

# ANNEXURE-J

## MANAGEMENT DISCUSSION AND ANALYSIS

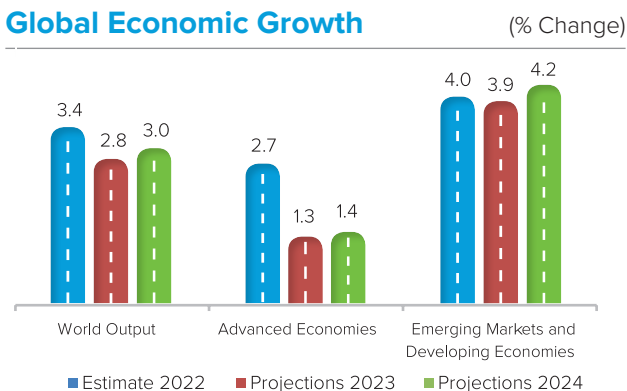
### ECONOMIC SCENARIO

#### Global Economy

The global economy showed improvements during the year with signs of a gradual recovery after being impacted by significant events like Covid-19 and Russia's invasion of Ukraine in the past which led to supply chain disruptions and market volatility. China's economy has also been recovering strongly since reopening, while the supply chain turmoil is steadily easing, and the energy and food markets that were disrupted by the ongoing war are also relaxing. Additionally, most central banks have implemented a massive and synchronised tightening of monetary policy which is anticipated to bear fruit with inflation approaching its targets.

The International Monetary Fund (IMF) has projected that the global growth rate will decrease from 3.4% in 2022 to 2.8% in 2023. However, the global inflation rate is expected to decrease, albeit at a slower pace than previously expected as it is anticipated to drop from 8.7% in 2022 to 7.0% in 2023, and further down to 4.9% in 2024, which is good news for the global economy.

#### Global Economic Growth



(Source: IMF)

The global economic outlook for advanced economies is projected to experience a significant slowdown in growth, declining from 2.7% in 2022 to 1.3% in 2023. The sluggish economic forecast can be attributed to tight policy stances to combat inflation, the aftermath of recent financial conditions, the ongoing conflict in Ukraine, and the increasing fragmentation in geoeconomics. For emerging markets and developing economies, the economic prospects are generally stronger than those of advanced economies. However, the growth prospects may vary significantly across different regions, with the average growth rate predicted to be 3.9% in 2023 and an anticipated increase to 4.2% in 2024.

Recent banking instability is a reminder that the world economic outlook is fragile, with downside risks still dominating and uncertainty increasing. Inflation has proven to be stickier than expected, with core inflation still peaking in many countries. Strong labour markets in most advanced

economies suggest stronger-than-expected aggregate demand, which may require monetary policy to tighten further or to stay tighter for longer than anticipated.

#### Outlook

There is expected to be a widespread decrease in the medium-term growth estimates for future. Over the past decade, projections for the five years ahead have gradually decreased from 4.6% in 2011 to 3.0% in 2023. While some of this deceleration can be attributed to the natural convergence of previously rapidly growing economies like China and South Korea, recent sluggishness may also be caused by more concerning factors such as the lingering after-effects of the Covid-19 pandemic, a lower pace of structural reforms, rising trade tensions, declining direct investment, and slower adoption of innovation and technology in fragmented regions. It is unlikely for a split and polarised world to achieve advancement for all regions, or to successfully confront global issues, such as climate change and pandemic preparedness.

### INDIAN ECONOMY

In the vast landscape of global economies, India stands out with its meteoric rise and unwavering determination to reach new heights. With its rich cultural heritage and a population of over 1.4 Billion people, India has emerged as an economic powerhouse, consistently showcasing its prowess on the global stage. 2023 has proven to be a turning point as India's GDP surges, solidifying its position as a front-runner in the global economic race.

India's economy expanded by 6.1% in the Q4 of the fiscal year 2022-23, leading to an annual growth rate of 7.2%. This growth was led by higher-than-expected agriculture growth and strong growth in services. On the expenditure end, capital formation was one of the key support pillars, while private consumption also grew at a healthy pace.

The growth propelled the Indian economy to US\$ 3.75 Trillion and set the stage for achieving US\$ 5 Trillion target in the next few years. India is now the fifth-largest economy in the world due to its strong economic foundations, thriving domestic demand, careful financial management, high saving rates, and favourable demographic trends.

India's resilient growth could reassure the Reserve Bank of India that its monetary tightening hasn't taken a big toll in the economy thus giving it more room to pause for second straight meeting on 08 June 2023.

As per the Reserve Bank of India (RBI), the estimated headline inflation rate was 6.8% for FY 2022-23. Inflation is likely to stay elevated above the central bank's upper target limit of 6% until early 2023, but it may gradually decrease once interest rates rise. As per the Central Board of Direct Taxes (CBDT)

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estimates, both direct and indirect taxes observed 15.9% and 8.1% annual growth, respectively. Moreover, GST collections (Centre plus States) rose by 21.9%, benefitting from sturdy economic activity.

### Outlook

India is expected to continue its showdown in pursuing a different pathway in zeroing in on growth drivers, looking for renewed surge in resilient manufacturing while supporting services sector to embrace efficiency. Domestic consumption and investment stand to benefit from strong prospects for agriculture and allied services, strengthening business and consumer confidence, strong credit growth while supply responses and cost condition are poised to improve as inflation pressure is easing.

The Union Budget 2023-24's emphasis on capital expenditure is expected to crowd-in private investment, strengthen job creation and demand and support growth in current fiscal. A robust banking system and the Government's capex thrust can create forward momentum and support fixed investment growth. Real GDP is expected to grow, but at a slower pace in the current fiscal year. Moderation in growth could be attributed to the Reserve Bank of India's stricter monetary policy, however it may take a few months for the full effects of recent interest rate tightening to materialise, as these impacts are usually observed with a delay of three to four quarters.

Looking ahead, the Reserve Bank of India projects GDP growth of 6.5% for the current financial year, with the first quarter estimated at 7.6%. This forecast reflects the central bank's confidence in India's economic prospects and commitment to maintaining a stable growth trajectory.

## INDUSTRY OVERVIEW

### Global Automotive Industry

The automotive industry is an important pillar of the global economy, representing 3% of the world's GDP output and providing significant employment opportunities due to its capital-intensive nature. The sector recently witnessed considerable momentum due to the resurgence of economic activity post the Covid-19 pandemic, and need for improved mobility.

### Global Motor Vehicle

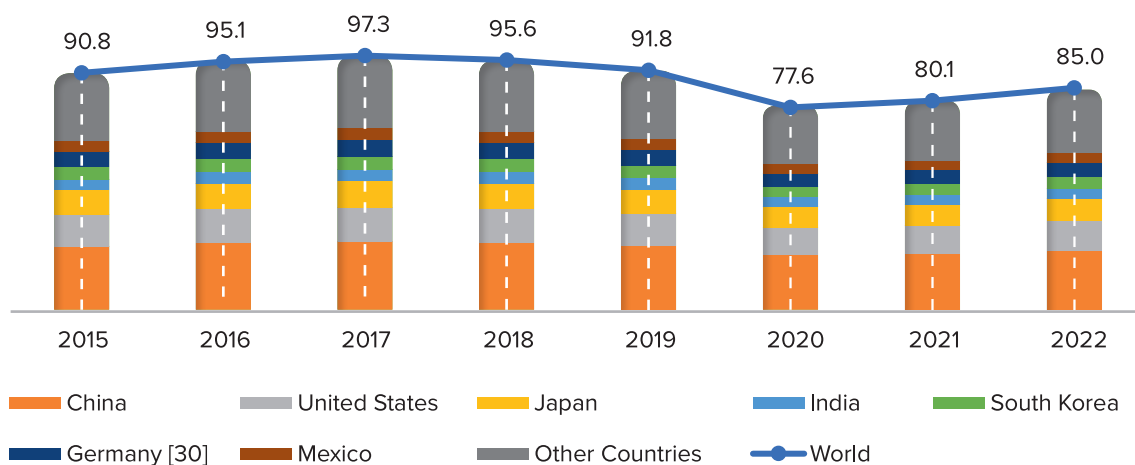
The passenger vehicle segment experienced substantial growth in sales due to a surge in demand for high-end vehicles, and the introduction of new models. The market also predicts that semi and fully automated vehicle segments will experience greater expansion in 2023, thanks to technological advancements that will improve Advanced Driver Assistance Systems (ADAS) and self-driving algorithms. Sales of electric vehicles (EVs) are expected to increase from 9.4 Million units in 2022 to 12.1 Million units in 2023, marking a YoY uptick of 29%.

As shown in below graph, global motor vehicle production increased to 85.0 Million in CY 2022 in comparison to 80.1 Million in CY 2021, registering an increase of 6.25%.

China is likely to remain the largest market for EVs in 2023, with 62% of global registrations, followed by 21% in Europe and 10% in the US. Growth for shared mobility is predicted to reach gross bookings of US\$ 214 Billion – an uptick of 4.3% compared to 2022. Currently, the global automotive industry

### Global Motor Vehicle Production by Region

(In Million)



Figures include passenger cars, light commercial vehicles, minibuses, trucks, buses and coaches

Source: International Organization of Motor Vehicle Manufacturers

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is experiencing a period of optimism and is anticipated to grow to US\$ 6,070.4 Billion by 2030 from US\$ 3296.8 Billion in 2022, registering a CAGR of 6.9% during the period of 2023-2030. The growth prospects are owing to the increasing demand for high-end passenger vehicles, urbanisation, and rising infrastructure spending in the economy.

### Global Motorcycle

The global motorcycle market has experienced steady growth in recent years, driven by increasing urbanisation, rising income levels, and growing demand for personal mobility. The global Motorcycles production was 52 Million in CY 2021 and is estimated at 50 Million Units in the year 2022 as against 47 Million in Covid-impacted CY 2020.

The pandemic brought some significant changes to the automotive industry, especially the two-wheeler industry, with the new business models and start-ups coming in. Collaborations and partnerships are an important part of the two-wheeler industry as new disrupting technologies and business models will be the way forward for the overall growth.

Several economic and environmental factors, such as increasing fuel prices and economies shifting to greener and sustainable transportation to decrease the carbon footprint, drive the electric two-wheeler segment demand worldwide. Further, governments focussing on electrification of two wheelers across several regions and the evolving nature of the charging infrastructure will lead to a faster transition of ICE two wheelers to electric two wheelers across the globe. The

increasing adoption of electric two-wheelers is expected to drive further growth in the industry, with many companies investing in developing new electric models and innovative technologies.

The global motorcycle market is projected to reach 61.6 Million Units by 2026 at a CAGR of 4.7%.

### INDIAN AUTOMOTIVE INDUSTRY

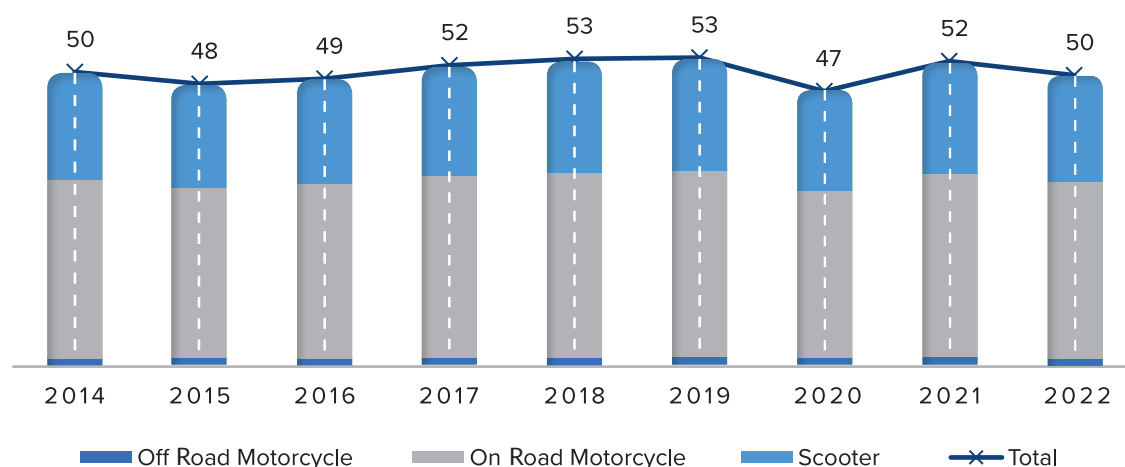
The Indian automobile sector has developed dramatically over the past two decades, grabbing attention on a global scale and being seen as a potential challenger for a top 3 position in the industry. In terms of global rank in manufacturing output, India is the fourth largest manufacturer of cars and commercial vehicles, second-largest in two-wheelers, sixth-largest in commercial vehicles, and third-largest in passenger vehicles.

Over the past decade, India has emerged as one of the most preferred locations in the world for manufacturing high-quality automotive components and vehicles of all kinds, narrowing its gap over several established strategic locations. Currently, the Indian automobile industry is valued at US\$ 222 Billion and is expected to reach US\$ 300 Billion by 2026. To boost manufacturing capabilities, the Government has injected an outlay of US\$ 3.5 Billion, offering up to 18% financial incentives for the development of the automotive industry.

During FY 2022-23, the automotive industry experienced a healthy revival, driven by a rebound in economic activity and pent up demand for new vehicles. Domestic automobile

### Global Motorcycle Production

(In Million)



Source: Statista Motorcycle includes Motorcycles, Scooters and Mopeds >50cc

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sales witnessed a significant increase, primarily due to the easier availability of semiconductors and festive season demand. Additionally, the passenger vehicle segment recorded high sales throughout the year due to the rising demand for luxury cars and the introduction of new models.

### Indian Automotive Segment-wise Production Trends

Category	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	YoY Growth in FY 2023
Passenger Vehicles	40,28,471	34,24,564	30,62,280	36,50,698	45,78,639	25%
Commercial Vehicles	11,12,405	7,56,725	6,24,939	8,05,527	10,35,346	29%
Three Wheelers	12,68,833	11,32,982	6,14,613	7,58,669	8,55,696	13%
Two Wheelers	2,44,99,777	2,10,32,927	1,83,49,941	1,78,21,111	1,94,58,917	9%
Quadricycle	5,388	6,095	3,836	4,061	2,897	-29%
<b>Grand Total</b>	<b>3,09,14,874</b>	<b>2,63,53,293</b>	<b>2,26,55,609</b>	<b>2,30,40,066</b>	<b>2,59,31,495</b>	<b>13%</b>

Source: Society of Indian Automobile Manufacturers.

As shown in table above, overall production during the year increased by 13% to ₹ 2.59 Crores with Passenger vehicle segment reaching highest-ever production. We also witnessed revival in commercial vehicle segment registering 29% growth driven by increase in industrial activities and replacement demand breaching pre-pandemic levels. While two wheeler production volumes grew by 10% however it still remains significantly below pre-pandemic levels, indicating that rural India is still bearing the burden of high inflationary costs.

### Passenger Vehicle Category-wise Production Trends

Passenger Vehicles	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Passenger Cars	27,11,160	21,75,242	17,72,972	18,44,985	21,84,844
Utility Vehicles (UVs)	10,99,780	11,24,973	11,82,085	16,91,081	22,53,272
Vans	2,17,531	1,24,349	1,07,223	1,14,632	1,40,523
	<b>40,28,471</b>	<b>34,24,564</b>	<b>30,62,280</b>	<b>36,50,698</b>	<b>45,78,639</b>
<b>% of Category</b>					
Passenger Cars	67.3%	63.5%	57.9%	50.5%	47.7%
Utility Vehicles (UVs)	27.3%	32.9%	38.6%	46.3%	49.2%
Vans	5.4%	3.6%	3.5%	3.1%	3.1%

We have also been witnessing major change in Indian consumer behaviour post pandemic. India, which used to be largely a passenger car market, saw consumer preference shifting to utility vehicles, whose category share has increased to 49% in FY 2022-23 from 27% in FY 2018-19.

The Indian automotive industry is expected to register a CAGR of 11.3% till 2027. This growth will occur due to rising disposable income, wide availability of credit and financing options, and population growth. Most importantly, India is witnessing a growing demand for electric vehicles. India is forecasted to double its auto industry size to ₹15 Lakhs Crores by the end of 2024.

Soon, the Indian automobile industry is anticipated to shift towards cleaner technologies to decrease emissions.

### Electric Vehicle Market in India

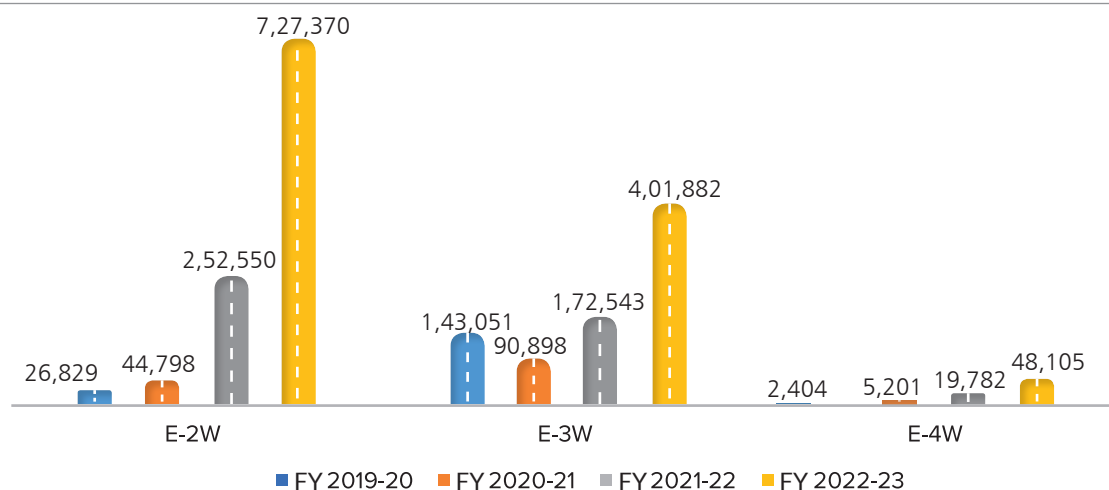
Electric vehicles (EVs) have gained significant traction in recent years as a cleaner and more efficient alternative to traditional gasoline-powered cars. This surge in demand can be attributed to a variety of factors, including government initiatives, increased awareness about sustainable transportation, decreasing battery costs, infrastructure development, and innovation and collaborations.

The Indian government's focus on reducing carbon emissions and increasing the use of EVs has led to the implementation of various schemes and tax incentives, encouraging manufacturers and consumers to shift towards EVs. Furthermore, the need for sustainable transportation and the decreasing cost of batteries has made EVs more accessible to consumers.

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**Electric Vehicle Sales in India**

(Qty)



As shown in above graph, EV industry records 155% YoY growth as demand accelerates; over 720,000 two-wheelers and nearly 400,000 three-wheelers sold; demand for electric cars grew by 125% over FY 2021-22. Fiscal year 2023 had ended with sales of electric vehicles (EVs) in India scaling a new high, charging past the 100,000-units mark for the sixth month in a row. They have crossed the Million-units milestone over the past 12 months.

The growth momentum is expected to continue in ensuing years. The latest report of the Indian Private Equity and Venture Capital Association (IVCA) states that the EV industry is predicted to cross 9 Million units per annum by the year 2027.

As the demand for EVs increases, it presents a tremendous opportunity for both local and international companies to invest in and contribute to the growth of India’s EV ecosystem.

**INDIAN AUTO COMPONENT INDUSTRY**

India’s auto component industry is an important sector driving macroeconomic growth and employment. The industry comprises players of all sizes, from large corporations to micro entities, spread across clusters throughout the country. The auto components industry accounted for 2.3% of India’s GDP and provided direct employment to 1.5 Million people. The industry is being driven by increased local value addition to meet regulatory compliance, recovery in external markets, increased vehicle production in the domestic market and adoption on new technologies and innovation.

India’s auto components industry is buoyed with optimism and is betting big on the domestic market, which enabled the industry to clock revenues of ₹2.65 Lakhs Crores in the first nine months of FY 2022-23, registering a significant 34.8% YoY growth.

The industry is currently focused on deep localisation and new technologies. The Government’s announcement of PLI schemes for Advanced Chemistry Cell (ACC) Batteries and Auto & Auto components are expected to open the door for establishing a state-of-the-art automotive value chain, thus, positioning India as a desirable alternative source of high-technology automotive components. Additionally, with OEMs investing in and developing new EV products, the industry is preparing for the future to participate in the EV supply chain. As per Automobile Component Manufacturers Association (ACMA), the Indian auto component industry aims to achieve US\$ 200 Billion in revenue by 2026.

**OPPORTUNITIES**

**Government Incentives and Schemes**

The goal is clear: to promote India’s ‘Atmanirbharta’ by establishing a globally competitive manufacturing industry. The Automotive PLI programme serves as a prime illustration of this objective. The Government launched the Production-Linked Incentive (PLI) Scheme for the Automobile and Auto Components Industry and approved the sector directly with PLI for advanced technology, auto components, green vehicles, and advanced chemistry cells, and indirectly with PLI for semiconductors and electronics.

The evolution to clean mobility is a top priority for the Government, and numerous steps have been implemented to boost the production and use of electric vehicles in India. Strategies like FAME II—Faster Adoption and Manufacture of Hybrid and Electric Vehicles in India—have been implemented for incentivising sale of electric vehicles.

Under the FAME II programme, the Government has set aside a subsidy of ₹10,000 Crores for electric vehicles, with a disbursement of ₹3,775 Crores to date. The budget has designated ₹5,500 Crores for the programme until the end of the FY 2023-24.

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### Rise in Connected Cars

Connected cars are vehicles that use wireless means to connect to the Internet of Things. They offer a safe, comfortable, and convenient multimedia experience with on-demand features that allow users to browse the web while in their vehicle. The technology has already met over a Billion customer demands and is set to grow rapidly in 2023 with prognostic intelligence and maintenance technology.

### Digital Transformation

As digitalisation continues to expand, every industry is venturing into this new era of technology. Digital advancements have revolutionised our operations, and more individuals are transitioning to digital platforms.

Digital transformation has enabled automotive companies to access global markets, providing the industry with the opportunity to reach its diverse customer base worldwide. Online platforms allow the automotive parts sector to deliver its services to customers across the globe efficiently.

In addition, digital manufacturing is anticipated to be the enabling technology with the emergence of next-generation robots that enable multiple assemblies. The increasing significance of robotics, artificial intelligence, and the internet will be integral to the new industrial revolution.

### Vehicle Scrappage Policy

The Vehicle Scrappage Policy, launched on 13 August 2021, will help eliminate and scrap old and poorly-conditioned vehicles that are creating pollution and affecting the environment. It is a Government-funded programme to replace old vehicles with new ones on Indian roads. Under the policy, the vehicles must be removed from service and scrapped as soon as the registration period ends. The policy creates job opportunities and boosts demand for new vehicles.

Numerous countries, including the US, Germany, Canada, India, and China, have announced vehicle scrappage policies to restrain vehicular pollution and to aid their respective automotive industries. In addition to reducing pollution and improving road safety, the Vehicle Scrappage Policy offers many other visible advantages. The basic materials obtained from the scrapped vehicle, such as copper, rubber, steel, aluminium, and plastic, can be recovered and recycled to create new vehicles at a lower cost, which will boost sales in the auto sector.

### Supporting EV Growth in India

It is impossible to envision the future of mobility without electric vehicles. The demand for electric vehicles, both domestically and internationally, is creating new opportunities for the auto component sector from the perspective of global supply chains. Currently, the majority of innovation in the auto industry is driven by electric vehicles. As the adoption of electric vehicles grows, the distribution networks for automotive electrical systems will progress.

### Financials

Particulars (₹Crores)	FY 2023	FY 2022	YoY%
<b>Revenue from Operations (Net of Excise)</b>	<b>11,236</b>	<b>8,313</b>	<b>35%</b>
Raw Material	7,224	5,272	
Employee Cost	1,460	1,207	
Other Expenses	1,310	949	
<b>EBITDA</b>	<b>1,242</b>	<b>885</b>	<b>40%</b>
<b>EBITDA Margin</b>	<b>11.1%</b>	<b>10.7%</b>	<b>40 bps</b>
Other Income	49	63	
Depreciation	430	392	
<b>EBIT</b>	<b>861</b>	<b>557</b>	<b>55%</b>
<b>EBIT Margin</b>	<b>7.7%</b>	<b>6.7%</b>	<b>97 bps</b>
Finance Cost	70	62	
<b>Profit before Share of Profit/Loss of JVs and Tax</b>	<b>791</b>	<b>494</b>	<b>60%</b>
<b>PBT Margin</b>	<b>7.0%</b>	<b>5.9%</b>	<b>110 bps</b>
Tax	191	147	
<b>Profit before Share of Profit/Loss of JVs</b>	<b>600</b>	<b>347</b>	<b>60%</b>
<b>PAT Margin%</b>	<b>5.3%</b>	<b>4.2%</b>	<b>116 bps</b>
Share of Profit/Loss of JVs	100	65	
<b>Net Profit/(Loss) After Share of Profit/(Loss) of Associates/Joint Ventures (A)</b>	<b>700</b>	<b>413</b>	<b>70%</b>
<b>PAT attributable to:</b>	<b>0</b>	<b>0</b>	
- Owners of UML	<b>654</b>	<b>356</b>	<b>84%</b>
- Non-Controlling Interests	47	57	
Other Comprehensive Income	78	22	
<b>Total Comprehensive Income</b>	<b>778</b>	<b>435</b>	<b>79%</b>
<b>TCI Margin%</b>	<b>6.9%</b>	<b>5.2%</b>	<b>169 bps</b>

The Company demonstrated excellent performance with 35% growth in annual revenues to ₹11,236 Crores in FY 2022-23 as against ₹8,313 Crores in FY 2021-22. While industry volumes had grown by 13%, we continued our industry outperformance by registering growth at 35%. The EBITDA for the same period in FY 2022-23 was ₹1,242 Crores in comparison to ₹885 Crores in FY 2021-22. On margins front, the EBITDA margins were higher at 11.1% in FY 2022-23, as against 10.7% in FY 2021-22 due to benefits of operating leverage, partially offset by higher material costs.

### BUSINESS OVERVIEW

Uno Minda Limited, commonly known as 'Uno Minda' or 'The Company,' is a leading global manufacturer of auto components and systems, holding a leadership position in all its product segments. The Company has over six decades of experience in the auto industry and boasts of more than 20

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product lines, 73 manufacturing facilities and a workforce of over 29,000+ employees across 12 Countries. With customers worldwide, Uno Minda has a diverse product portfolio catering to both global and domestic markets.

Uno Minda has been steadily expanding its footprint by adding capacity, products and channels while focusing on infrastructure, technology and research and development. The Company has a robust in-house product development capability including localisation of products, aided by a team of over 1000 engineers, filling more than 375 patent applications and over 340 design registrations.

### Switch Business

Uno Minda aims to sustain its global leadership position as one of the premier and leading manufacturers of switching systems and handlebar assemblies for two-wheeler and three-wheeler. The Company serves most major OEMs by developing top-notch products for two-wheeler, three-wheeler, and off-road vehicle segments. With the goal of being a global technology leader in two and three-wheeler switches and handlebar systems, the division concentrates on developing reliable, cost-effective and innovative products.

The Switch Division operates five plants in India and two overseas production facilities in Indonesia and Vietnam. The products are manufactured from diverse locations across India: Manesar, Pune, Hosur, Aurangabad, and Pantnagar, each with its dedicated R&D centre.

Uno Minda has consistently been upholding its leadership position in India in the four-wheeler switching business through its subsidiary, Mindarika Private Limited. Tokai Rika has been the joint venture partner for around 30 years. The division has also focussed on off-highway switches, and catering to all major OEMs in India, with exports to US and European markets and other customers.

The business registered a revenue of ₹3,203 Crores for FY 2022-23, contributing to about 28.5% of the total consolidated turnover. Increasing features like infotainment, sunroof, power windows, overhead console, cruise controls leading to increase in number of switches in PV continue to drive the business growth along with increasing share of business with Indian and Korean customers. During the year, we received incremental orders from Korean customer further strengthening our relationship. In 2W Switch business, we have been exporting CAN-based advance switches to marquee American two wheeler OEMs and now have started export of heated grip to them. Our expansion of 4W switch plants at Chennai and Farrukhnagar (Gurugram, Haryana) are going as per the plan and is expected to commence operations in Q2 FY 2024 and Q3 FY 2024, respectively.

### Lighting Business

Uno Minda's lighting Business is India's foremost automotive lamp manufacturers with global R&D and design centres.

Emerging new technologies make affordable products for two, three, and four-wheelers and off-road vehicles. The Company is recognised for its lighting solutions, design, R&D, manufacturing, and end-to-end solutions to the country's leading OEMs.

In last few years, Uno Minda also further augmented its technological capabilities with the help of its R&D centre in Germany. Our German R&D centres have proven capabilities in designing, developing, and manufacturing innovative lighting solutions for next-generation vehicles. It is among the top players with state-of-the-art lighting technology and works closely with German OEMs in pre-development activities for high-end platforms, which install the next level of technologies.

During the year, we worked on various innovative lighting solutions like cornering lamps, connected tail lamps, illuminated badges, interior moon lighting, logo projections, and adaptive lighting. We have been accredited with various firsts in the business.

Lighting Business achieved revenue of ₹2,575 Crores for FY 2022-23 contributing 23% to our total turnover. The Company received incremental orders of more than ₹1,000 Crores annual peak value in last 12-15 months in four wheeler lighting business and is poised for exponential growth in coming years.

The Company has commissioned four wheeler lighting Gujarat plant in Q4 FY 2022-23 and is gradually ramping up production. The Company has announced setting up a new four wheeler lighting plant in Pune, Maharashtra with a total capital expenditure of ₹400 Crores to be spent over a period of the next five years in a phased manner. The initial outlay in Phase I for setting up the plant will be about ₹230 Crores to be spent over a period of next two years and the remaining will be spent as sustaining capex thereafter on new businesses.

### Acoustic Business

India's largest manufacturer of automobile horns, Uno Minda Acoustic Division, is the most preferred horn supplier to Indian OEMs, owning nearly 50% of the market. It caters to 2Ws, 4Ws, off-road vehicles, and commercial vehicle companies. The Company also has strong presence in European market through its wholly owned subsidiary Clarton Horn S.A.U., Spain. Uno Minda along with its subsidiary Clarton Horn, the world's second-largest manufacturer of automotive horns, provides electromechanical and electronic horns for a range of vehicles.

Acoustic Business recorded revenue of ₹736 Crores for FY 2022-23 contributing 7% to our total turnover. Acoustic business has been stable with already a dominant market share. The European acoustics business did face volatility due to fluctuation in auto motive productions. However Clarton Horn has been resilient and is gradually recovering.

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### Castings Business

The Company's casting business comprises four wheeler and two wheeler alloy wheel along with aluminium die casting business. The Company is a leading player in both four wheeler and two wheeler alloy wheel with annual manufacturing capacities of approx. 4.5 Million and 3.6 Million wheels, respectively.

The four wheeler alloy wheel market continues to expand with increasing application of alloy wheel to steel wheel. Going by the trend of developed market, the application of alloy wheel can further increase by almost 3x from current ~ 35% to 95% in next 5-10 years. The Company has also been gradually expanding its capacity to meet the increased demand. During Q4 FY 2022-23, the Company started commercial production of 30,000 line in its Gujarat Plant. The Company is also in process of expanding its capacity at Bawal Plant by another 60,000 units per month.

The Company is also in process of expanding capacities of its two wheeler manufacturing plant at Supa, Maharashtra by adding another 2.0 Million wheels. While the Plant was set for one of the anchor customers, the Company has diversified into four more leading two wheeler OEMs as its customers.

Castings Business achieved revenue of ₹2,175 Crores in FY 2022-23 contributing 19% of our total turnover. Casting division continued its stupendous growth with stabilisation and ramp up of two wheeler alloy wheel business and increasing penetration of 4W alloy wheel business resulting in overwhelming orders for us.

### Seating Business

In April 2021, the Seating division came into existence with the conclusion of the merger of Harita Seating Systems Limited (HSSL) with Uno Minda Limited. With this, the Company has established an important presence in automotive systems solutions in the seating segment.

In last two years, Seatings business grew by 62% achieving revenue of ₹1,053 Crores in FY 2022-23 as compared to ₹650 Crores in FY 2020-21 contributing 9% of our total turnover. The Company has diversified its customer base with addition of atleast three new-age two wheel EV OEMs and one incumbent two wheeler OEM for two wheeler seating business. The supplies for these orders is expected to begin in H2 FY 2023-24. The Company has also become the global supplier for American headquartered leading Commercial and Off Road vehicle manufacturer exporting to its plants in America and Europe. Supported by the same, the business also achieved highest-ever exports of Approx. ₹200 Crores in FY 2022-23.

The Company has also ventured in four wheeler segment with orders for head rest and arm rest. During the year, the Company entered into a Joint Venture agreement with

TACHI-S Company Limited ("TACHI-S"), a global seat system creator headquartered in Tokyo, Japan for manufacturing and marketing of seat recliners for four wheeler passenger vehicle in India. The joint venture will offer various products, including recliners in first phase with the intention of expanding into other seating mechanisms, seat frames and complete seating assembly. Uno Minda will hold 51% stake in the joint venture while the remaining stake will be held by TACHI-S. The Board had also approved investment up to ₹10 Crores for recliner product which has qualified for business from Indian OEMs.

### EV Business

The Company had started its journey on electrification 4-5 years back and looked at a two pronged strategy. First, to level up our current products for Electrification e.g. LED headlamps and tail lamps in place of bulb-based ones, modifying our high current switches to low current switches with connectivity, increasing operating voltages of our ECU's. Second was to incubate several new products specifically for EV like Onboard Chargers, DCDC Converters, Smartplugs.

Since then, the Company has upgraded its existing products for electric vehicles as well as has built one of the most formidable EV specific product portfolios in the industry. To shorten the time to market, we entered a joint venture with FRIWO AG last year adding products like BMS, off board chargers and motor controller. During the year, the Company entered into joint venture with Buehler Motor GmbH, a leading global supplier of customised mechatronic drive solutions, to develop, manufacture and market traction motors in India and other SAARC nations.

Under the umbrella of the EV product portfolio for EV 2W and EV 3W, Uno Minda now has an array of products under production and supply, including a battery management system (BMS), on-board charger, off board chargers, RCD cable, body control module, smart plug, telematics and sound box. We have also received orders for motor controllers, DC-DC converters and traction motors which will go into production in H2 FY 2023-24. Our potential kit value of 2W EV is approx. ₹30,000 i.e. almost 4x of existing ICE 2W potential kit value.

The Company has been manufacturing its EV specific products at its controller business facilities and at temporary facility at its Manesar plant, however would move to its new plant at Farrukhnagar, Haryana, in H2 FY 2023-24. The Company will be incurring capex of ₹160 Crores in Phase 1 to set up this new plant at Farrukhnagar, Haryana.

Uno Minda has also already secured annual peak order of approx. ₹1,900 Cr from EV OEMs and growing. Out of this, ₹950 Crores pertain to only EV specific products. This is a testament to the Company's strong performance and its ability to capitalise on the growing demand for EVs in the market in the coming years.



## Annexure-J (Contd.)

### OTHER BUSINESS

#### Sensors and Controllers Business

Uno Minda Limited's sensor, actuator, and controller division is a leading auto electronics component manufacturer. The sensor division had become a leading electronics component manufacturer, evolving innovative electronics products for two, three, and four-wheeler and off-road vehicles. The division benchmarks globally for manufacturing reliable, cost-effective, and innovative products.

The division has advanced contact and non-contact speed sensors for two-wheeler and four-wheeler applications. It also has a variety of innovative product lines like headlamps, levelling motors, the EAPM (Electronic Accelerator Pedal Module), and other position and magnetic sensors benchmarked at par with the world's best auto component brands. During the year, the Company further enhanced its sensor portfolio with Technical licensing agreement with Asentec Co., Limited ("Asentec") of Korea, a leading global supplier of Automotive sensors and actuators, to design, develop, manufacture and market wheel speed sensors in India.

The Sensor and Controller business contributed ₹457 Crores revenue in the Company's total consolidated turnover for FY 2022-23, registering a growth of 75% over last year. The controller business also included EV specific products manufactured at their facility in the interim.

#### Blow Moulding Business

Uno Minda Kyoraku Limited (UMKL), subsidiary of Uno Minda Limited, is a market & technology leader in the field of Automotive Blow moulded products like Roof Duct, IP duct, Spoilers, Washer Bottles, Deck Board & EA PAD. It operates three plants i.e Bawal, Bangalore and Devakada. UKML had started setting up new green field plant in Bangalore in FY 2020-21 to enhance its capacity to meet requirements from new orders won. The existing plant in Bangalore which has

no place for further expansion was also moved to this new green field plant in Bangalore with much larger area. UKML had commissioned this new plant in Bangalore in FY 2022-23. With the commissioning of enhanced capacity, UMKL also reported a remarkable growth of 44% in revenues to ₹310 Crore in FY 2022-23 from ₹215 Crore in FY 2021-22.

#### Aftermarket

Uno Minda Limited is one of the leading automotive aftermarket companies in India. The Company's vision is to create a best-in-class global distribution organisation for the aftermarket of Uno Minda products, while adding value to all stakeholders. The aftermarket division was earlier operated under a separate company, Minda Distribution Services Limited, which has now merged with Uno Minda Limited. Over the years, we have built a very strong distribution network across the country covering 600 districts, 7000+ pin codes catering to more than one lakh channel partners.

We have maintained our leadership position in two & three wheelers in electrical component segments. The Company has diversified its product range to electronics, consumables and mechanical components in PV, CV, tractor & off-road segments. The Company has more than 25 product lines under the Uno Minda brand catering to 2W, 3W, PV, CV, tractors and off-road segments, covering nearly all vehicle models.

The Company's aftermarket biz has seen five-fold growth in eight years and is growing from strength to strength by investing in the right areas and tapping into multiple available opportunities. The Aftermarket biz for first time crossed ₹1,000 Crores mark and achieved revenue of ₹1,042 Crores in FY 2022-23, registering a growth of 26% over last year.

We continue to strengthen our aftermarket presence with the launch of new products as well as new branding and marketing initiatives. We have also recently launched our e-commerce platform ([www.unomindakart.com](http://www.unomindakart.com)) dedicated to the B2C segment.

### OPERATIONAL PERFORMANCE

#### Product-Wise Revenue Contribution

Division	Switches	Lighting	Acoustics	Castings	Seatings	Others
%	29%	23%	7%	19%	9%	13%

#### Financial Performance

Particular	FY 2022-23	FY 2021-22	% Change
Debtors Turnover (Days)	56.0	60.4	-7.4%
Inventory Turnover (Days)	67.3	72.4	-7.2%
Current Ratio	1.2	1.3	-4.3%
Net Debt Equity Ratio	0.24	0.15	60.0%
EBITDA Margin (%)	11.1%	10.7%	40 bps
Net UML Profit Margin (%)	5.8%	4.3%	35.9%
Net Cash Flow from Operating Activities (₹Crores)	798.22	382.88	108.5%
Interest as a% of Revenue	0.6%	0.7%	-13 bps
Depreciation as a% of Revenue	3.8%	4.7%	-89 bps
Interest Coverage Ratio	17.86	14.21	25.7%
Return on Net Worth (%)	15.7%	10.3%	538 bps

## Annexure-J (Contd.)

### RISK AND MITIGATION

Risk management plays a crucial role in driving business success and is a vital component in achieving the Company's long-term business objectives. We adopt a comprehensive approach to minimise risks by conducting thorough assessments to optimise growth opportunities. Through effective risk management, we strive to strike a balance between our growth and financial return goals and the associated risks involved.

In our Integrated Report, we have extensively outlined and documented the various types of risks and corresponding measures to mitigate them.

### HUMAN RESOURCES

Being an employee-centric organisation Uno Minda always puts its people at the heart of whatever it does. The Company believes that the success of the organisation and its people, go hand-in-hand.

To further strengthen people practices, Uno Minda HR Team partnered with one of the best consulting firms to re-design the Company's existing HR strategy and re-frame existing HR roadmap to have a Future Ready People Function, known as HR Roadmap 2.0.

HR Roadmap 2.0 not only ensures our people's learning & development, career growth, reward & recognition, holistic well-being, but also takes care of them like a family member. Robust learning & development architect and best-in-class HR practices like Management Continuance Initiative (MCI), Developmental Dialogue in place produces future ready talent and leadership pipeline that assures sustainability of our business. Our humble efforts have been corroborated/endorsed by GPTW, by awarding Uno Minda a 'Great Place To Work' consecutively for two years. We take pride to be featured in the 'Wall Of Fame' for significant shift in our GPTW ranking on year on year comparison.

*'No success in material terms is worthwhile unless it serves the needs or interests of the country/community and its people'*  
JRD Tata

Corporate Social Responsibility is not a statutory compliance for us. We do it with great passion from the inner realisation of giving our society back. We mainly focus on educating the children of underprivileged class. Making unemployed people (especially women) learn vocational skills so that they start earning their livelihood and become a productive force for the society. Recognising our efforts in the CSR field, we won prestigious awards such as the 'Greentech award' and the 'CSR Times award (gold award)' in the categories of education promotion and women empowerment, respectively.

Fair corporate governance supported by robust policy framework around it, makes Uno Minda known for transparency, trust and dependability.

To evaluate the success of the Organisational Business Transformation (OBT) exercise and to review the current norms, we have conducted a Pit-Stop where we heard the voice and suggestions of our internal customers and reviewed, redesigned, and updated the norms of OBT accordingly for more smooth functioning of the processes and businesses.

The Company has also built a robust skill development programme that enables overall skill development of the functional employees and ensures the right skills are available based on future competencies. The Company has developed institutionalised coaching and mentoring programme for employees to take up the more significant role and challenges. These initiatives have helped the Company in succession planning for all critical organisational roles. Not only this, but the Company has also introduced special provisions for Upskilling & Reskilling leaves where any employee who is opting for any such course will get Company-sponsored leaves of up to 6 working days.

Over the years, Uno Minda has created a great workplace for all its employees by excelling in the 5 dimensions of a high-trust, high-performance culture – Credibility, Respect, Fairness, Pride, and Camaraderie. The Company is proud to state that it has been again certified as 'Great Place to Work (2023)' by Great Place to Work Institute India for the second consecutive year. The Company has again featured in the '**Wall of Fame**' of the Great Place to Work Institute and significantly moved up from among the top 30 Best Workplaces to **the top 25 Best Workplaces** among manufacturing companies.

We are strategically focused on reaching out to large numbers of people in the community and providing more opportunities for holistic development, thus achieving responsible growth by shaping the lives of individuals through new possibilities. Recognising our efforts in the CSR field, we won prestigious awards such as the 'Greentech award' and the 'CSR Times award (gold award)' in the categories of education promotion and women empowerment, respectively.

### ENVIRONMENT, HEALTH, AND SAFETY (EHS)

Uno Minda is committed to continual improvement of the environment, occupational health and safety practices and demonstrates the same. The Company has taken various initiatives that are expected to have environmental benefits and reduce operational costs, like roof-top solar installation: installed 13.38 MW (including OPEX & CAPEX) of rooftop solar cells across 25 plants, and the Solar Open Access Renewable Energy Project has 13.59 MW of capacity across 6 plants (in Maharashtra and Tamil Nadu); which is 18% of the power

## Annexure-J (Contd.)

requirement of the Company. The Green Belt Plantation Drive: 40% green area for new plants and many energy efficiency projects implemented, i.e., electronic commutated blowers in AHUs, VFD installation, APFC panels, LED lights, WHRS installation, and conversion of furnaces from HSD to PNG, among others.

Uno Minda has a dedicated EHS team to maintain, sustain, and improve the EHS culture of the Company. The Company has EHS strategies to achieve the same, which are also interlinked with the EHS Management System, which is part of the Uno Minda Systems Manual (UMSM). It follows a complete PDCA cycle in its EHS journey and does regular monitoring and reviewing of all EHS activities. Uno Minda has organised many EHS promotional activities during Road Safety Month, National Safety Month, and Environment Day celebrations, consistently following the same practices. The Company also ensures the active participation of its employees, including shop floor employees, through EHS committee meetings, EHS Kaizens, submission and reporting of unsafe acts, conditions, and near misses, among others. To improve awareness and skills, it conducts many EHS trainings (LOTO, EHS awareness, fire prevention and control, fire drill, and permit to work system, among others) for its employees on a regular basis.

Uno Minda has also taken many initiatives to reduce water consumption and CO<sub>2</sub> footprints in its plants. The Company's actions to reduce water consumptions include installing sensor-operated water taps; using waste water in toilets and gardening, installing level sensors, using leak test machine waste water in CNC coolant tank, installing aerator in taps, and installing waterless urinals, among others.

### INTERNAL CONTROL SYSTEMS

Uno Minda is a system-driven company. Our effective internal control system plays a crucial role in maintaining efficient daily operations. The Company follows a systematic method of financial reporting of various transactions, efficiency of operations, safeguarding of assets and compliance with applicable statute and regulations. Our structured audit system is an on-going process. It forms a basis for reviewing

the adequacy of internal control systems. Our internal control is aptly designed, ensuring reliability of financial and other records necessary for the preparation of financial information and other related data.

Our comprehensive budgetary monitoring control system helps evaluate the performance. This evaluation is done with reference to budgeted performance by the management review committee daily. The discrepancies, if any, with actual performance and the budgets are methodically analysed regularly. The Management Review Committee, in consultation with the Audit Review Committee, then suggests possible remedial actions.

The Internal Audit is carried out by the internal team and the appointed Internal Auditors of the Company. The reports, thereby prepared, are reviewed in the Audit Committee meetings. Corrective measures to strengthen the internal controls are suggested and taken in consideration. Further, the suggestions by Internal Audit Committee are reviewed and considered by the Board's Audit Committee. This is done on a quarterly basis. The motto here is improvement of internal controls and systems within the Company.

The Board then reviews the Internal Audit Committee's suggestions. Post reviewing, the Board approves suggestions and the resultant reports are reviewed by the Audit Committee and the Board members together.

### CAUTIONARY STATEMENT

The statements made in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, and expectations may be 'forward-looking' statements within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand, supply, and price conditions in the domestic & overseas markets in which the Company operates, changes in Government regulations, tax laws & other statutes, and other incidental factors.