



NDR AUTO COMPONENTS LIMITED

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Sub: Transcript of the Earning/Quarterly Call Q3 And Nine Months Of FY 2024-25

Dear Sir/Madam,

Pursuant to the provision of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith the transcript of the earnings/quarterly call Q3 and nine months of FY 2024-25.

The same is also available on the website of the Company.

Kindly take the same on your record.

**Thanking You
For NDR Auto Components Limited**

**Rajat Bhandari
Executive Director and Company Secretary
DIN: 02154950
Encl: As above**



NDR Auto Components Limited

Q3 and 9 Months FY'25 Earnings Conference Call Transcript

February 12, 2025

Rishab Barar: Good day everyone, and a warm welcome to all of you participating in the Q3 and 9 Months FY'25 Earnings Conference Call of NDR Auto Components Limited.

We have with us today on the call, Mr. Pranav Relan – Whole-Time Director, Mr. Vikram Krishan Rathi – Vice President (Finance), Mr. Rakesh Rustagi – GM (Finance and Accounts), and Mr. Rajat Bhandari – Executive Director and Company Secretary, along with other members of the senior management team.

Before we begin, I would like to mention that some statements made in today's discussion may be forward-looking in nature and are subject to risks and uncertainties. A statement in this regard is available in the Q3 and 9 Months FY'25 "Earnings Presentation" shared with you earlier.

We will start this call with opening remarks from the Management, following which we will have an interactive question-and-answer session.

I now request Mr. Pranav Relan to share some perspectives with you with regard to the operations and outlook for the business. Over to you, sir.

Pranav Relan: Good day everyone, and a warm welcome to our Q3 and 9 Months FY'25 Conference Call.

Let me start by quickly going through our financial performance for the Quarter under review.

Q3 FY'25 total income stood at Rs. 176.22 crore, a growth of 25%. EBITDA at Rs. 19.61 crore, growth of 43%. EBITDA margins at 11.13% and PAT for Q3 FY '25 at Rs. 13.39 crore, which is higher by 57% as compared to the corresponding quarter last year.

Nine-month FY '25 total income stood at Rs. 523.87 crore, a growth of 22%. EBITDA at Rs. 55.79 crore, growth of 31%. EBITDA margins at 10.65% and PAT for 9-month FY '25 at Rs. 36.87 crore, which is higher by 36% as compared to the corresponding 9-month FY '24 last year.



Our EBITDA margins and return ratios are the highest in the Company's history. Margins stand at 11.13% in Q3 FY '25 and ROE and ROCE for the 9 months under review stood at 21.13% and 26.93%, respectively.

Our results are driven by a combination of increasing proportion of innovation and value addition in our offering and a continued emphasis on operating efficiencies. The performance of our OEM partners too, as you would know, is also strong, translating to healthy order flow. Sales of Seating Solutions to Kia have commenced in December 2024.

I am happy to announce that we have entered into a collaboration with Toyota Tsusho India and Toyotsu Vehitecs Company for the manufacture of seat insert fabrics with technical assistance from Toyota Tsusho India. This collaboration is in line with NDR Auto's strategy of being at the forefront of technology changes and innovation in the auto component space.

With Indian companies increasingly exploring localized options that can commit to quality, timely and cost-effective solutions, we are excited about the prospects for the seat fabric.

Going forward, there will be six airbags implemented across all cars, of which two will be implemented in seats, and this is where the applicability of seat inserts comes into picture. Seat inserts provide strength to PU pad so that proper deployment of the airbag can be done. The function of the product is when the accident takes place, seat insert helps deployment of the airbag without distortion of the PUs.

TVC has a global patent for the manufacture of seat inserts fabric which is used in the manufacture of PU pads for the front seat of the airbag variants of the vehicles. In India, the product is presently imported entirely by Toyota Tsusho. With regulatory changes making all airbags mandatory, there is a keenness amongst Japanese OEMs to have a local supplier to ensure supply continuity and lower cost.

We plan to invest Rs. 21.89 crore over the next two years and target to commence commercial production in July 2026. The payback period for the project is estimated to be 2.4 years. The revenue for FY '28 is expected to touch Rs. 100 crore.

I will end by saying that we are happy with our performance and look forward to maintaining this momentum. There are a number of opportunities in the auto component space, and we believe our capabilities and proven track offer us good runway for growth.

We will now be happy to discuss any thoughts or questions you may have.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Jatin Chawla from RTL Investments. Please go ahead.

Jatin Chawla: Good afternoon, and congratulations on another fantastic quarter. The first question is on this new JV. What's the structure? Is this a JV? It's a collaboration. What's the stake that NDR will have in this entity?

Pranav Relan: It's a technical assistance agreement. So, it's a 100% stake.



Jatin Chawla: So, okay, it's a 100% subsidiary that you are forming on this?

Pranav Relan: Yes.

Jatin Chawla: Right. And you will be paying some royalty to them for a technical assistance.

Pranav Relan: Yes.

Jatin Chawla: Got it. Will this product be used even if there are two airbags, or it's only when there are six airbags and passengers at the back also have an airbag is when this product will be used?

Pranav Relan: Six airbags is in the vehicle. Two are in the front seat. So, this will be used for the two in the front seat.

Jatin Chawla: No, my question was if there are only two airbags in the vehicle, then will this product be needed? I am just trying to understand what is the potential market size for this.

Pranav Relan: So, six airbags is in the complete vehicle. So, this is only for seats where there is airbags put. So, there are only two airbags that are put in seats.

Jatin Chawla: But in a vehicle which has only two airbags because that is what is mandatory, this will not be needed, right?

Pranav Relan: This will not be needed for that. But all the OEMs are adding this as a safety feature in all the vehicles.

Jatin Chawla: Okay. And typically, on a per-vehicle basis, what sort of content would this have?

Pranav Relan: So, this should be approximately Rs. 350 to Rs. 400.

Jatin Chawla: Got it. And when you say 100 crore revenue potential, will you need to invest further or this 22 crore of broadly investment that you are doing can itself yield 100 crore of revenues?

Pranav Relan: The 22 is good enough to yield 100 crore.

Jatin Chawla: Okay, good. So, the asset turns are like almost like 5x.

Pranav Relan: Yes, in terms of asset turnover.

Jatin Chawla: Got it. And this product will be a bought-out compound, so NDR, when it is providing a seating solution to the OEM will be buying it from this entity, right?

Pranav Relan: Yes, that's correct. So, this will go to us, it will go to all other Maruti suppliers and to all the Toyota suppliers also.

Jatin Chawla: Understood. And in terms of when I look at your margins for this quarter, there is a very strong 150 bps margin improvement on a Y-o-Y basis. So, what are the main drivers for this? And if you could quantify between premiumization and operating leverage, what is playing a larger role here?



Pranav Relan: So, there has been a continuous focus on cost reduction and operating leverage. Majority of it has come through cost reduction initiatives.

Jatin Chawla: Okay. And then, I think last quarter you said you can go to close to 12% margin. That can happen from, the existing initiatives itself like premiumization operating leverage and cost reduction or there is an element of backward integration as well that would be needed for the same.

Pranav Relan: No, so this is the cost for existing initiatives, cost reduction, operating leverage and premiumization.

Jatin Chawla: Got it. Thanks a lot.

Moderator: Thank you. Next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Yes, Namaskar, thank you for the opportunity. Sir, firstly, with this kind of tie-up with Toyota, which we are pursuing currently, do they have any this kind of arrangements with other players or it would be an exclusive one for Indian manufacturers?

Pranav Relan: We are the exclusive ones for the Indian manufacturers.

Saket Kapoor: Okay. And globally they have these kind of tie-ups or what the feedback is, if you can give some understanding, how successfully they have been able to implement or execute it? And also, the component of the airbag, how much would it contribute towards? I missed the numbers.

Pranav Relan: So, globally, they have a 100% Company in Vietnam and China that they currently import from to India. So, we are localizing it for them. And going forward, it will just be also going to be 100%. The content should be approximately Rs. 350 to Rs. 400.

Saket Kapoor: Sir, but can you just make me understand what does this Rs. 350 to Rs. 400 that is the value proposition that we are paying or the contribution margin or, what does this Rs. 300-400 for?

Pranav Relan: That's the content of the vehicle and into 3 million vehicles gives us approximately 100 crore revenue.

Saket Kapoor: Okay, sir. So, when we look at the RM composition, if you could give us some more understanding, I think, so the prices for RM has been benign. So, in that trend, that is going to be the way forward also, sir.

Pranav Relan: Yes, that is going to be the way forward.

Saket Kapoor: Okay. And if you could just further elaborate our journey in terms of this increase in the EBITDA margin percentage going ahead, so, what should we be looking for FY '26 and FY '27 in terms of the EBITDA percentage going up from, I think so nine months, we did around 10.7, if I am not wrong? Where should we head? And I think the Q4 last year was also a really good quarter. So, the trend which we have for the nine months, how confident are you that we will be replicating or improving on the same for the year ending also for the last quarter of this financial year?



Pranav Relan: So, we are quite confident to achieve our margins. For FY '26, I think we should hit the 11% mark. And for FY '27, we are targeting the 12% EBITDA margin.

Saket Kapoor: Okay. And lastly, sir, for the product introduction part, for the next year, what will be the new variant? I think the Kia part of the story will start to play out next year or if you could just explain to us what would be the value, the volume addition we will expect for the next financial year and the product addition also?

Pranav Relan: So, Kia has already started in December. January, I think it will come completely into swing. For next year, there is a shade business that is starting, and there is a new Maruti vehicle that is starting, and we have some BIW business that is starting. So, we should probably add 250-300 crore of revenue next year.

Saket Kapoor: Okay. So, on an annual turnover 250 crore to 300 should be the additional turnover that we are anticipating for the next year.

Pranav Relan: Whatever number we close at this year, you can add 250-300 crore to that.

Saket Kapoor: Okay. Right. And sir, when we look at our share of profit from associates, do we participate in their expansion initiatives also or in terms of contribution or are they only the equity part of the story and only we are just it's a line item for us in terms of the compliances in consolidation?

Pranav Relan: So, we participate in both. Our management is active. For NDR, we have separate management. For BSL, we have separate management. But we participate in both.

Saket Kapoor: Okay. Sir, can you elaborate more on how our JV partner, or the associates are also going to transcend the road journey? I think so far the joint ventures are the ones which we have at nascent stages. But associate, I think so, I are the matured story. So, what should we look forward there? How are their contribution likely to shape up for the coming fiscal year?

Pranav Relan: So, seat getting premiumization will definitely come over there. In addition, we are also focusing on margin expansion over there, and we are also working on expanding our market share in Maruti. So, all three.

Saket Kapoor: And, although we are dealing with the market leaders, but then also for the client concentration rates, what are the things in the anvil in terms of other OEMs like Tata and Mahindra? Do we have that leeway of entering into their domain also or we are mainly concentrated towards the Maruti, Toyota and now the Kia part of the story going ahead?

Pranav Relan: So, Maruti, Toyota, Kia is something we are definitely focusing on. We have something in play for Tata and other OEMs, but it's too premature to talk about that.

Saket Kapoor: Okay.

Pranav Relan: So, we are looking forward, we are working on the same. As and when the things mature or take shape, then we will be submitting on those things.

Saket Kapoor: And lastly, sir, if you could give some color on the cash balance, what we have as on 31st December and our cash conversion cycle also, the receivable days?



Pranav Relan: Cash balance should be the same, similar last quarter. It was 50 to 40 crore and cash conversion cycle I will get back to you. There is no change. There is not much change from last quarter.

Saket Kapoor: Okay, sir. And sir, you have also spoken about this appointment of Mr. Rathi. This is only for the CFO post that got vacant.

Pranav Relan: Yes.

Saket Kapoor: Sir, as he has also served for the Uno Minda Limited also earlier, so he will be only in the finance domain or also in the operational part of the business also because of his expertise?

Pranav Relan: He will be a CFO. He will be in the finance function

Saket Kapoor: Great. Yes. Thank you, sir. I will join the queue.

Moderator: Thank you. We will take a follow-up question from the line of Jatin Chawla from RTL Investments. Please go ahead.

Jatin Chawla: Yes. Just a follow-up on the Kia order which has started. I think it must be for the Syros, which has just got recently launched. So, how are you seeing in terms of production volumes for that vehicle? Are they in line with what you had expected when the order was given?

Pranav Relan: Yes, they seem to be, the ramp-up seems to be quite aggressive at the moment.

Jatin Chawla: Got it, got it. And Maruti's EV, is this the E-Vitara, which is kind of just started hitting dealerships?

Pranav Relan: Yes, that's the one that we are on board.

Jatin Chawla: Right. And for that also production would have started in Jan, right? So, we should see a full quarter in March.

Pranav Relan: Yes, it starts this quarter. I think they have a slower ramp up. That's the only thing.

Jatin Chawla: Okay. And sun shade, when is that starting?

Pranav Relan: For the New Grand Vitara minor change. So, I think that should be March. Yes.

Jatin Chawla: Okay. Got it. And I think couple of days back, there was an announcement on a creation of an ESOP pool of about 250,000 shares. If you could just elaborate on what sort of employees are being given the plan, and what's the thought process on this?

Pranav Relan: So, it's going to be for the key employees. We will share that a little later.

Jatin Chawla: Okay, got it. So, for next year, essentially the key drivers would be this Kia and Maruti order, then the sun shade, BIW and some regulatory changes also that are happening from the middle of the year, right?



Pranav Relan: Yes.

Jatin Chawla: Okay. And with Kia, now that the orders have started, any further discussion in terms of any new orders going forward?

Pranav Relan: So, we are in continuous discussions. Once something happens, then we will let you know.

Jatin Chawla: Got it. Thanks. Thanks a lot.

Moderator: Thank you. We will take our next question from the line of Hitesh Goel from Riddish Advisors. Please go ahead.

Hitesh Goel: Thanks, Pranav. Very good results. My first question is actually on this Maruti EV. What is your market share on the first EV?

Pranav Relan: We are 50% on the first EV and 100% on the second EV. The second EV is, I think, a year or two away.

Hitesh Goel: Okay. And this Toyota plant in Aurangabad, which is going to come in, right? What is the kind of market share do you have in that product?

Pranav Relan: Currently for Toyota Boshoku, we have about 250,000 cars that we supply to out of the 300,000 or 350,000 cars. So, which is about 60 to 70% share. We are looking to replicate that hopefully in 2028.

Hitesh Goel: But that order has come to you already because already three years out now, right? So, that order has been given to you in Aurangabad?

Pranav Relan: No, no, no. So, any new order will probably come end of the year.

Hitesh Goel: By end of the year. And this plant is expected to come when?

Pranav Relan: End of 2028.

Hitesh Goel: And this is for both...

Pranav Relan: At the moment, we are in the process of acquiring the land, and we are looking, we are under multiple discussions. So, that's the status of it at the moment.

Hitesh Goel: And you are only setting up capacity for Toyota there or you are also thinking of keeping some capacity additional so that you can supply to Mahindra and Tata if that fructifies from the clients?

Pranav Relan: So, the majority of that space is going to be for Toyota. We already supplied to Toyota Boshoku, and we have a relationship with Hayashi Telempu that we are looking to expand and then we are discussing with some more Toyota Group Companies.



- Hitesh Goel:** Okay, but say Mahindra is in Chakan, right? And Toyota is in Pune. So, from that perspective, in your business, will they want it closer to Pune and Chakan or Aurangabad can also be a place where you can supply from?
- Pranav Relan:** So, Mahindra, Tata, Volkswagen will definitely want a facility in Pune, but we can obviously send a lot of components from Aurangabad to Pune.
- Hitesh Goel:** Okay. And in your value add in the seat business, you think you have maximized in terms of value add, or what else can be done to increase content, or this is the maximum, there is no major addition in content which can happen? Seat technologies I am asking.
- Pranav Relan:** Seat premiumization has just started. Our content is somewhere between maybe Rs. 15,000. The global average for seats is anywhere close to maybe Rs. 50,000. So, now seats are coming with artificial leathers. They are coming with power units. They are coming with ventilation systems. They are coming with seat belt reminder systems. That all will start coming into the seat in the next two, three years. So, we have a long way to go in terms of premiumization.
- Hitesh Goel:** Okay. So, that content will keep on increasing. And my last question on ambient lighting, I think you had talked about the RFQ from Maruti, the IIC tie-up. So, can you give us some sense on the ambient lighting orders, if any?
- Pranav Relan:** No, so we are waiting on any new products. When something happens, we will let you know.
- Hitesh Goel:** Great. All the best. All the best, Pranav.
- Moderator:** Thank you. Next question is from the line of Raunaq Sabharwal from PhillipCapital PCG. Please go ahead.
- Raunaq Sabharwal:** Thank you for the opportunity, sir. One question, what is our order book as of today?
- Pranav Relan:** So, order book is 400 to 450 crore plus you can add the Toyota Tsusho 100 crore. So, that should be 500 to 550 crore.
- Raunaq Sabharwal:** Would this 500 or 550 crore be included in the Kia order or do we subtract, like, I think 80 crore from Kia?
- Pranav Relan:** That's including the Kia order, but in the December quarter, the Kia sales has probably just been 1 or 2 crore. So, you can add it to the current run rate, the 500-550 crore.
- Raunaq Sabharwal:** Understood, What would be the ESOP cost going ahead? Because you have implemented a new ESOP plan. So, what would be the cost incurred on that? Will it add to the employee cost?
- Pranav Relan:** I will get back to you on that.
- Raunaq Sabharwal:** Okay. No further questions from my end. Thank you so much.



Moderator: Thank you. We will take the next question from the line of Hitesh Goel from Riddhish Advisors. Please go ahead.

Hitesh Goel: You are talking about the 12% kind of margin in FY '27, right? In terms of your order book accretion like you said in '26, you will add around 250 crore conservatively revenue in '26. What is the kind of revenue accretion we are seeing in '27 because except for the new Maruti EV, I think there is no major orders until the Toyota order comes through? Am I right?

Pranav Relan: Yes. There is no major order at the moment.

Hitesh Goel: So, FY '27 also.

Pranav Relan: Yes, Maruti EV.

Hitesh Goel: Your market, sorry, what did you say?

Pranav Relan: Yes, at the moment that's the current status, but we are working on building that.

Hitesh Goel: No, so my question is then if Maruti grows at 7-8% rate, right, which is normal rate, you would end up like growing at 11-12%, right, in FY '27 in terms of revenue. So, how is this 12% margin coming through until and unless there is some cost savings which you can talk to us about on raw materials?

Pranav Relan: No, we are focusing on operational efficiency and cost saving measures. That is something we are quite confident of achieving.

Hitesh Goel: Through cost savings basically.

Pranav Relan: Yes.

Hitesh Goel: And my last, another question is on that, you know, the regulation which is, had to come in March 25, right, about the airbag regulation. Has that been pushed through?

Pranav Relan: So, there is no airbag regulation for six airbags, but most of the cars' OEMs are implementing it.

Hitesh Goel: No, in like Alto, Wagon R, right, I mean, we are talking about small cars. They don't have 6 air bags, right? So, that was the regulation which was about to come.

Pranav Relan: So, there is no regulation, but all the OEMs are implementing 6 airbags in all the cars.

Hitesh Goel: Okay. Okay, thank you.

Pranav Relan: Thank you.

Moderator: Thank you. As there are no further questions, I now hand over the call to Management for closing comments. Over to you, sir.



Pranav Relan:

Thank you for your time and participation. We continue to be optimistic about the opportunities before us and look forward to sharing these with you as we move forward. Should you need any input or clarification, please write in to us or our Investor Relations partner CDR India. Thank you.

Moderator:

Thank you. On behalf of NDR Auto, that concludes this conference. Thank you for joining us.

Please note: We have edited the language, made minor corrections, without changing much of the content, wherever appropriate, to bring better clarity.

