th | 2nd or 3rd (Estimates) |

| | |
|--|---|
| Core Sector | The automobile Industry in India is contribute 49% of India manufacturing GDP and 7.5% to total overall GDP |
| Opportunities | India has the world's largest youth population (261 Mn) - critical role in achieving US\$ 5 trillion economy |
| Rising Investment | High FDI inflow – USD 30.78 Bn (2000~2021), 8-10USD Bn expected by 2023 |
| Opportunities in adjacent sectors in India: Multiple adjacent sectors where auto suppliers can deploy their capacities... | <ul style="list-style-type: none"> • Construction & Mining Equipment (Industry size ~5B\$ and projected CAGR 7~8% by FY2030) • Power Generation – Diesel genset ((Industry size ~1B\$ and projected CAGR 5~6% by FY2030) • Farm Equipment – tractors (Industry size ~11B\$ and projected CAGR 5~6% by FY2030) • Railway Equipment – rolling stock (Industry size ~3B\$ and projected CAGR 6~7% by FY2030) <p>(Adjacent sector growth has always direct impact on mobility sector as purchase power improve for those working in such sectors)</p> |

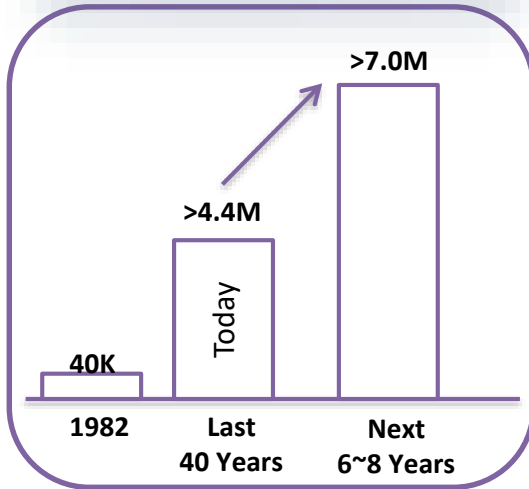
Long Term Outlook

Overall Market → ~ 26 Million Automobile production (all mobility)(FY23) → increase to 47 Million(FY30) → CAGR~7%- **3rd Largest in P{V Vehicle production**

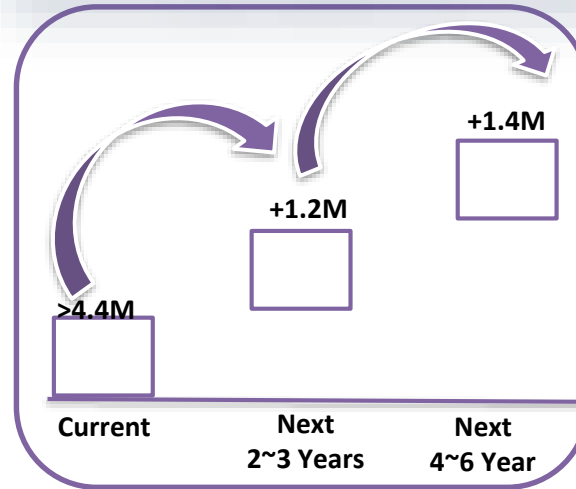
Car Segment

- SUV segment vehicle and Fuel Efficiency are key preferences of buyers.
- **SUV may contribute >60% of the total car sales by FY (55% SUV sale now)**
- Small Car share is decreasing. MSIL and Hyundai are major small car makers now.
- CNG fuel as intermediate is also rapidly growing(200% growth YOY).

Indian Market - PV's

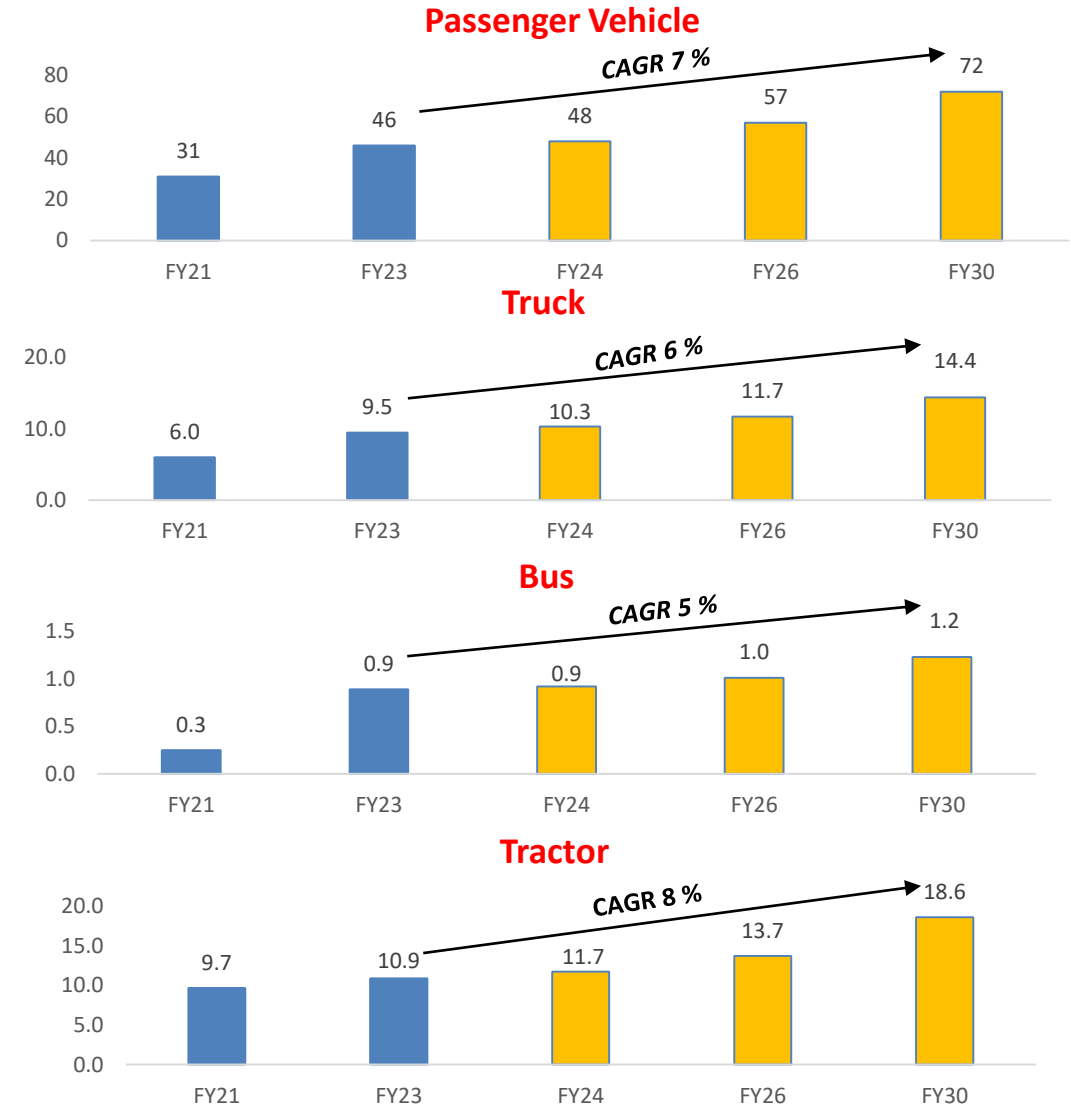


Indian Market Future Growth Per Year



Opportunities for Subros for growth

Sales (Qty) figures in Lacs



Source based on SIAM and various other research papers

Future Trends impacting Auto Component Industry

Trends could give rise to attractive opportunities for auto component manufacturers

Shifting Market Dynamics

Make in India for India and for world

Premium and convenience features

Traceability and Zero defects

Volatility and forecast ability

Suppliers integrating across value chain

Expansion to adjacent industries

Changing OEM Needs

Platform consolidation

Shorter product lifecycle

Increase usage of electronics

Tier 1 rationalization

Tier 2 Quality

Technology

ACES to gain pace

Industry 4.0

Advanced materials

Mobility as a service

Electrification

Regulations

Emissions –RDE, FAME II

Safety – Braking, Cabin, Roll over protection

Scrappage – Lead use, Reverse value chain

Dynamic global trade policies

Short Term Outlook

Demand Momentum

Domestic demand remains healthy; however, export environment appears gloomy



6-9%



Domestic OE

2 -4%



Exports

10-12%



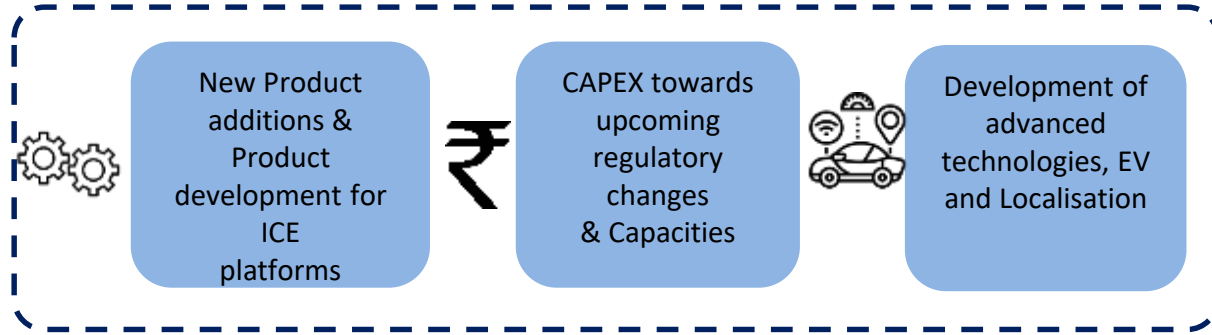
Domestic Aftermarket

8~10%



Electrification

- Revenue growth of 6-8% for auto ancillaries in FY2024.
- While demand is expected to remain healthy, the growth will be weighed in by the high base of FY2023.
- Demand will largely stem from the domestic market, amidst weak export environment.



Changes in regulatory norms – especially in safety and emission

Premiumisation of vehicles

Improved exports potential

EV opportunities

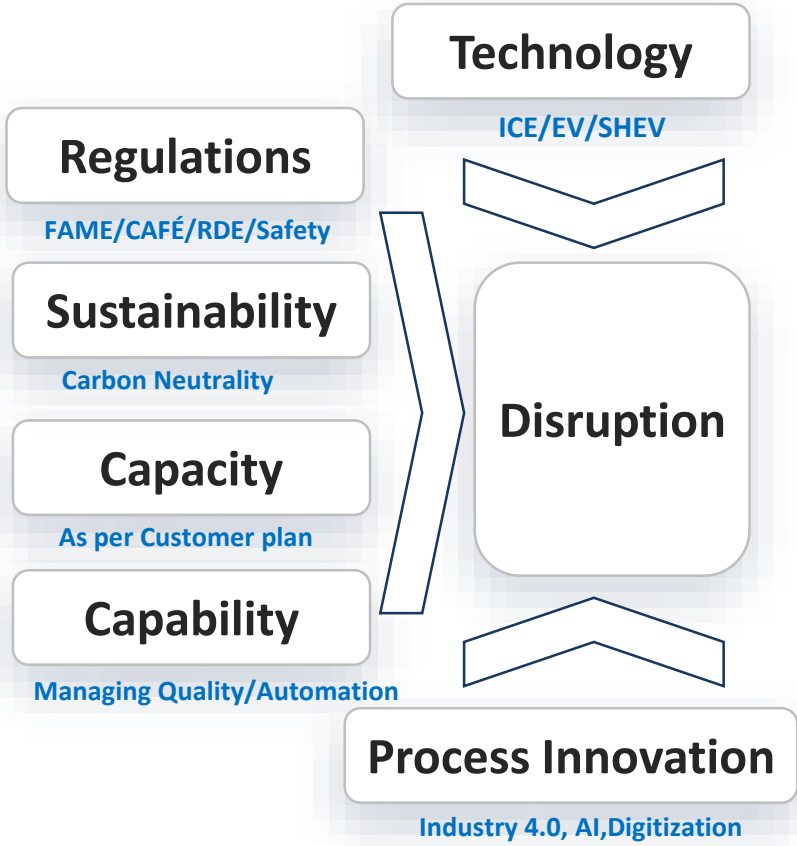
Localisation



Subros Long Term Approach

Comprehensive approach for Long Term to be considered by Subros to remain market leader by having ~45% market share in PV Thermal Products with Improved Profitability (EBIDTA>10%)

Managing Disruption



Opportunities



Vision of Subros

Renewed approach in view of changing industry scenario

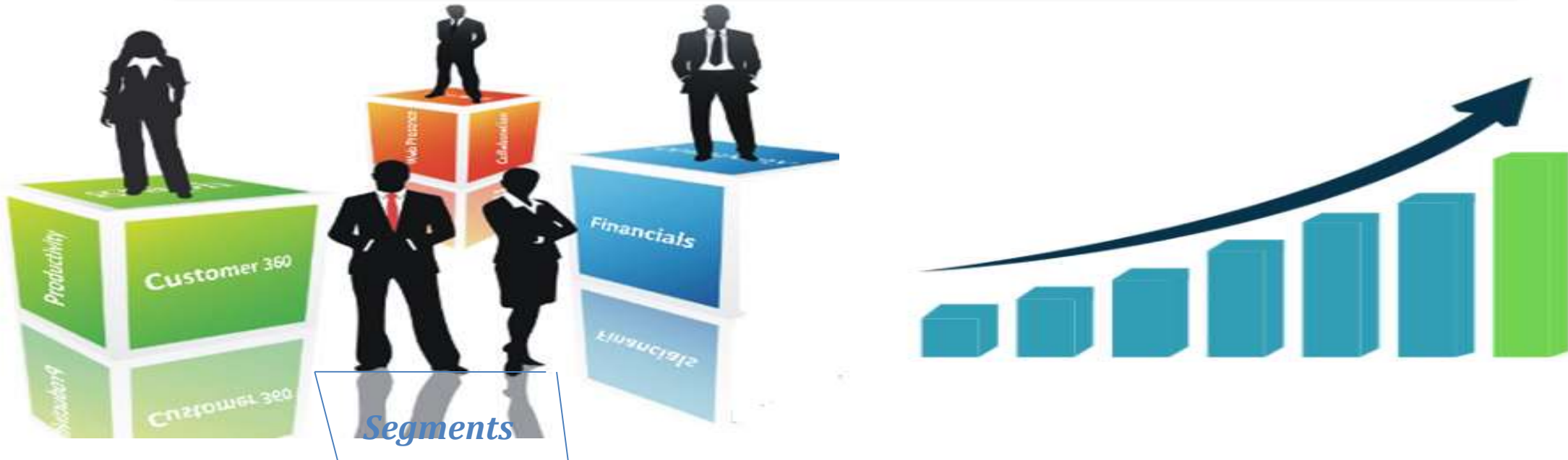


Renewed Vision, Speed of Decisions, New way of Industrialization

Source based on SIAM and various other research papers

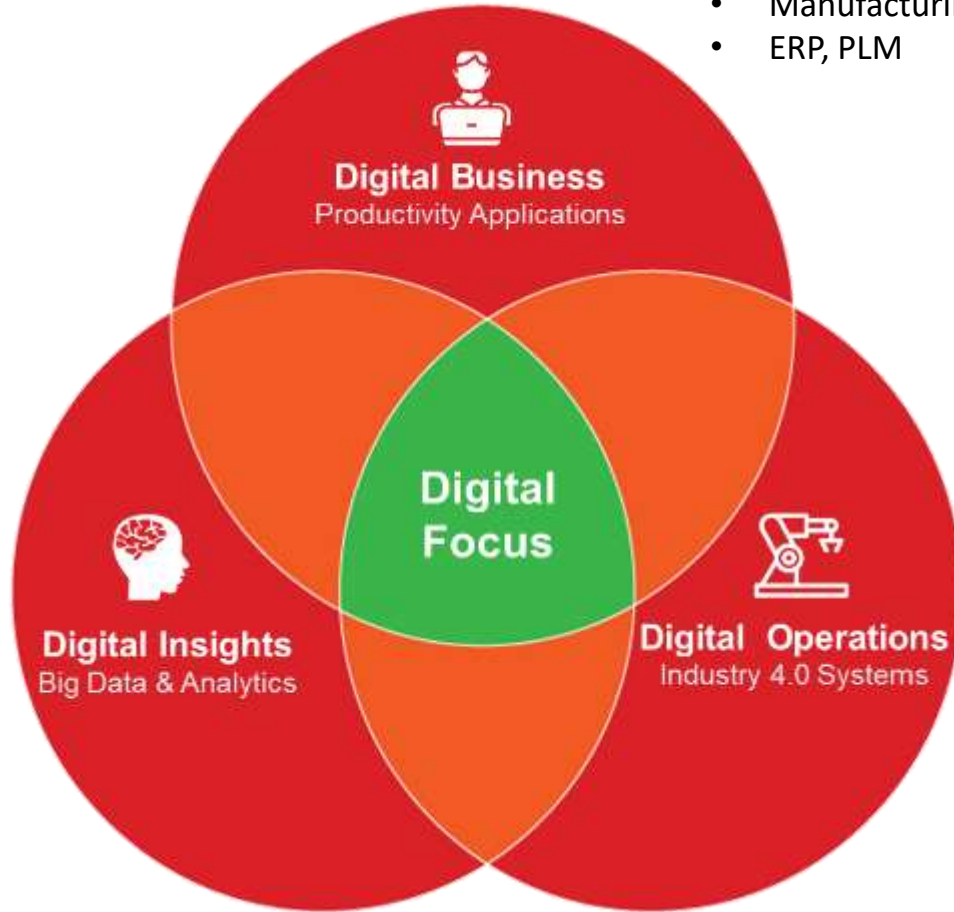


Key Initiatives and Segment Expansion Plan



Digitalization and Automation

- Business process Automation-
- Manufacturing Process Automation
- ERP, PLM



- IIOT -Electronics & Sensors
- Artificial Intelligence
- Machine Learning
- Programmable



Drive Efficiency Gains



Support Evolving Business Model



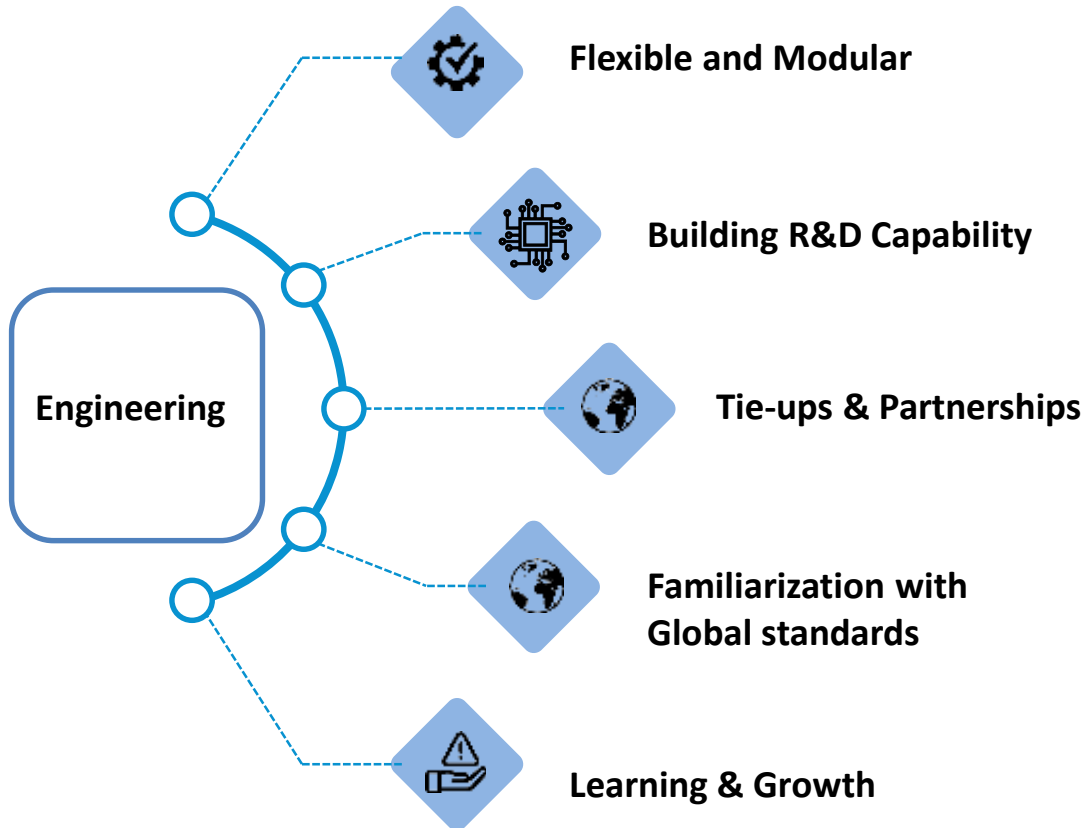
Enable Controls



Data Driven Decision making

Investing in Local D&D and R&D

Re-Imagining Engineering



Localise D&D ---->>> R&D

Design and Development

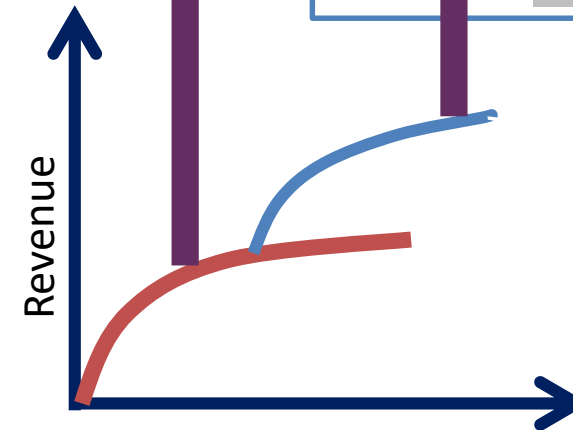
- Go Local
- Develop As Is
- Learn in the process
- Develop standards

Value

Research and Development

- Incremental Improvement
- Innovate
- Test to convince customer
- Collaborate with Institutes

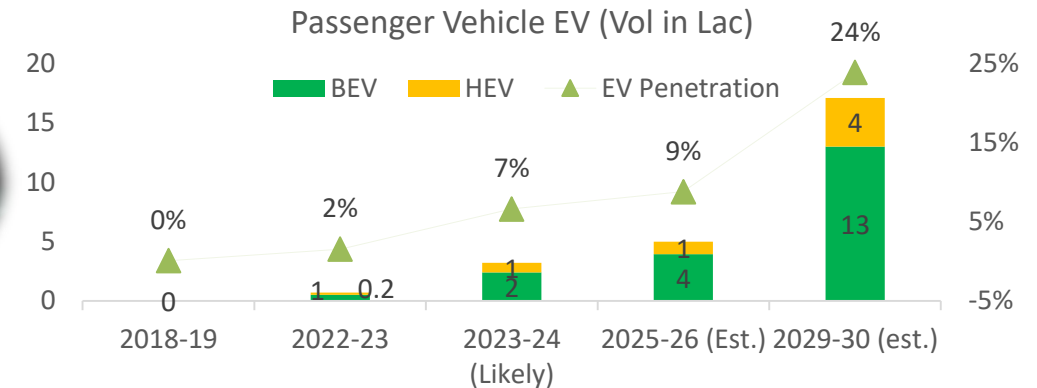
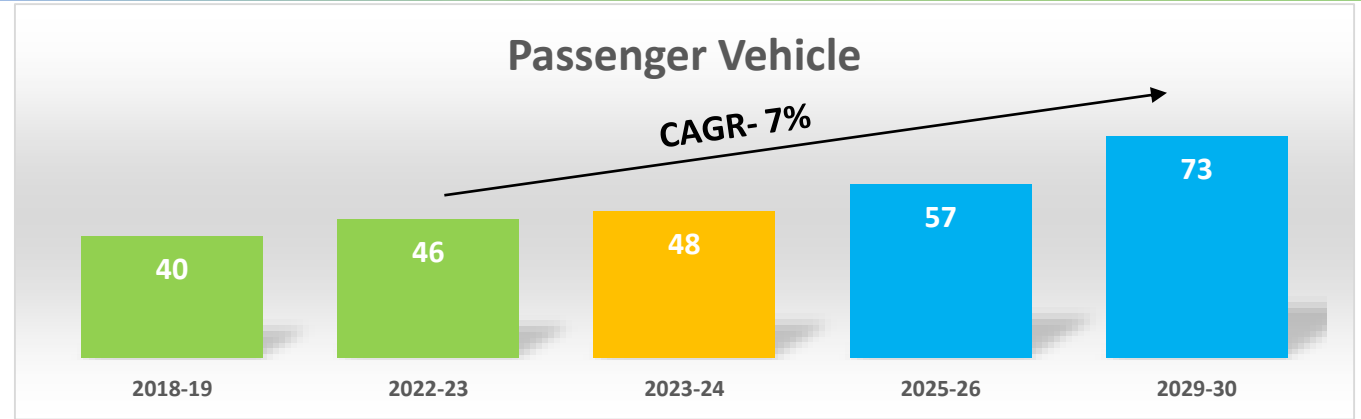
Growth



“Supports in Attracting and Retaining Talent”

PV Segment (ICE, Hybrid, EV ...)

- India's Uniqueness - Dominance of IC Engine will continue in PV segment
- Uncertainty and volatility are now the new normal.
- Planning for growth is not new, but what's new is that volatility implies a trade-off situation between investing for the future vis-à-vis staying afloat – which is further accentuated with the market disruption impacting management decisions.

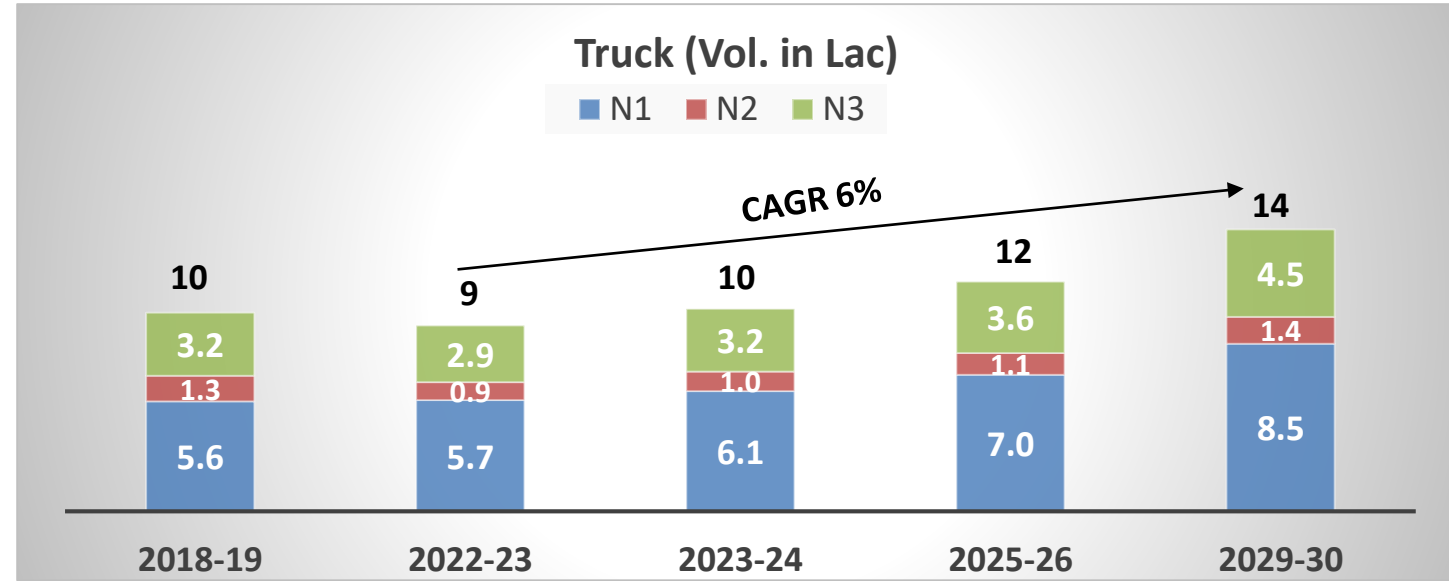


- Hybrid & BEV Penetration to increase in coming years
- Focus on Complete Battery Electric Vehicle & Strong Hybrid (mainly from Japanese OEM)
- EV Penetration in PV Industry is likely to be around ~20 %
- Major Change in Thermal Management System. New products like E-Compressor, Chillers, Brushless Motors

The market potential till FY 2030 is an opportunity for Subros growth (Revenue and Share of Business)

CV Truck Segment

- Commercial Vehicle Industry is Growing in both the Segment for M&HCV and LCV and reached to Pre-Pandemic Levels
- Industry is expected to Grow @ CAGR of 6%
- N2 & N3 Category of CV segment falls under the regulation of forced ventilation since 2018
- N1 (Small Pickup) AC penetration increasing ~10%
- Regulation of forced Air Conditioning in N2 & N3 Category is expected to implement from 1st Jan'25 (100% AC penetration)**

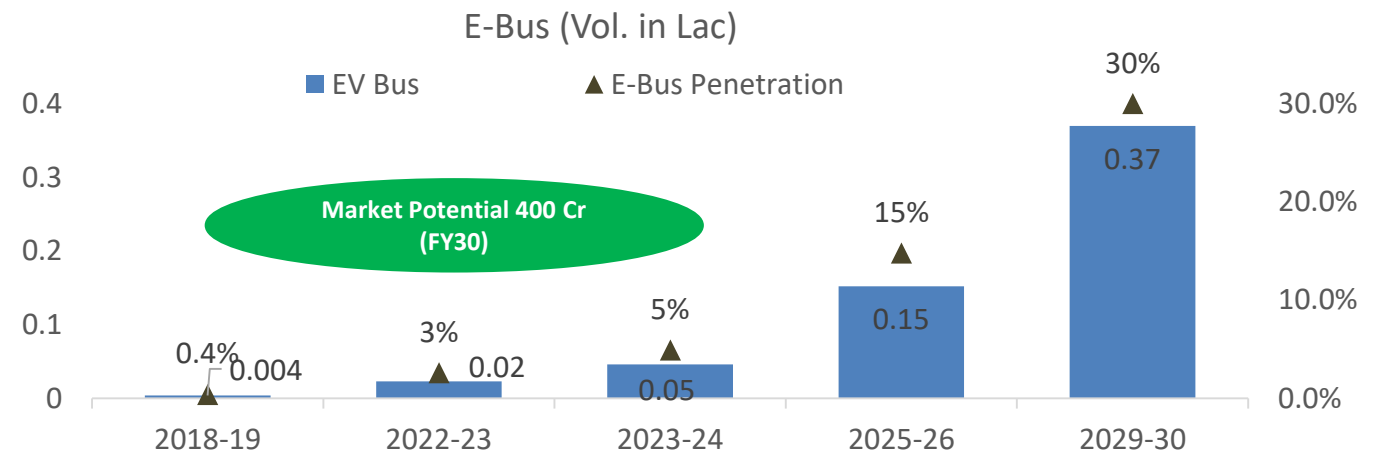
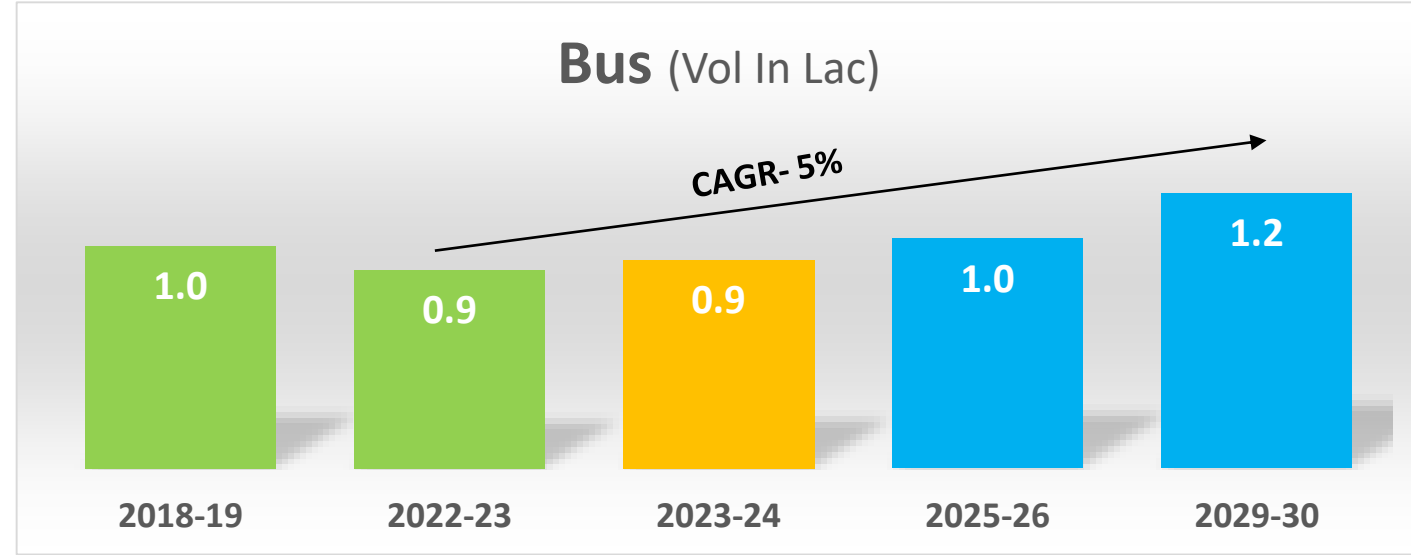


- Ac fitment ratio is going to be 100% from Jan,2025 on N2 & N3 as per new Notification , which is beneficial for Subros.
- Subros is current supplier of TML running models, this will directly benefit Subros (around current 25% AC penetration to 100% AC penetration)
- Focus on Modular products resulting price competitive with low Investment is the key to sustain and improve Subros presence in this segment including customer expansion

***This segment has potential for revenue >150Cr for Subros
(2 x growth in next 2~3 Years)***

Bus AC Segment

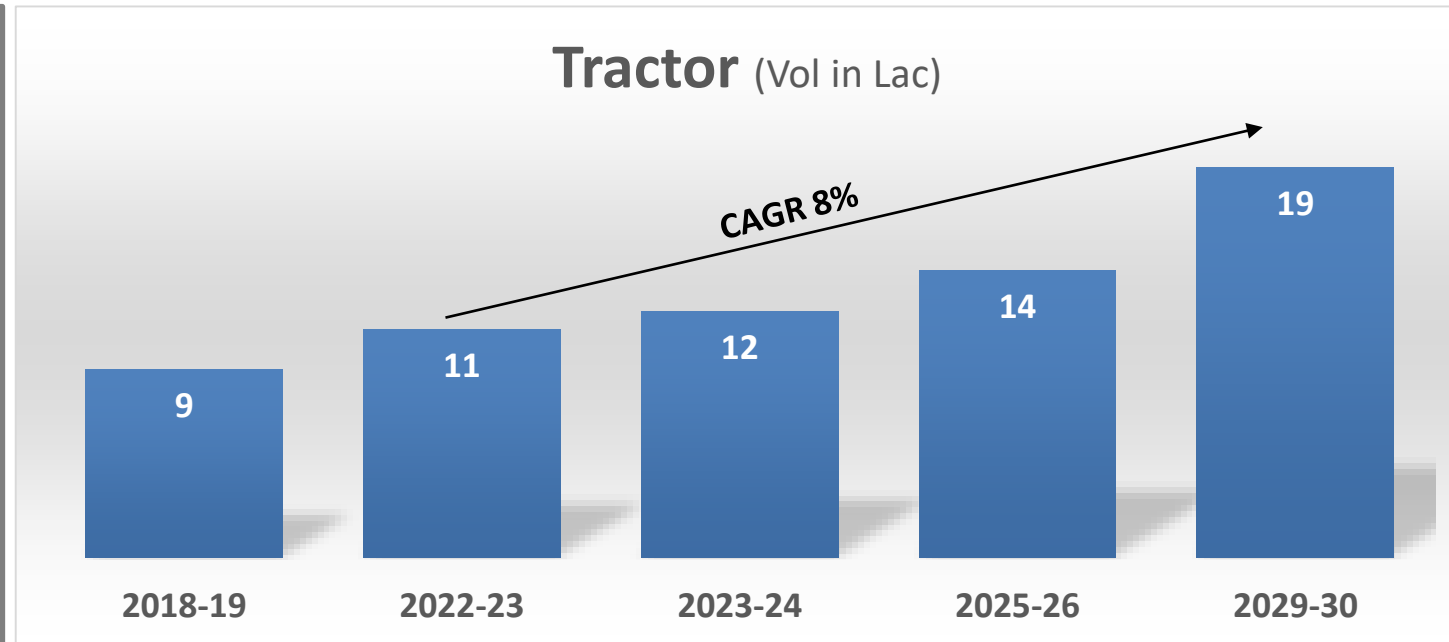
- Passenger Carrier industry is expected to grow at CAGR of 5% from FY 23 to FY30
- Structural shift will have main impact on Passenger Carrier industry growth, with policies like Make in India
- Modular design to offer on multiple models
- AC Penetration in ICE is ~20% of total volume
- Alternate Fuel Hydrogen, EV and ICE base technologies
- Govt. push on infrastructure (Ambulance for medical facilities)



This segment has potential for revenue 35 Cr (CY) to >100Cr for Subros (3 x growth in next 3~4 Years)

Tractor Thermal Segment

- In India Agriculture is Primary source of livelihood for 55% of Population
- Tractor Industry is one of most promising Industry of Indian Economy
- USA - largest export market for India mainly with AC cabin. AC penetration is ~1%
- Major export 50+ HP - 61%, followed by 41-50HP - 25%



| | |
|-----------------------|---|
| Growing Demand | <ul style="list-style-type: none"> • Govt. Incentive for Agri Sector • Positive farm sentiments on account of better crop profitability • High government support through income support schemes |
| Opportunities | <ul style="list-style-type: none"> • AC cabin and Radiator are key products • SOP of K2 radiator & AC kit for export markets • Tractor Radiator business expansion |

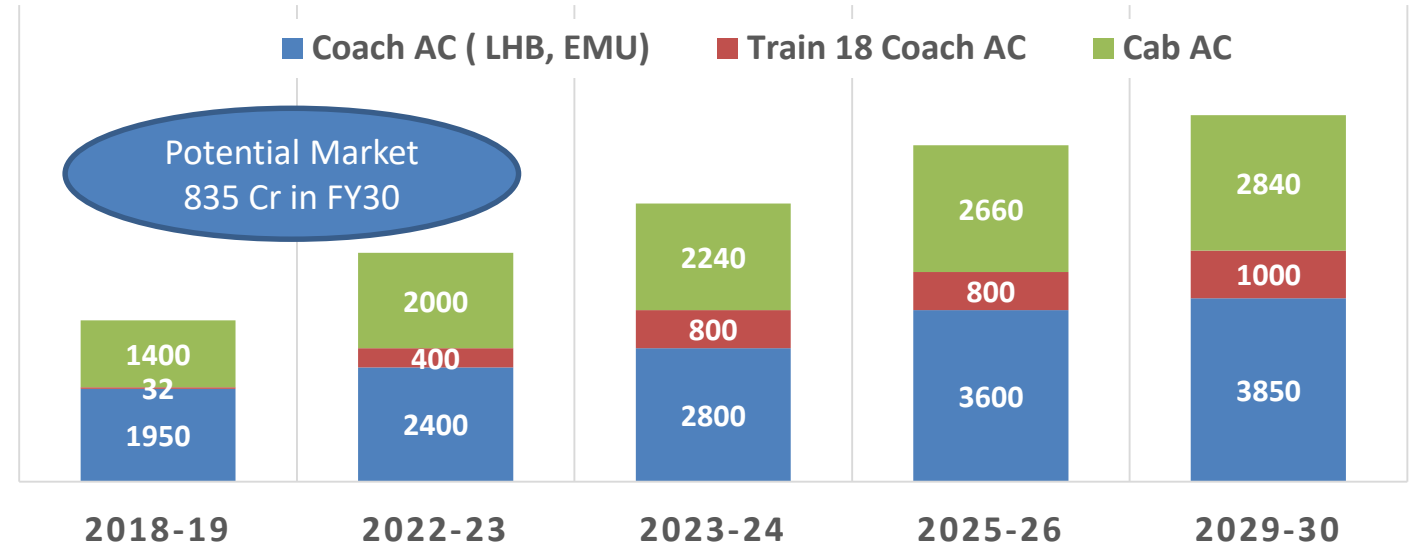
***This segment has potential for revenue 3 Cr (CY) to >20Cr for Subros
(7 x growth in next 3~4 Years)***

Railway AC Business

- India has the fourth largest railway network
- India is projected to account for 40% of the total global share of rail activity by 2050.
- Government has allowed 100% FDI in the railways
- Indian railways planned to attain 40% share of freight
- AC mandatory for Driver cabin in all type of locomotives in production



RAIL AC

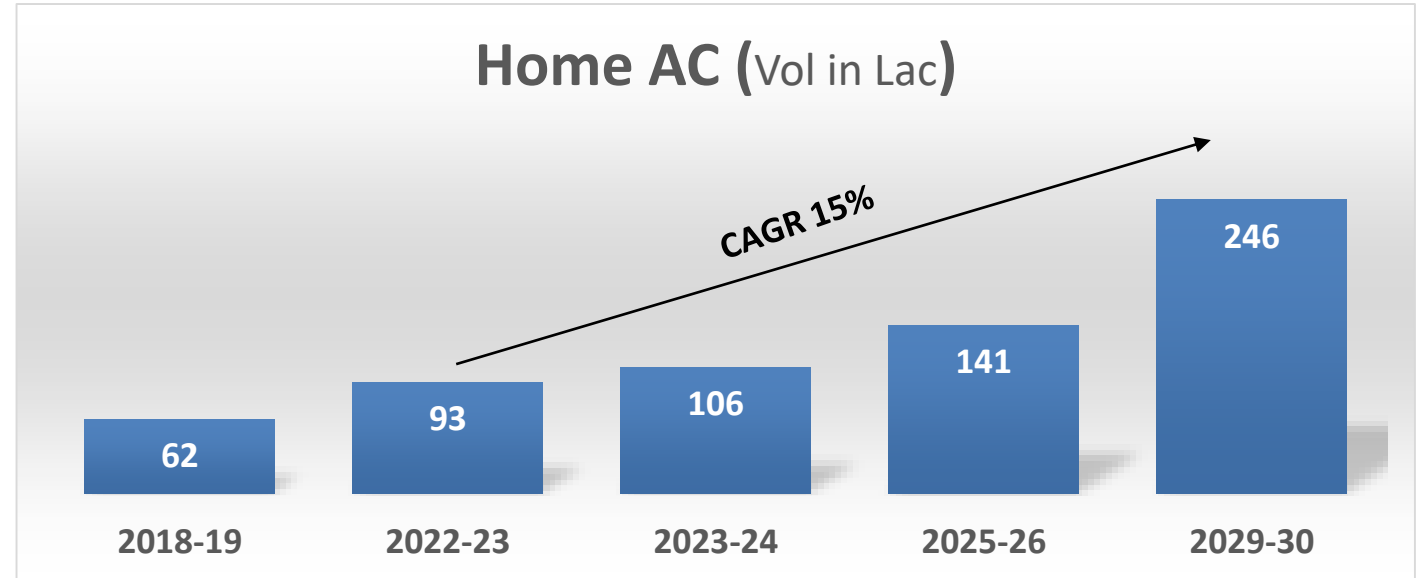


| | |
|-----------------------|--|
| Growing Demand | <ul style="list-style-type: none"> • Increasing urbanization and rising income (both urban and rural) is driving growth in the rail segment • AC Penetration in coaches increasing from >30% of total coach Production • Introduction of urban mass transportation & high-speed trains (like Vande Bharat) |
| Opportunities | <ul style="list-style-type: none"> • AC for driver Cabin, Coach and AMC Business are Key Revenue streams • Start of supplies for Coach AC and New business conversion • Penetration into Metro segment |

Targeting annual revenue of more than 75 cr in next 3-4 years from Rail segment

Home AC

- India is fastest growing market for RAC products
- Current market size stands close to 1Mn units (FY23)
- China + 1 Policy presents export opportunity to Indian Manufacturers
- Low penetration (<10%) of RAC in Indian household creates unique opportunity of growth
- Split AC with Inverter Technology is key business opportunities for Subros



| | |
|------------------------------|---|
| <p>Growing Demand</p> | <ul style="list-style-type: none"> • Rising Temperature, High Disposable income, Power availability, Low penetration of AC in India • OEMs have economies of scale with Qualitative manufacturing facility & R&D • OEMs are backward integrated with flexibility, Nimble operations & better timelines |
| <p>Opportunities</p> | <ul style="list-style-type: none"> • Aftermarket Spare Part sale (IDU / Coil / Condensing Unit) • Commercial AC Range Development (Chill Water IDU / 2 Fan ODU / Condensing Units) • First entrant in Aluminum Coil Market as Product rating becomes stringent by GOI |

Summary

Business Excellence thru Sustainability : Revival and Growth

| | | Key Drivers | Mid Term targets |
|---|---|---|--|
| 1 | Revival EBIDTA and Profitability (Aggressive Recovery Plan) | Material Cost reduction Efficiency Improvement Optimum Utilisation of Resources | ~10% EBIDTA ~6% PBT ~15% EV/SHE Business De-risking of overdependence Bus, Rail, After Market Key Focus segment |
| 2 | Growth (Sustainable Technologies) Comprehensive Business Development De-risking /Overdependency from TEB1 | EV/Hybrid Penetration Growth in overall business Growth in Non Car Business | ZERO Risk Policy for Business Continuity Industry 4.0 and Automation projects to minimize Man Dependency & improve productivity |
| 3 | Business Excellence Best use of Resources (5M's) | Quality (Zero Defect) De-risking Supply Chain Low Cost Automation Digital Strategy | |

Thank You

Subros



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