

Ref. No. Z-IV/R-39/D-2/NSE/207 & 174

Date : 12/08/2024

National Stock Exchange of India Ltd. Listing Deptt., Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	BSE Ltd. Regd. Office: Floor - 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.
NSE Scrip: UNOMINDA	BSE Scrip: UNOMINDA, 532539

Sub: Transcript of the Earnings Conference Call held on Wednesday, 07 August, 2024 on the Un-Audited Financial Results (Standalone and Consolidated) for the Quarter ended on 30 June, 2024

Dear Sir(s),

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call held on Wednesday, 07 August, 2024 on the Un-Audited Financial Results (Standalone and Consolidated) for the Quarter ended on 30 June, 2024

A copy of the said transcript is also uploaded on the website of the Company www.unominda.com.

Please take the same on records.

Thanking you,

Yours faithfully,
For Uno Minda Limited

Tarun Kumar Srivastava
Company Secretary & Compliance Officer

Encl: As above.



“Uno Minda Limited
Q1 FY '25 Earnings Conference Call”
August 07, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 07th August 2024 will prevail.



MANAGEMENT:

MR. SUNIL BOHRA – GROUP CHIEF FINANCIAL OFFICER

MR. ANKUR MODI – HEAD, TREASURY & COMMUNICATION

Moderator: Ladies and gentlemen, good day, and welcome to the Uno Minda Limited Q1 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectation of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 the star, then zero on a touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sunil Bohra, Group Chief Financial Officer. Thank you, and over to you, sir.

Sunil Bohra: Thank you very much. Good evening, everyone, and a warm welcome to all the participants. On the earnings call today, I'm joined by my colleague, Ankur Modi. We have uploaded our financial results and investor presentation for Q1 FY '25 on the stock exchanges and our company's website. We hope everybody had an opportunity to go through the same. As always, I would like to begin by giving a brief insight on the economy followed by the current scenario in the auto industry and then to our financial and operational performance for Q1 FY '25. Post that, we will open the floor for Q&A.

In the realm of global economic dynamics, India's economy continues to remain stable, amidst global challenges. Recent projections by IMF highlight India's significant role in contributing to half of the world's economic expansion along with China. According to the Economic Survey '23-'24, India's GDP grew by 8.2% in FY '24.

This can be attributed to digital revolution, massive government infrastructure investments and expanding middle class coupled with political stability. Reserve Bank of India had projected the Indian economy to grow at 7.2% in FY '25 on the back of improving rural demand and moderating inflation. India is at the cusp of a major structural shift in its growth trajectory, moving towards the path where around 8% GDP growth could be sustained for a longer term.

Moving to the automotive industry. Riding on overall economic growth, especially in the rural markets, the Indian automobile industry also saw a robust performance across all segments in the first quarter of the current fiscal in comparison to the corresponding quarter last year.

For the quarter ending June '24, the industry experienced a 16% year-on-year increase in production volumes. This growth was evident across key vehicle segments with primary driver being a resurgence in demand for 2-wheelers in rural areas and the introduction of new models. The industry also witnessed a stable growth of 2% quarter-on-quarter, led by 2-wheeler segment, which was at 6%.

Moving to PV industry. During Q1, the PV sector witnessed production volume growth of 6% compared to the same period last year, reaching a total of 1.2 million units. This growth was driven primarily by utility vehicles. The segment did see a volume decline of 10% quarter-on-quarter basis, largely on account of high base effect as Q4 had seen record production. The 2-wheeler segment experienced substantial growth with production volumes rising by 20% to nearly 5.9 million units. The sector is showing promising and sustained recovery, especially in rural areas. In the commercial vehicle sector, production volumes remained flat relatively. This was impacted by the slowdown in public and private capex due to general elections.

Moving towards electrification. The E-2-wheeler registration as per SMEV declined by 40% to 1.82 lakhs in comparison to last quarter. The registrations were down by 17% year-on-year basis as well. The decline was largely on account of reduction in subsidies following last year's reduction in subsidies under FAME II in July 2023. The government further reduced the subsidy by half in April '24, with the introduction of 4 months incentive scheme under Electric Mobility Promotion Scheme 2024. We believe the reduction in subsidy benefits is a short-term impediment for electric two-wheeler manufacturers and could exert pressure on cost structure.

The long-term potential for electric vehicle segment remains favourable aided by improving cost of ownership vis-a-vis ICE vehicles and enhanced customer confidence with regard to range anxiety, financing avenues and other vehicle attributes such as safety. In addition, the government focused on promoting electric vehicles through various initiatives will continue to drive electric vehicle adoption over the medium to long term.

Coming to financial and operational performance. You may refer to Slide number 7 and 8 of the presentation. Uno Minda delivered a strong financial performance in Q1, marked by robust revenue growth and improved profitability. Consolidated operating revenues surged by 23% year-on-year to INR 3,818 crores, driven by broad-based growth across key product lines.

Notably, the lighting, alloy wheels, switches, sensors and controller segments exhibited strong performance. EBITDA for the quarter reached INR 408 crores, reflecting a 24% year-on-year increase. EBITDA margins were in line with the margin of Q1 in previous year despite higher employee and administrative costs. We maintained the margin guidance as provided in our previous communication, which is 11% plus minus 50 basis points with bias towards upper range.

Finance costs for the quarter increased to INR36 crores due to higher borrowings to fund capex, land acquisitions and working capital. The company's share of profit from associates and joint venture grew to INR 37 crores in Q1 FY '25 from INR 30 in the corresponding quarter last year. This increase was primarily driven by strong performance of Denso Ten, Roki, and TRMN and TG joint venture entities. Uno Minda's total attributable profit increased by 15% year-on-year to INR 199 crores in Q1 reflecting the overall robust financial performance.

Now moving to the business segment-wise performance. You may refer to Slide number 11, starting with switches. Our Switching Systems segment demonstrated exceptional performance in Q1 FY '25, generating revenues of INR 958 crores, contributing significantly to 25% of our consolidated revenues. This represents a year-on-year growth of 14%, driven by an increase in

kit value due to higher switch content and robust export performance. Notably, 2-wheeler switch exports recorded highest ever in the current quarter.

Moving to Lighting. The lighting business continues to be a key growth driver, contributing significantly to complete performance. In Q1 FY '25, the segment generated impressive revenues of INR 894 crores representing a 26% year-on-year growth and a substantial 24% share of consolidated revenues.

The 4-wheeler lighting segment has been particularly strong, driven by successful launches of new products including another long tail lamp for a major OEM. Additionally, 2-wheeler lighting division has exhibited robust growth supported by overall 2-wheeler market expansion. The commissioning of Phase 1 of our new 4-wheeler lighting plant at Khed in Q4 FY '25 is expected to further bolster our capabilities in this segment.

Our European operations based in Germany have emerged as a center of innovation for niche lighting solutions catering to premium passenger vehicle OEMs. The successful launch of our Roof Star Liner lighting solution has been a testament to our technological prowess. Building upon this success, we are now developing the next generation of Roof Star Liner using TFT based light sources. We are offering some of the solutions in Indian market and have seen very encouraging response with adoption of some of the solutions like illuminated logo.

Our Casting business showcased robust performance in Q1, generating revenues of INR 750 crores, contributing 20% to our consolidated revenues. The segment experienced 21% year-on-year growth driven primarily by the alloy wheel business, which contributed INR 504 crores. The remaining INR 142 crores were limited by the aluminum die casting business. Both 2-wheeler and 4-wheeler alloy wheel segments have witnessed substantial growth supported by capacity expansion initiatives.

To meet growing demand, we are expanding our Bawal facility by an additional 30,000 capacity scheduled for commissioning in H2 FY '25. We have also now secured land for another 30,000 capacity expansion in Bawal with the implementation work to commence shortly. Additionally, construction of a new 120,000 wheel per month greenfield plant at IMT, Kharkhoda, Haryana is progressing as planned.

Our Seating business generated INR 271 crores in revenue during Q1 FY '25, contributing 7% to consolidated revenue. There is a slight improvement in revenues quarter-on-quarter basis. Revenues remained flat in comparison to corresponding quarter last year. One of major target vehicle segments from Seating business, which is commercial vehicle production volume have declined both Q-o-Q as well as Y-o-Y restraining our growth in seating business.

Our main export market, European agriculture machinery vehicle market also remains subdued. Consequently, our export was stable in the quarter. We would also like to inform you that we have commenced commercial production from our new plant of JV with Tachi-S.

As we move forward to subsequent quarters, commencement of supplies to new incumbent OEM customers, increase in volumes from E-2-wheeler OEM, commencement of supply of pneumatic

suspended seat is expected to give boost to revenues. Hence, we remain confident of medium to long-term growth of our Seating business.

Acoustic segment generated INR 204 crores in revenue representing a stable contribution to our consolidated revenues.

Moving to other product businesses, which have achieved revenue of over INR 700 crores for Q1, contributing 20% of overall top line. Out of this, around INR 112 crores was contributed by controllers, INR 177 crores by sensors and ADAS, INR 110 crores are blow-moulding products, INR 60 crores by Uno Minda FRIWO JV. Revenues of around INR 100 crores from Minda Westport, which is being consolidated from current quarter is also part of other product business.

We would like to highlight that our alternate fuel business under Minda Westport is doing extremely well, registering a 54% growth in FY '24 with revenues of around INR 280 crores. We have continued the growth momentum and have clocked over 1/3 the revenue of last year in the first quarter itself. We continue to win orders for charges from e-2-wheeler and e-3-wheelers. During current quarter, we have 3 new orders for EV chargers for e-2-wheeler and e-3-wheeler. We have also won an order for BMS from incumbent e-2-wheeler OEM. We had added tire pressure monitoring systems to our product portfolio in the last quarter. We have now secured an order for TPMS as well.

Moving to EV, you can refer to Slide number 15 and 16. The revenues from EV 2-wheeler OEMs was INR 160 crores in Q1 as against INR 136 crores in corresponding quarter last year. The growth demonstrated is despite a 17% drop in e-2-wheeler volumes over the same period as shared just a little while back. This was primarily on account of new business getting on stream related to EV specific components.

Moving to our aftermarket and international revenue, you can refer to Slide number 13. In terms of our revenue pie for quarter ended June 2024, OEM business accounted for 93% and the rest is aftermarket business. Our aftermarket division revenue stood at INR 235 crores for the quarter. Our international sales currently represent approximately 13% of total revenues demonstrating steady growth in this segment. While the international market holds strategic importance in future expansion, it is worth noting that our domestic business has been experiencing more pronounced growth and hence share in overall pie has softened.

Moving to the next subject, which is the TLA. Uno Minda had been leading CASE mega trends aligning all the products and technology road map with these mega trends. After demonstrating strong execution in e-2-wheeler and e-3-wheeler portfolio, we are now building our EV-specific product portfolio for 4-wheeler. In March '24, we had entered into TLA with StarCharge Energy PTE Limited, to manufacture and sale of wall-mounted AC chargers designed for home apartment and public charging with various connectivity options like Bluetooth, WiFi and 4G connectivity. In June '24, we have further entered into TLA with Suzhou Inovance Automotive for manufacture and sale of select high-voltage category electric vehicle products for passenger vehicle and commercial vehicle in India.

The select EV products include charging control unit, EV inverter, EV motors, next generation 3-in-1 electric drive systems or commonly called e-Axle. This partnership will significantly expand our E2, 4-wheeler portfolio enabling us effectively cater to growing Indian EV market. Inovance is an established player with over 2 decades of experience in industrial automation and drive technologies. Uno Minda aims to further strengthen the partnership by transitioning it into a JV subject to necessary approvals. As the PV EV volumes pick up, we have started receiving RFPs for domestic manufacturing including StarCharge and Inovance products.

Currently, we are working on 7 products, which are battery disconnect unit, AC charging cable, low-voltage and high-voltage integrated onboard chargers and DC-DC converter, AVAS, telematics and electric drive unit or e-Axle, e-Axle is a combination of e-motor, inverter and reducer integrated in 1 unit commonly called 3-in-1. Amongst them, battery disconnect unit is already under production. Though as per the design and specification from OEM, we will gradually look to develop the full capability in house. As was announced earlier, we have already won an order for AC charging cable from a PV OEM and low voltage charging unit from EV LCV. AVAS and telematics are mainly level of development from our existing 2 wheeler EV specific product portfolios.

Moving from electrification to another mega trend, which is equally strong, is personalization. We have capitalized on personalization mega trend with our innovative lighting solution, alloy wheel, diversified sensor portfolio to name a few. Recently, we have another exciting product, which is Sunroof. On 1st August '24, we entered into TLA with Aisin Corporation, Japan, to manufacture sunroofs in India.

Aisin is a Fortune Global 500 company and has been consistently ranked as a top 10 global Tier 1 automotive supplier. Aisin also holds the largest market share in sunroof product segment in Japan supplying multiple multi-panel, panoramic and standard sunroof. Sunroof penetration has witnessed a fivefold jump in the last 5 years, presenting a compelling market opportunity.

Through the synergy of our combined expertise and production capabilities, we aim to establish ourselves as a front runner in the burgeoning sunroof market. We are pleased to inform you that we have also secured an order from one of the OEMs with expected SOP in Q4 of FY '27. The Board has also approved capital expenditure of INR 63 crores for the new plant to be set up at Bawal in Haryana.

Moving to strategic business updates. We are at the last leg of merger approval for Kosei joint venture entities with Uno Minda Limited. The final NCLT hearing is scheduled in this month. We expect it will take a couple of months post approval from NCLT to receive orders and file with RoC to complete the merger exercise. As we have informed earlier that our joint venture partner for speaker business, which is ONKYO Japan had filed for bankruptcy. We have been discussing with the court-appointed CRO to buy ONKYO stake in JV to make it our subsidiary and to ensure continuity of business. CRO has now approved selling its stake to us. Consequently, the Board has also approved increasing stake in Minda ONKYO from 50% to 99% in phases.

Moving to the next important subject, which is ESG. We are pleased to inform you that Uno Minda, through its CSR foundation, has inaugurated its third school in Poonapalli village, Hosur in April '24. The school has state-of-the-art facilities and infrastructure spread across a huge campus of 7.62 acres with current capacity of 800 children.

We are already operating senior secondary school with a capacity of 1,100 children at Kadi in Gujarat since 2019, and Moga Devi Minda Memorial School at Bagla, Hisar, Haryana since 2010, having a capacity of around 1,500 children.

In recognition of company's philanthropic efforts, Dr. Suman Minda, Chairperson of Uno Minda CSR arm, was honored with the prestigious HURUN, India's most respected philanthropist award. Our people are our biggest assets. Providing inclusive, supportive and dynamic work environment to our employees are the true foundation of our success.

Uno Minda has been recognized as one of India's best 50 companies to work for in 2024 as well as one of India's best workplaces in auto and auto component by Great Place to Work institute for our people-centric approach. Our CMD, Mr. Nirmal Minda has been recognized as one of the India's most trusted leaders 2024 by Great Place to Work institute. This prestigious award acknowledged Mr. Minda's visionary leadership, unwavering commitment and dedication to cultivating an exceptional workplace environment.

Moving forward, the outlook for the industry and company remains very promising. We are expanding in almost all our product lines along with continuous addition of emerging technologies through our in-house R&D center CREAT combined with globally renowned partners. With our existing diversified product portfolio, new products and technologies, we are confident of sustained outperformance over a long term.

With this, I would like to now open up the floor for questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Chandramouli Muthiah from Goldman Sachs.

Chandramouli Muthiah: My first question is on the Suzhou Inovance partnership. Congratulations on the partnership. Just wanted to understand few things around what the current status is within the industry for some of these products, e-Axles, e-motor, CCUs, e-inverters. For EVs being manufactured, e-4-wheelers being manufactured in India at this point, are all of these components being imported? Or is there any domestic player at this point? And then just related to that, also I want to understand initial thoughts on what the potential kit value could be, if you were to be able to sell all of these products to a customer?

Sunil Bohra: That's it Chandru?

Chandramouli Muthiah: I have a follow-up question, which I can ask after this.

Sunil Bohra: Okay. So thanks, Chandru, for your question. In terms of current market domestically, we know it's a very small volume. It is less than 100,000 cars last year. So it's -- these things are largely imported. And obviously, with this partnership, we will not only be able to localize, but our

partner has actually been one of the potential supplier to some of the customers in India, so which will also mean localization of these parts. In terms of potential kit value, a lot also depends on the capacity of the kit. The kit value range is broadly between INR 1.5 lakh to roughly INR 2 lakh for these products.

Chandramouli Muthiah: Got it. That's helpful. And that would compare to what sort of kit value that you're selling into the 4-wheeler business roughly at this point?

Sunil Bohra: So as of now, our -- if you see our average kit value for the PV, we normally give in segment-wise. So -- but if we have to pick up the B and C segment, our kit value is roughly around INR 90,000 to INR 95,000, which is broadly common, I would say, with ICE vehicle or EV vehicle, barring 1 or 2 small products like filters, and this CNG kit. Otherwise, all these products are vehicle agnostic, be it the type of energy vehicle runs on, even in case of a future, which is the hydrogen fuel cell or the PHEV or HEV, so all these components have the application irrespective of the energy vehicle runs on. And the kit value, which I've shared is on top of that.

Chandramouli Muthiah: My second question is related to the sunroof partnership that you announced with Aisin. This is presently, as you said, faster growth market, maybe of a lower base of volumes in India. So I just want to understand around the sunroof market in India, is there any rough percentage penetration that you're able to share at this point? And also if you could share potential kit value around Sunroof as well?

Sunil Bohra: Yes. So the current penetration of Sunroof is almost 25% odd currently, just the last year's data. And in terms of kit value, kit value also ranges because there are various type of sunroofs. So you have a normal sunroof, then you have a white sunroof, then you have a panoramic sunroof, then you have sunroof where there are 2 glasses open or a single glass open. So it's a very, very wide range. So the current business, what we have already secured from one of the OEM that is for larger sunroof with single glass opening, and the kit value is somewhere between INR 25,000 and INR 30,000.

Chandramouli Muthiah: Got it. That's helpful. And just my last question is around Uno Minda and if it has any exposure to hybrids? Globally, hybrid seem to be seeing a resurgence. And in India, some OEMs are also trying to push the envelope on hybrids as a potential alternative powertrain technology. Just want to understand if you have any products in the portfolio that are exposed to hybrids or if there's anything within the portfolio that you see exposed or potentially benefiting from that trend?

Sunil Bohra: Yes, Chandru, we already have some of the products, which are actually going into current -- some of the hybrids being manufactured domestically, not necessarily from the powertrain perspective. But there are products, which are agnostic to the engine basically. So we do have exposure to hybrids.

Moderator: The next question is from the line of Siddhartha Bera from Nomura.

Siddhartha Bera: Congrats again for multiple JVs and partnerships over the past few months, which will keep expanding our content. Sir, my first question is on this Inovance JV again. Can you share some time lines and some investments, ballpark, if you have, which can go into these segments? And any time lines by when can we see production sort of happening?

Sunil Bohra: Yes. So thanks, Siddhartha. I think you have asked 3 questions, time lines, investment, and by when production can start. So currently, the team is working on preparing a detailed project report, and you'll appreciate this is a large project and it will have significant investments so we are currently on the Board.

Hopefully, within next month or so, we should be able to come up with our detailed project report, which will then put up to the Board for approval, which will give clarity on the investments, etc. In terms of time line, as you would have seen that we have clearly mentioned that while we are entering this into a TLA, our endeavour is to convert this into JV ASAP, subject to the government approvals.

And you'll appreciate this will come under PM3, and we will have to take multiple approvals from the government, for which the process has already started, and we are expecting almost around 3 to 4 months for those approvals, I'm sharing a little aggressive time lines. In some of the cases, it has, what we understand, has taken even more. But our target is to get this approval in around 4 months or so. And by when production, obviously, once we have our project report approved by the Board, then we'll be able to tell you about the time lines on production as well.

Siddhartha Bera: And generally, in these components, could it be possible to highlight, what are the asset turns and sustainable margins we can sort of expect, say, in the medium term when it stabilizes and all?

Sunil Bohra: No, I'm sorry, Siddhartha. I didn't get the question, you're saying sustainable margins for these products over medium term?

Siddhartha Bera: Yes, for the PV products.

Sunil Bohra: So that, as I said, hopefully, I should be able to respond to all these questions once we have a clear detailed project report because all these numbers will come from them, be it profitability expected or be it the asset turn. It will be a capex-intensive business, that's for sure.

Siddhartha Bera: Okay. Sir, second question on the sunroof, where we have talked about the investments. Given the big opportunity in the country, I mean, is this sort of investment, I mean, looks quite small from that perspective. So I just wanted to hear your thoughts on -- I mean, is this just for one OEM or you plan to sort of scale it up as we move ahead. So some thoughts if you can share there?

Sunil Bohra: Yes. Siddhartha, you're 100% right. And that's how you have seen that we have been a little conservative when it comes to spending money. So the initial investment what Board has approved of around INR 63 crores, that is primarily for the business, which we have already secured. So it is obviously to support that customer with a little bit of capacity, may be roughly around 20-odd percent capacity surplus. But as and when our objective is, once we have this plant constructed, we intend to sort of showcase this to other customers.

Not that we're not going already there, but once customer -- other customers also see that Uno Minda is now actually building up the capacity for sunroof that will create that confidence for getting more business. And as we get more business, obviously, we will then have to go to the

Board again for incremental investment. So to your point, yes, this investment is only to meet the time lines and the commitment of the existing customers and where the revenues currently are estimated to be a little over INR 150 crores, INR 160 crores at the peak. So yes, that's on the size of the investment.

Siddhartha Bera: Okay. Okay. Sir, lastly, I mean, on these businesses, seating, where the growth sort of has been quite subdued in the last few quarters. I think in the past, we have talked about maybe touching maybe close to INR1,500 crores in a couple of years. So do you still maintain the target and does that mean that we should see a stronger scale up in the coming quarters? Or yes, I mean, how to think about the growth in this business?

Sunil Bohra: So we are still holding on to our targets, Siddhartha. I remember we did say doubling this revenue to INR1,500 crores over 5 years. We are now, I think, in the fourth year and I'm still sort of hopeful and we are internally working on to see that we still somehow meet our target for next year and then grow further on. That is not the floor, but that should be the platform for future growth. So if you ask me for '25-'26, yes, we are still working on the target.

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

Mukesh Saraf: First question is on Inovance again. You had mentioned in your opening remarks that some of the OEMs were anyways potentially looking to buy from Inovance. So should we kind of -- you said this like probably you already have some soft kind of understanding with OEMs before even like you have started the projects. So should we kind of look at it in the way that there's this confidence that you will get orders through because of that?

Sunil Bohra: So Mukesh, I think, you know us very well for past many years. So our strategy always has been -- we commit capex only once we have some visibility on the customer. And this product specifically being a capital-intensive product, definitely, we would like to have some sort of direction from our customers that, yes, we are likely to sort of secure some business. So yes, we are in discussion with some of our customers, but it's always like you need to have that order in hand, which is not there as of now.

Mukesh Saraf: Right, absolutely. So the reason I ask this question, sir, in 2-wheelers under the EV segment so far, we have seen a different strategy from some OEMs who want to kind of in-source most of the components. So do you think now that you've seen this EV segment now for the last couple of years, interacted with so many more OEMs, do you think that there is -- and you are seeing that OEMs are looking to also outsource a lot more now? Or how is that decision changing in the last couple of years?

Sunil Bohra: Mukesh, it is very, very customer-specific and I think we did speak about it a couple of quarters back that being it in infancy stage and markets are still developing. And it will take few years to settle down as to what customers wants in-house, what in-source. Still we are seeing those batches where people are sort of building their strategy. So it will be a little premature to conclude that this is the way it's going to be for the future.

Mukesh Saraf: And next question is on these new projects. And I did notice that you are having 4 projects that are going to be coming onstream in FY '25, while there's been some change in time lines in 2 or

3 of them, I think there's some, a couple of quarters, maybe 1 or 2 quarters delay. So I hope that's just an operational kind of a delay, and we should see all these core projects getting operationalized in this year itself, FY '25?

Sunil Bohra: Absolutely, Mukesh.

Mukesh Saraf: No. Because versus last quarter, I saw some change in the time line from the SOP, that's the reason I'm asking.

Ankur Modi: This was for 4 wheeler alloy wheel at Bawal.

Sunil Bohra: Yes, I think, we discussed also that land acquisition being delayed. So finally, so what we did was, the project approved by the Board was for 60,000. Of that 60,000, 30,000, we have somehow tried to manage within the existing space. And now finally, we have bought the land. Only last week, we have been able to win through the bidding process through the HSIDC, Haryana. And now we have this land and, hopefully, the rest of the project will get started. So yes, to that extent, there is a delay in the project. Otherwise, normally they are all operational

Mukesh Saraf: And just last bit, I noticed again until last quarter, you have been providing this EV order book. I think this time around, you've not provided that. Any specific reasons?

Sunil Bohra: So Mukesh, I think we have been discussing that also because initially, we started giving because there was a lot of skepticism in terms of whether we will have any business or whether there is enough business being secured. So we have now established a track record. We are already supplying almost all these components to the EV players. So I think that was the key reason that, because there was also a lot of, what we call, uncertainty in those volumes because some customers will give X volume, somebody will give Y volume, and there was some flexibility as well. So somewhere the volume expected was higher, somewhere lower. So we thought it's better not to deal with some of those uncertainties and it was felt best to sort of do away with that and that was anyway limited to only one of the small segment, which is not even like 10% of the group revenues.

Moderator: The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.

Mumuksh Mandlesha: Congratulations on the new partnership announcements. Sir, on the what Aisin sunroof and Suzhou, any revenue or market share targets we have for this business over the medium to long term? And particularly, on the sunroof business, any profitable margins we can achieve for this business?

Sunil Bohra: Yes. So thanks, Mumuksh. In terms of Aisin and Suzhou, so our target for every business we operate is in the medium term, we should reach 30% of the domestic share of business. So that remains our target. While we are still building those businesses, but you said what should be our medium long-term target? I think that is our medium to long-term target and they're not changing their target. In terms of profitability, it is a little early to comment on profitability as of now, but we do expect it to be in line with our average margins. But to be more precise maybe we can comment on once we start production in these businesses.

And initially you know, that initially because you have all the costs and not the revenue. So initially for first 2 years, normally, you have lower margin or, in fact, first year is normally a loss situation because of ramp-up and all those stuff. So normally, we look at third year of -- third full year of operations. And we do expect these projects to deliver those kind of average sort of margins in the third full year of operations.

Mumuksh Mandlesha: And just on Aisin sunroof, how big, sir, globally, they would be for the Suzuki player in the Japan market, sir? And toyota, sir?

Sunil Bohra: Sorry, you said how big is the Suzuki Japan market?

Mumuksh Mandlesha: Yes, I mean, for Aisin, I mean how big supply there would be for these 2 customers in Japan, sir?

Sunil Bohra: I'm really sorry, I don't have Japan number.

Mumuksh Mandlesha: But I think what we know is Aisin is the largest player in the Japanese Market

Sunil Bohra: I think he is asking about market share there. We will take a note of it, Mumuksh, and we will get back to you as soon as we get the information.

Mumuksh Mandlesha: Got it, sir. On the R&D front, we have set up this new subsidiary at Czech Republic, and talk about the products like head-up display and automation. And the last few years, we also have set up new center, CREAT. Just want to understand also there what kind of new in-house products we are seeing traction? And any meaningful areas where we can build up, sir?

Sunil Bohra: I won't raise any high expectation, Mumuksh. This is primarily since the costs are coming down, it was felt best to sort of move to east Europe to reduce some of the operating costs. And this place, Czech Republic is, I don't know, roughly I think 3.5 to 4 hours' drive from our existing plant in Ingolstadt in Germany. So it is more to do with optimizing and reducing the cost base, not more than that.

Mumuksh Mandlesha: Got it, sir. And on in-house products, anything, sir, on ADAS areas where we are getting more traction. We have worked on the cameras. So any more traction on those areas, sir?

Sunil Bohra: Traction on ADAS area, right?

Mumuksh Mandlesha: Yes.

Sunil Bohra: Yes. So we are actually working on some of these things. As you rightly mentioned, camera, we are working on. We are working on radar as well. We are working on heads-up display. So all these are part of ADAS. In fact, actually, we are also working with supporting one of the OEM through our German operations. So there is a lot of excitement, but conversion to business is always a challenge considering the cost aspect and how much OEM want to sort of provide the features. So we are working on a lot of products. Some of these we have got some visibility on business as well. So maybe in around next 6 to 12 months, we are expecting to get better visibility on some specific ADAS businesses, including HUD and some of the products we just spoke about.

- Mumuksh Mandlesha:** Got it, sir. And sir on the employ costs, this kind of run rate should be sustainable with the performance appraisal and all that's happening?
- Sunil Bohra:** Yes, yes. So this manpower cost factors in all the appraisal cycle for the current year and also the growth. So if you see largely half of the manpower cost increases because of the increments given to operators and staff across the board. And half is roughly on account of increased scale and volume.
- Mumuksh Mandlesha:** Okay, sir. And just lastly, sir, I mean, we had a lot of new exciting partnerships and with a lot of new products in-house as well in areas of EVs, 2-wheelers, 4-wheelers, Sunroof, ADAS, et cetera. I mean, do you see actually over medium to long term, the pace of outperformance versus industry can be much higher than 2x, which you have been guiding for past.
- Sunil Bohra:** No, you are right, Mumuksh, but at the same time, we are also increasing consistently the base of the scale or the size of the business. And that is why we said that 1.5x of the industry volume in terms of our revenue growth is what we want to sustain for medium to long term. Short term, yes, there is a possibility to do a little better, but we would like to stick to our guidance.
- Moderator:** The next question is from the line of Raghu Nandhan from Nuvama Research.
- Raghu Nandhan:** Congratulations on good set of numbers and also the tie-up. Sir, firstly, on the sunroof business, what would be the current import share for sunroofs, which provides a potentially large opportunity for us?
- Sunil Bohra:** I don't think I have readily available, Raghu, current import share for sunroof, but we'll definitely get back to you on this.
- Raghu Nandhan:** Sure, sir. And secondly, in EVs, given that you have been growing there, how would you see the revenue time line of crossing INR 1,000 crores and over the next few years going towards INR 3,000 crores? Would FY '25 and '27 be reasonable target?
- Sunil Bohra:** So EV revenue time lines of INR 1,000 crores plus, I think it is, I would say, even in next 12 months possible. Because when we are saying EV, I'm assuming we are covering EV across the board. So I think we will cross even much more than INR 1,000 crores in the coming year, for sure.
- Because if you see the numbers which are shared, even this quarter, we have delivered only for our 2-wheeler segment or 3-wheeler, almost INR 160 crores, INR170 crores of revenue, in the last quarter of INR180 crores. So that itself is like INR 800 crores of revenue plus we have another EV businesses for LCV, et cetera, which is not part of this business, LCV and PV.
- So I think INR 1,000 crores is something we can cross next year itself and INR 3,000 crores is -- I don't want to second guess. I think a lot also depends on industry volumes and also the Inovance business TLA what we have just done. So that SOP is going to take some time after approvals. So with Inovance coming on board, I think, we will soon hit that INR 3,000 crore mark as well.

- Raghu Nandhan:** Got it, sir. And lastly, on FY '25 capex, ex of Inovance INR 1,300 crores to INR 1,400 crores would be a fair estimate?
- Sunil Bohra:** Yes.
- Moderator:** The next question is from the line of Amit Hiranandani from SMIFS Limited.
- Amit Hiranandani:** Sir, my question pertains to the sunroof business. So do we have any USP considering the competition is from the top global players like Webasto and Inalfa in the domestic market. And notably, Webasto has a very aggressive plans to increase their capacity from 5 lakhs to 9.5 lakhs units by FY '27. And continuing with this, sir, what is our 5 years growth plans for this business? And what level of investments will be required over this period?
- Sunil Bohra:** Yes. So Amit, if you would have noted, we just shared a little while back that as of now, the current business or the current TLA, which we have done, covers only a small portion. And even the capex what we have just shared of INR 63 crores, it covers only 1 customer, and that can deliver sales of roughly around INR 150 crores, INR 160 crores, which is what the customer has sort of guided us. We are currently working on sort of building the business case for this and how do we reach the market share of 30% we just spoke about over the next 2 years. So we are currently in discussion with a lot of our potential customers.
- And at this point, it's difficult to sort of comment on the volumes. But in terms of USP definitely, whatever business we operate as the USP has always been sort of a technical edge and also localization. And third is the cost competitiveness and fourth is what normally we call this QCDD, quality, cost, delivery, and development.
- So while we are still working on it, we are also working with our partner to develop sort of sunroof for Indian market, which is a low-cost sunroof, specifically, if it can be designed for the Indian market. So we are working to build on our USP as well as we sort of start this journey. But yes, you are right, we do know and we are conscious of the tough competition ahead in the sector.
- Amit Hiranandani:** Okay. Sir, my second question is the passenger vehicle alloy wheels. So how much is the dependency on Maruti Suzuki we have and who are our other names
- Sunil Bohra:** So we don't share, Amit, the customer-wise revenue of our business.
- Moderator:** The next question is from the line of Aditya Jhavar from Investec.
- Aditya Jhavar:** Congrats on a good set of numbers. I have 2 questions. One is if you can help us understand that how is the progress with the Korean OEMs? Last few years, we have been on a track record in adding products. And if you can give us some sense on what is the share of business in the current product, which we supply to them. So that was the first question. So should I take up the second?
- Sunil Bohra:** Yes, sure, please. Go ahead.

Aditya Jhawar: Yes, yes. Yes, my second question is on the seating business. Post the acquisition, what has been the addition of customer in different categories and how should we think about it, the growth trajectory getting a leg up in the next 2 to 3 years? These are my 2 questions.

Sunil Bohra: Thanks, Aditya. Thanks for appreciation. So in terms of the progress on Korean OEMs, as we have shared, we have gradually been consistently increasing our share of business and share of business obviously is different for different products. But to start with, now we are supplying some of the blow-molding components. We are supplying seating components. We are supplying them switches. We are supplying them something related to the lighting.

So we are supplying them on alloy wheels. So while there are multiple products, which we have sort of worked with them still, I think there is a lot of scope for improvement, and we are still in discussion with them as to how do we sort of increase our share of business, at the same time, meet their client's expectations. So maybe offline, we can share with you a different product-wise SOPs, but I must acknowledge that there is a lot of scope for growth there.

In terms of seating, post-acquisition, we have added, I think many customers. We have added a couple of Japanese PV OEMs. While they don't manufacture seats, they are supplying some seating and other components like the center armrest or the headrest, seating mechanism for recliners. We have added a lot of 2-wheelers in terms of the EV players.

I think a lot of them onboarded, they are also working on one of the major OEMs from EV perspective. We have added one of the domestic bus manufacturer to the kitty. There have been a lot of additions to the -- in fact, we have also added one of the incumbent largest 2-wheeler OEM.

So hopefully, we should be starting supplies to them within next quarter itself. So there is a lot of customer addition, but as I shared little while back, there are some challenges and that's why there is not much of growth in terms of last year to this year, but we are still optimistic to sort of meet our target guidance what we have given and just shared a little while back.

Aditya Jhawar: It's very, very encouraging to hear, the kind of engagement we are having on seating business as well as the progress on the Korean OEM. Is it possible to quantify that what could be the potential order that would be -- we could translate into revenue and see things specifically in the next 2 to 3 years?

Sunil Bohra: Yes. So that's what I said, Aditya. So while currently, we are at a run rate of roughly around INR 1,000-odd crores, we are expecting next year to still meet our INR 1,500 crores target, which I'm sure look like a tall order given last year and this year not much of growth is visible, but we are still sticking to our target. And hopefully, we should be able to deliver that.

Aditya Jhawar: Okay. And in the presentation, you have called out what is the revenue contribution from...

Moderator: Could you please follow back in the question queue for further questions.

Sunil Bohra: We can take this question. Aditya, go ahead.

- Aditya Jhawar:** So just one thing that in the presentation, we have called out what is the revenue contribution from 2-wheeler EV OEM. And 3-wheeler EV as a category is expected to pick up quite significantly. So if you can just give us some sense that what is the order book? Or are we already supplying to the large e-2-wheeler -- e-3-wheeler OEM? And what is the expectation in the next couple of years from e-3-wheeler as a category?
- Sunil Bohra:** I'm sorry...
- Ankur Modi:** E-3-wheeler, what are the order books and...
- Sunil Bohra:** Separately for the 3-wheelers. Sorry, Aditya, we have not shared separately for a split of 2-wheeler and 3-wheelers.
- Ankur Modi:** But I think just to give you an idea, we are currently supplying to major e-3-wheeler as well, some of our EV-specific products.
- Aditya Jhawar:** Okay. But does the 2-wheeler number includes 3-wheeler as well?
- Sunil Bohra:** No. It's only the 2-wheeler.
- Moderator:** The next question is from the line of Sonal Gupta from HSBC Mutual Funds.
- Sonal Gupta:** Just could you sort of repeat the other revenue breakup? Just wanted to get on sensor controllers and how much is Minda Westport contribution in this quarter?
- Sunil Bohra:** Yes. So Minda Westport, as I shared, is almost INR 100 crores for the quarter. And in terms of others, you wanted the split of it, right?
- Sonal Gupta:** Yes.
- Sunil Bohra:** Yes. So I think around INR 112 crores was controllers, around INR 177 crores was sensors in ADAS, around INR 110 crores for blow-moulding products and INR 60 crores from the FRIWO JV.
- Sonal Gupta:** Okay. And sir, on the -- like where is our net debt now?
- Sunil Bohra:** You're saying net debt for the quarter?
- Sonal Gupta:** Yes. Quarter end.
- Sunil Bohra:** Yes. So our net debt to equity was 0.23 and gross debt to equity is roughly around 0.36.
- Sonal Gupta:** Okay. And so in terms of -- like just trying to understand in terms of the capex plans where -- I mean, like we're sticking with the INR 1,400 crores sort of a number?
- Sunil Bohra:** Yes, you are right. And to be a little more precise on the net debt as at 30th June, it is around INR 1,800-odd crores.
- Sonal Gupta:** INR 1,800-odd crores.

- Sunil Bohra:** Yes.
- Moderator:** The next question is from the line of Sabyasachi Mukerji from Bajaj Finserv AMC.
- Sabyasachi Mukerji:** I have just 2 questions. So first is on the potential kit value. On the 4-wheeler side, I see the kit value for SUVs is close to INR 2,06,000-odd in 2024, which was back in 2020, it was somewhere around INR 120,000. Now with this sunroof and e-Axle and chargers and all, are these included or one needs to add the kit value to this?
- Sunil Bohra:** Thanks, Sabyasachi. I think it's a good question. It is for us also a feedback. We should have mentioned it, sorry for that. So this kit value is for all our existing products. And the new products like -- sunroof obviously is not part of this because it has been done now. So we normally update the kit value only on an annual basis. So sunroof is while an EV agnostic product, it has been added now, so it's not part of it. And also all these kit values exclude the EV-specific components. So that is all in addition, even same goes for the 2-wheeler as well.
- Sabyasachi Mukerji:** Okay. So I think you mentioned the potential addition of the content value for e-Axle would be somewhere around INR 1.5 lakh to INR 2 lakh, right?
- Sunil Bohra:** Yes.
- Sabyasachi Mukerji:** So basically, if I add that number, the kit value for 4-wheeler can go up to as high as 4 lakh for us.
- Sunil Bohra:** That's right.
- Sabyasachi Mukerji:** Okay. And very similarly on the 2-wheeler part and I'm focusing on scooters for the kit value, which is roughly INR 15,000 odd, these would be ICE only?
- Sunil Bohra:** Yes.
- Sabyasachi Mukerji:** For EV, how much it would be?
- Sunil Bohra:** No, it is -- if you can refer to Slide number 15, we have tried to give you what is the existing ICE and what is built up for products, which are under supply and what are in pipeline. So overall, around INR 35,000.
- Sabyasachi Mukerji:** Okay. Got it. But existing ICE in that slide was INR 9,300. So I got a little confused -- so INR15,000 for -- because I mean...
- Sunil Bohra:** So there, we are taking economy. And from that economy, we have to reduce filters because filters, you don't have application in EV so that has to be taken out. So that has been adjusted from the base value.
- Sabyasachi Mukerji:** Okay. And only the powertrain agnostic piece of it is INR 9,300 and then we have EV specific additions that takes it to INR 35,000.
- Sunil Bohra:** Yes.

- Sabyasachi Mukerji:** That's the correct understanding, right?
- Sunil Bohra:** Yes.
- Moderator:** The next question is from the line of Abhishek Jain from AlfAccurate Advisors.
- Abhishek Jain:** In this quarter, we have surpassed the last quarter revenue and despite that, our operating margin remained muted around 10.7%. So just wanted to understand what would be the key figure for the operating margin expansion? And what is your guidance for FY '25?
- Sunil Bohra:** So Abhishek, I'm not sure if we have shared with you earlier, but we did share on the call that we have to see our business on a year-to-year basis. This is last year versus this year because there is not only seasonality factor, but also a factor of the price increase and from settlement with our customers, which normally tend to happen in Q3 and Q4 at the maximum. So if you have to compare, I would appreciate to be compared on a Q1 to Q1 basis and not necessarily on Q4 to Q1 basis because that will always be there.
- If you see last many years, I think, you will get the same sort of trends. And that is why we normally speak about the annual margin guidance because quarter-to-quarter, there will be differences because of the variability in the business and the price settlements with some of our customers. Otherwise, the margins or the gross margins are broadly in the range what they were last year. So if you see the gross RM for last Q1 and this Q1, it is broadly in line.
- Abhishek Jain:** Yes, sir. But we have not seen any benefit of the operating leverage in this quarter. And just wanted to understand, you had also guided that your operating margin of 11.5% is for the whole year FY '25, would you maintain this guidance of 11.5%?
- Sunil Bohra:** So that also I've shared, Abhishek, in my initial sort of update that we are maintaining our margin guidance, as we shared in May, which was -- while the guidance was 50 basis points plus/minus 11%, we did mention that we are still expecting to be at the upper end of the guidance and we are still holding on to it.
- Abhishek Jain:** And my last question. On this acoustic business where we have seen de-growth, this is because of the issues on this export side. So can you...
- Sunil Bohra:** There is no issue on export Abhishek. It is primarily to do with our European operations, where obviously, the volumes are a challenge. So acoustics has a large part, which is in Spain.
- Abhishek Jain:** Okay. So what is the guidance for that business for the whole year, revenue growth?
- Sunil Bohra:** Sorry?
- Abhishek Jain:** So what is your guidance for the whole year revenue growth for that particular segment?
- Sunil Bohra:** No, we are expecting to be broadly in line what we call, Abhishek. So in India business, we will be broadly in line with the industry growth, but there are challenges from European side.
- Moderator:** The last question comes from the line of Neel from Valuequest.

Neil: So I actually had 2 broad questions. So one was on the newer segments that we entered. So when we usually choose to enter a new segment on what basis is that segment chosen? Is it usually from the OEM side that the request is to enter certain segments? Or are there some other factors that involve here?

And second question is for the next 2, 3 years, as we enter newer business lines, which areas would be specifically focused on. I don't want the specific parts, but just keen to hear as to what areas you feel have the most potential to scale up going forward? And also, what areas would you like to avoid at all? Yes, these are the 2 questions.

Sunil Bohra: Yes. So thank you very much. So the new segment entry basis, so we have discussed and shared this that the way we have grown these multiple businesses in the group, Neil, is we have been working proactively with our customers on various fronts - understanding what are the customers' pain points, identifying opportunities where we can convert imports into domestic production, which is localization and also looking at businesses, which are synergistic.

And last, the businesses, which are maybe the sunrise businesses or where we are seeing some significant growth potential. So these have been the levers we have always persistently been working on. And most of the businesses you would see we have added in the past few years have been emanating out of this strategy.

In terms of next 2 to 3 years, new business line and which area has to focus on, we have been aggressively working on building our EV portfolio and you would have seen this -- some of the partnerships which we have done in last few quarters. Our endeavor as we move forward, is more towards building more vertical growth and less on a horizontal growth. So what I mean is how do we go deeper into our existing businesses, be it domestically or through exports and maybe add a little less in terms of wider product.

But obviously, we don't want to get into powertrain business or you asked what areas avoided. We don't want to get in direct engine parts or engine manufacturing or we don't want to get into tire manufacturing or a body manufacturing. So these are some of the products, which are -- obviously which we want to avoid in terms of our strategy.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I would now like to hand the conference over to the management for their closing comments.

Sunil Bohra: Thank you. I would like to thank everyone for joining the call. I hope we have been able to respond to all your queries adequately. For any further information, we request you to please do get in touch with us. Stay safe, stay healthy. Thank you once again.

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