



# NDR AUTO COMPONENTS LIMITED

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## **SUB: TRANSCRIPT OF THE EARNING/QUARTERLY CALL OF FY 2022-23**

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 Q2 of FY 2022-23.

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

Kindly take the same on your record.

Thanking You,

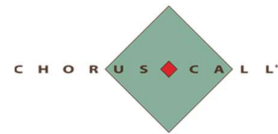
**For NDR AUTO COMPONENTS LIMITED**

**Rajat Bhandari**  
**Executive Director and Company Secretary**  
**DIN: 02154950**



“NDR Auto Components Limited  
Q2 FY ‘23 Earnings Conference Call”

November 09, 2022



**MANAGEMENT:** **MR. PRANAV RELAN – WHOLE-TIME DIRECTOR – NDR AUTO COMPONENTS LIMITED**  
**MR. VINOD KUMAR – CHIEF FINANCIAL OFFICER – NDR AUTO COMPONENTS LIMITED**  
**MR. SANJEEV KUMAR – FINANCIAL ADVISOR – NDR AUTO COMPONENTS LIMITED**  
**MR. RAJAT BHANDARI – EXECUTIVE DIRECTOR AND COMPANY SECRETARY – NDR AUTO COMPONENTS LIMITED**

**MODERATOR:** **MS. SUPRIYA MADYE – KIRIN ADVISORS PVT LTD**



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**Moderator:**

Ladies and gentlemen, good day, and welcome to the Q2 FY '23 Conference Call of NDR Auto Components Limited hosted by Kirin Advisors Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Supriya Madye from Kirin Advisors Private Limited. Thank you, and over to you, ma'am.

**Supriya Madye:**

Thank you. Good evening to everyone. I welcome you to NDR Auto Components Conference Call for the Q2 FY '23 numbers on behalf of Kirin Advisors Private Limited. We have with us today; Mr. Pranav Relan, Whole-Time Director; Mr. Vinod Kumar, Chief Financial Officer; Mr. Sanjeev Kumar, Financial Advisor and Mr. Rajat Bhandari, Executive Director and Company Secretary. For the opening comments, now I hand over the call to Mr. Rajat Bhandari. Over to you, sir. Thank you.

**Rajat Bhandari:**

Thank you. Hello, everyone. Belated festive greetings. I welcome you all to the second conference call of NDR Auto Components to discuss the performance of the company during the second quarter of FY '23. It is a great pleasure to have you all on the call. I will quickly brief you about the company.

NDR Auto Components is a flagship company of the Rohit Relan Group. The Company was incorporated in March 2019 with a view to demerge automobile seating business of Sharda Motor Industries Limited. The company is engaged in the business of manufacturing seating solutions like frames and trims for four-wheeler and two-wheeler vehicles. We have three plants located at Gurgaon Haryana and Pathreri Haryana and the new commissioned plant at Bengaluru.

The management and the senior leadership team of the group have more than three decades of hands-on experience and expertise in this domain. The Company is supplying seating arrangements to Rohit Relan Group, Bharat Seats, who is key supplier to leading automobile companies like Maruti Suzuki India Limited, Suzuki Motorcycle, Toyota Boshoku and Bellsonica.

Our seating arrangements are used in the car model of Brezza, Urban Cruisers. Ciaz, Wagon R, Swift Dzire, Toyota Highrider, Grand Vitara and Alto. In 2-wheeler segment our supplies are for Suzuki Gixer and Suzuki Access.

Our group companies, Bharat Seats Limited, your company owns 28.66% in Bharat Seats Limited which carries on the business of manufacturing car seat assemblies, carpet set for automobiles and motorcycle seats. The Company posted a profit after tax of INR 951.41 lakhs during H1 of FY 22-23. Toyo Sharda India Private Limited, the Company owns 50% stake in



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Toyo Sharda India Private Limited which carries on the business of manufacturing car seat lifter and recliner. The Company posted a profit after tax of Rs. 189.58 lakhs during H1 FY 22-23.

Toyota Boshoku Relan India Private Limited, your company owns 50% stake in Toyota Boshoku Relan India Private Limited which had no operations during the financial year 22-23 and incurred a loss of INR 0.40 lakhs.

Industry: We are a seating solution provider company which falls in the auto ancillary segment of the automobile. The growth is linked with how our OEM clients are performing. As mentioned earlier, the strong demand for vehicles is a key growth driver for our business.

The automotive component industry turnover stood at INR 4.2 lakh crores (USD 56.5 billion) between April 2021 to March '22. The industry had revenue growth of 23% as compared to financial year 18-19. In financial year '22, exports of auto components went up 43% to INR 1.41 lakh crores, which is equivalent to USD 19 billion.

As per the Automobile Component Manufacturer Association ACMA forecast, auto component export from India are expected to reach USD 30 billion by 2026. The auto component industry is projected to record USD 200 billion in revenue by 2026. Strong international demand and resurgence in the local original equipment and aftermarket segments are predicted to help the auto component industry grow 20% to 23% in financial year '22.

The future is bright. Maruti Suzuki has sold, total of 5,17,395 vehicles during Q2 FY '23. The company recorded its highest ever quarterly volume, which rose 36% year-on-year over 379,541 units sold in the year ago quarter. This is a strong enough to tell you that demand for our seating arrangement is robust.

We are completely focused on our future growth perspective and have outlined a capacity expansion program. We have set a new plant in Bengaluru, which has started commercial production from this quarter. We are also putting up plant in Gujarat to serve requirement of new clients and same is expected to commence its production from March 2023.

Now let me take you through the financial performance of the company for the second quarter of FY '23. After having a robust start for Q1 FY '23, we continue to march strongly in Q2 FY '23. For Q2 FY '23 versus Q2 FY '22 on a consolidated basis, the company reported -- total revenues were higher by 70.18% to INR 94.91 crores. EBITDA at INR 10.04 crores, up by 93.82%; PBT at INR 10.66 crores, up by 162.56% PAT at INR 8.48 crores, up by 99.04%; EPS at INR 14.15 against INR 5.4 in the corresponding quarter.

H1 FY '23 performance highlights are as under. Total revenues surged by 57.68% to INR 159 crores. EBITDA was at INR 15.63 crores, up 67.34%. EBITDA margins at 9.83% rose to 56.80 bps. PAT grew 123% to INR 12.60 crores while NPM expanded to 232 basis points to 7.92%, EPS for H1 FY '23 was INR 20.96 Cash from operations was at INR 13.75 crores.



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Now I open the floor for question and answers.

**Moderator:**

The first question is from the line of Soham Das from Vigilantia.

**Soham Das:**

Thank you, The management has actually performed very stupendously and it's a really impressive result. So I just wanted to ask a few things. So is there any new production facility, especially the Bangalore facility that has gone online that has created this growth? Or is there something else?

**Pranav Relan:**

So it's the new Bangalore facility that has commenced production. And in addition to that, we have a new Alto, which has started.

**Soham Das:**

Sorry, I couldn't get the last sentence.

**Pranav Relan:**

So the new Alto has started production, that's a model we never had in the past.

**Soham Das:**

So I noticed that while the current work in progress has come down, the new capex facility has come online. But the depreciation has not really gone up rather it has stayed flat. Is there any particular reason that we have for that?

**Sanjiv Kumar:**

We have changed the depreciation policy in the second half. Previously, depreciation was provided on written down value. Now it is aligned according to the estimate and considering the expected pattern of consumption of the future economic benefit embodied in the asset, the company has changed its method of depreciation of property, plant and equipment from written down value to Straight line, which is in line with the automotive industry all over the world.

Production efficiency of the machines by and large remain similar throughout life of the asset by the following regular maintenance schedule. So in that case, the depreciation rate has been changed, and it has impacted the profit by INR 1.52 crore in this, six months.

**Soham Das:**

Sir, have we also acquired any new clients? Or do we plan -- are the efforts on those things? And if yes, then what is really the main driver that is going to make us win new clients?

**Pranav Relan:**

So we're always looking to add new clients. At the moment, nothing has materialized once something materializes, we'll let you guys know.

**Soham Das:**

Last quarter, you also mentioned about the body in white product. And any update has come through on the Bellsonica discussions that was happening earlier.

**Pranav Relan:**

So again, we again acquired some business in the past, and we're looking to expand that relationship by expanding yes, we want to expand that relationship.

**Soham Das:**

And I will conclude my line of questioning with only two more questions. So while Maruti's recent production numbers have shown a record sales. But we are seeing that the production



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models are more skewed towards the higher-end SUV models than the mid-segment models. So do you see any risk coming from there?

**Pranav Relan:** No. In fact, I think that there's going to be a larger demand towards the SUV space going forward maybe in a year or two.

**Soham Das:** And we are in the pursuit of that opportunity as well?

**Pranav Relan:** Yes.

**Soham Das:** One last question is that our other expenses have shot up quite dramatically. Any particular reason for that?

**Pranav Relan:** No, I think in terms of percentages, it should be the same.

**Soham Das:** Ok, alright, yes. Thank you very much.

**Pranav Relan:** Thank You.

**Moderator:** Thank you, the next question is from the line Vihang Shah from Kojin Research.

**Vihang Shah:** Thank you for the opportunity. So I have two to three questions regarding the product portfolio that we have. So currently, we are providing seating for Alto Wagon R, Desire, Breeza, which are among top 10 products in India, along with the Maruti. So how much do we provide to this the cars in terms of their number of units. So all total requirement is fulfilled by us? Or there are any other players who are also supplying for this model.

**Sanjiv Kumar:** In case of Brezza, in case of Grand Vitara, Wagon R, CIAZ these are all being supplied 100% by us.

**Pranav Relan:** And Alto and SWIFT is half.

**Vihang Shah:** So in terms of then when we go to the Hyryder and Urban Cruiser space, so here, we are also a sole supplier? Or are we...

**Pranav Relan:** We are sole supplier for that.

**Vihang Shah:** So have you seen any rise in the demand for this SUV models in the last two to three months after the launch?

**Pranav Relan:** Yes, there has. I think there's a six-month waiting for the models. So let's see how the ramp-up happens. I think we should ask the Maruti numbers, that's the best way to look at it.

**Vihang Shah:** Yes, fair enough. So I just wanted to understand how we have stacked up against the demand. That's why just asked the question. And from the Bangalore facility, we are providing only for Toyota products, correct?



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- Pranav Relan:** So it's for the Grand Vitara and the Toyota Hyryder, both.
- Vihang Shah:** Yes, but the Grand Vitara built by Toyota only, correct? Yes. So, yes. And sir, if we see in terms of smaller cars, so is there any demand lag in -- for next -- from booking from the Maruti point of view like in terms of Alto or WagonR.
- Pranav Relan:** So I think better that you follow the track the Maruti data for that.
- Vihang Shah:** And one more question, sir. When we see our operating cash flows that have shot up very drastically. Any particular reason like when comparing to the last year, in the same period, we were in the losses in terms of at the operating level in terms of cash flow. Now we are generating around 13 and quarter 2 INR 14 crore cash flow. So any working capital challenges that we have seen that are eased out or any particular reason?
- Pranav Relan:** So our volumes have shot up and our new models have kicked in and they're at a good margin for us.
- Moderator:** The next question is from the line of Dilip Chaturvedi, an individual investor.
- Dilip Chaturvedi:** So my question is that are we facing a raw material supply issue to meet the sudden rise in the production?
- Pranav Relan:** We are not facing any raw material issues.
- Dilip Chaturvedi:** And what about our current capacity and its capacity utilization?
- Pranav Relan:** So for the NCR region, it's about 650,000. And for the Bangalore plant, it's about 200,000 to 250,000 and we are at an 80% to 90% capacity utilization.
- Dilip Chaturvedi:** 80% to 90% ?.
- Pranav Relan:** Yes, thank you.
- Moderator:** The next question is from the line of Sandeep Mane, an Individual Investor.
- Sandeep Mane:** I have two, three questions, sir. Sir, as a Maruti Suzuki report, the report is highest ever quarterly sales, how about our sales growth and would we supply their requirements?
- Pranav Relan:** Yes, we were able to supply the requirement completely and our sales grew more than the Maruti sales number due to an addition of two new models?
- Sandeep Mane:** Was our capacity sufficient to make rising demand?
- Pranav Relan:** Yes. capacity is sufficient to meet the rising demand.



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- Sandeep Mane:** And my next question is, how is our order book and sorry, are we pulling both for the next quarter?
- Pranav Relan:** So our order book is strong. We're setting up another footprint in Gujrat. Once the new models come in, then we can discuss that.
- Moderator:** We'll move on to the next question that is from the line of Ankur Shah from Quasar Capital.
- Ankur Shah:** Sir, can you call out the capex on the Bangalore plant?
- Pranav Relan:** About INR 30 crores.
- Ankur Shah:** And you mentioned that you were able to ramp up the Bangalore plant to 80%, 85% or it is at the company level?
- Pranav Relan:** No, it is going to be at 200,000 or 180,000 volume of the Hyryder and the Grand Vitara. So at the moment, it's not fully utilized because it just started production, but going forward, we expect it to be at 80% to 90%.
- Ankur Shah:** So see, I'm just trying to understand the risk which these plants run. So let's say, right now, Grand Vitara and the Hyryder are going well. And let's say, one year down the line, these models might phase out or the market preference might change. So what is the kind of risk do we face in such plants. So if I think about Bangalore plant, where we are primarily dependent on these two models. So what are the risks we face if the product phase out? Or if the competition is stronger than what Maruti is doing?
- Pranav Relan:** So I think one way to mitigate the risk for us will be to look at adding new customers over there, and we're looking to do that
- Ankur Shah:** So coming to the customer front. Now obviously, like Maruti has an ecosystem which is set the parameters with asset. And likely a new incumbent would find it difficult to enter into Maruti stable. So likewise, when we are trying to approach the new customers, like, can you throw some light or explain what is the process? What is the qualification time it takes? How does the new product cycle build up? If you can throw some light, we can get some good confidence about this diverse?
- Pranav Relan:** So I think to receive any order is going to take at least six to nine months, if not longer. And those -- they'll only be production for FY '25 or FY '26. So it's a good three-year cycle.
- Ankur Shah:** So basically, it's not that the specific fields or the frames which are made can be overnight fungible, can be overnight used for some other OEMs. That is not possible, right?
- Pranav Relan:** No, that is not possible.
- Ankur Shah:** So it is specific to the OEM.





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**Pranav Relan:** Yes.

**Ankur Shah:** And sir, last time, you were mentioning about the new product for, which was a sizable opportunity. Have we gone ahead with any of those things?

**Pranav Relan:** So we're working on that and hopefully something fructify in a quarter or two that we can discuss with you.

**Ankur Shah:** And like, are we looking it from a trading point of view, manufacturing point of view, setting up a plant, can you just at least highlight the ...

**Pranav Relan:** From manufacturing point of view.

**Ankur Shah:** From manufacturing point of view...

**Pranav Relan:** Yes.

**Ankur Shah:** And the Gujarat plant, I think you had mentioned last time, but just to reconfirm, it is primarily for Maruti, right?

**Pranav Relan:** Yes.

**Ankur Shah:** And what is the capacity of that plant?

**Pranav Relan:** That will be about 200,000 to 250,000.

**Ankur Shah:** So basically, on a base of around 750,000 will be adding 200,000, 250,000

**Pranav Relan:** Yes. I think the Maruti plant is going to stay at 750,000, we've just acquired some share. So we are expanding capacity.

**Ankur Shah:** And the last question, which I found very interesting in this quarter is that, let's say, you mentioned that we were not positioned for -- we were not previously supplying to an Alto model, which we have started supplying. So when we enter into discussions with the customers for a new model, what are the kind of preference sets or the thought process with the customer runs over which we are particularly selected. Obviously, because I understand that Bharat Seats is a joint venture with Maruti. So that is an advantage. But like is there any further room that in further new models wherever Maruti is launching, where we are not present, we can be present in a big way.

**Pranav Relan:** So I think we look at quality, cost and delivery, the performance of the company to select any new vendor.

**Ankur Shah:** So for any new model, you are prequalified, basically.

**Pranav Relan:** So once that starts commercial production, we'll let you know.



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- Ankur Shah:** Ok, Thank you. All the best.
- Moderator:** The next question is from the line of Soham Das from Vigilantia.
- Soham Das:** So I had three quick questions. Do you have any fundraising plans for the next year, financial year?
- Pranav Relan:** No fundraising plans at the moment. I think we can meet our requirements through our cash and books and our internal accruals.
- Soham Das:** Earlier, you used to produce fleets for trains, especially Shatabdi. Do you have any plans to reenter that space with the introduction of new trains like Vande Bharat?
- Pranav Relan:** I don't think we're focusing too much on the railway space. What we are focusing on is to add new products and new customers.
- Soham Das:** And do you have any plans of pursuing the export markets?
- Pranav Relan:** So our product is not exportable, but product components might be so way evaluating that. And start exporting.
- Soham Das:** And sir, how much cash are we holding today?
- Pranav Relan:** So we have about INR 60 crores. INR 50 crores is on the books and where the INR 10 crores in the corporate loan I think about INR 60-odd crores.
- Moderator:** The next question is from the line of Vihang Shah from Kojin Research.
- Vihang Shah:** Thank you again for giving the opportunity. I have two questions regarding the price differences between the lowest and the highest model that we are selling. So that will be Alto and Hryder. So what is the price difference between both the models and what will be the average pricing for the average seating set at pricing? If you can throw some light on that?
- Pranav Relan:** So I don't think we can give prices for models because of customer confidentiality, but what I can say is when the fabric, when the trim changes from fabric to artificial leather is when a content really shoots up.
- Vihang Shah:** So in terms of approximately what will be the cost difference, if you can say, I'm not asking the exact price, but if the Alto sets costing around, let's say, INR 1,000. So what will be the cost for approximate cost for the Grand Vitara? So just wanted to see the gamut of the product range that we command?
- Pranav Relan:** Again, I can't give those numbers, but it's a substantial amount.
- Vihang Shah:** Average also you can't tell, correct?



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**Pranav Relan:** Sorry.

**Vihang Shah:** Average pricing for particular set

**Pranav Relan:** We can't reveal.

**Moderator:** The next question is from the line of Ankur Shah from Quasar Capital.

**Ankur Shah:** So, I have one quick question. Sir, any outlook on margins?

**Pranav Relan:** So we will maintain our EBITDA margins going forward.

**Ankur Shah:** At current levels?

**Pranav Relan:** Yes, at current level.

**Ankur Shah:** And sir, the price passing mechanism, like is it very smooth? And is it very direct? Or there are some times where we are not allowed to pass on the price from the OEM? So like are the contracts very clear on the RM price passing?

**Pranav Relan:** So the commodity increases?

**Ankur Shah:** Yes, correct.

**Pranav Relan:** So if the commodity goes up or down, our pricing, we get it from the customer?

**Ankur Shah:** So it is 100%, right? It's not like 50%, 60% or anything like?

**Pranav Relan:** 100%.

**Ankur Shah:** So that way on an absolute per set basis, we are more or less contained with the margins, right? Is that a good assumption?

**Pranav Relan:** Yes.

**Ankur Shah:** Ok, Great sir!, all the best.

**Pranav Relan:** Thank you.

**Moderator:** As there are no further questions, I now hand the conference over to Mr. Supriya Madye for her closing comments.

**Supriya Madye:** Thank you, each and every one for joining the call. If you need any further assistance, please feel free to write me at [Supriya@kiraninvestment.com](mailto:Supriya@kiraninvestment.com). I thank you the management team and every participants. Thank you.



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**Moderator:**

Thank you. Ladies and gentlemen, on behalf of Kirin Advisors Private Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.