



## “Uno Minda Limited Q3 & 9M FY25 Earnings Conference Call”

**February 06, 2025**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Uno Minda Limited Q3 and 9 Months FY25 Earnings Conference Call.

This conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company as on date of this call. These statements are not 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 mode only 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 \*, then 0 on your touchtone phone. Please note that this conference is being recorded.

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

**Sunil Bohra:** Thank you. Good afternoon, everyone and a warm welcome to all the participants.

On the Earnings Call today, I am joined by my colleague, Ankur. We have uploaded our financial results and investor presentation for Q3 and 9 months FY25 on the Stock Exchanges and our Company's website. We hope everybody had an opportunity to go through the same.

I would like to begin by giving some insights on the economy, followed by the current scenario in the auto industry and our "Financial and Operational Performance" for the Quarter and 9 Months, post that we will open the floor for Q&A.

The global economy is projected to grow at 3.3% in both 2025 and 26, remains below historical average of 3.7%. The US continues to grow at 2.7% in 2025, driven by strong consumption and a resilient labor market. In contrast, the Euro geography seems to be weighed down by weak manufacturing and geopolitical concerns. Despite fiscal support, China's growth is expected to remain at 4.6% in 2025 as property market challenges persist.

Further, the global outlook looks challenging due to trade and geopolitical risks. This may disrupt global supply chains, reduce investments and delay growth prospects, particularly in trade intensive sectors. The geopolitical scenario, including tension in the Middle East and some of the provinces, remain unresolved. Meanwhile, emerging markets are showing mixed performance.

India on one hand continues to shine with growth holding steady at around 6.5%, supported by strong domestic economy. India's growth is expected to remain stable with limited downside risks compared to some of the other emerging markets. This stability is a testament to the country's ability to navigate global headwinds, including potential trade policy uncertainty and geopolitical issues in some of the regions. In this uncertain environment, agility and strategic

planning will be key. As a Company, we must remain vigilant, adapt to changing conditions and seize opportunities where they arise.

Moving on to the automotive industry:

For the quarter ending December '24, the Indian automobile industry demonstrated growth in Q3 FY25, achieving a steady year-on-year volume growth of approximately 7% with total production reaching around 78 lakh units. This positive performance was largely driven by robust demand in the two-wheeler whereas the PV segment contributed with marginal growth. However, the commercial vehicle segment saw a decline in production as it has faced sluggish industrial activity and delayed government expenditure.

In Q3 FY25, the passenger vehicle segment demonstrated production volumes growth of 3% year-on-year to reach 11.7 lakh units. The growth in passenger vehicle slowed a bit after stellar last few years. Meanwhile, as per FADA, dealers anticipate strong consumer pull from new SUV launches, future EVs and its maturing EV ecosystem, though price sensitive buyers and interest rate fluctuations remain watch points.

In Q3 FY25, the commercial vehicle sector experienced a modest decline of approximately 2%, reaching around 2.4 lakh units. This subdued performance was largely attributed to a slowdown in industrial activity, delayed government fund disbursement and sluggish financing approvals, prompting many customers to defer purchases. However, optimism is building, particularly in regions benefiting from infrastructure projects. The sector is expected to see a gradual recovery, supported by an accelerated pace of infrastructure development and government incentives, which could drive the fleet universe and expansion. The two-wheeler segment delivered a solid year-on-year growth of approximately 8% with production reaching around 59.2 lakh units. In contrast, the three-wheeler segment witnessed muted growth reflecting broader market sluggishness. However, towards the end of the quarter, the two-wheeler segment experienced a month-on-month decline primarily due to delayed government fund releases and a stricter financing norm imposed by lenders. These factors dampen market momentum and had some impact on softness in demand. Despite these near-term challenges, the long-term outlook for two-wheeler and EV segment remains positive. Improved supply chains, new model launches and strengthening rural demand are expected to provide a significant boost.

Recently presented Union Budget 2025 is well balanced in terms of supporting India's aspirations of emerging as a global hub for tech and innovation, while supporting MSMEs, the nation's backbone and creating more job opportunities for the nation's youth. The most newsworthy and important announcement is the increase in income tax exemption limit to 12 lakhs. For consumers, this opens access to more disposable income, which has the potential to translate into increased spending and may have positive impact on automotive demand. Presenting the Union Budget 2025, the Finance Minister highlighted a strategic push for the EV industry, focusing on enhancing both supply and demand. The government's commitment to indigenous manufacturing is clear from substantial allocation of funds to various schemes like

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PM E-DRIVE, AUTO PLI and ACC PLI. Personal income tax relaxations aim to boost private consumption, complementing these supply side measures. Customs reforms include exempting basic custom duty on lithium-ion battery scrap and critical minerals like lead, copper, etc, ensuring a steady supply for local production and job creation. To further support the EV sector, BCD exemptions have been granted to additional capital goods to bolster lithium-ion battery production. Overall, the budget was encouraging for the industry and likely to support medium to long term growth of the industry.

Before we dwell into our financial operational performance, I would like to highlight our interesting showcase of innovative technologies and solutions at the recently concluded Auto Expo Component Show 2025. We highlighted our commitment to personalize autonomous connected and electrical mobility solutions. We had a dedicated green mobility zone featuring 3 technology demonstrators TD-125 electric skateboard, TD-425 electric bus and TD-225 electric bike highlighting cutting edge product portfolio for e-two-wheeler, e-three wheeler and e-four wheeler specific solutions as well. In that zone, we unveiled state-of-the-art products like highly integrated E-axle, intelligent battery management systems, dual charging capabilities and seamless connectivity, all designed to redefine the electric mobility experience.

Our advanced lighting solutions included connected pixel based digital tail lamps, OLED lamps and adaptive lighting. Personalized and smart innovations featured augmented reality heads up displays, CAPSENSE switches, AVAS, ADAS and vehicle control units and software defined vehicle control units. We are delighted by the overwhelmingly positive response received from customers, government officials who visited our stalls including some of our investors and analysts. Thank you.

Moving on to “Financial and Operational Performance” for Q3 9-month FY25, you can refer to Slide #8 and #9:

Uno Minda delivered yet another quarter of strong financial performance, outperforming industry. The group revenues for the quarter grew by 14% to Rs. 5,056 crores whereas growth is more pronounced in consolidated revenue, which grew by 19% year-on-year to Rs. 4,184 crores driven by broad based growth across multiple product lines and further supported by consolidation of Minda Westport and Minda Onkyo in the current financial year. Notably, the lighting, alloy wheel, switches, EV components, sensors, and controller segments exhibited strong performance.

EBITDA for the quarter reached Rs. 457 crores, reflecting a 20% year-on-year increase. EBITDA margins improved to 10.9% in comparison to 10.8% in the corresponding quarter previous year. Finance cost for the quarter increased to Rs. 47 crores due to higher borrowings to fund CAPEX, land acquisitions and working capital. Depreciation also rose in line with capitalization of new projects. The Company share of profit from associate and joint ventures is Rs. 40 crores in Q3 in comparison to Rs. 44 crores in the corresponding quarter previous year. The share of profits of associates JV was lower primarily on account of Minda Westport and

Onkyo becoming subsidiary and their profits being consolidated. Besides all JV, namely Denso Ten, Roki, TRMN, TGJV entities have reported strong operating and financial performance. The tax rate for the quarter was lower due to one-time accounting of tax benefit on past losses at Kosei Minda consequent to approval of merger by NCLT. Uno Minda's profit after tax increased by 21% year-on-year to Rs. 233 crores in Q3 FY25, reflecting the overall robust financial performance. For 9 months we have achieved consolidated revenues of Rs. 12,246 crores registering a growth of 20% on a year-on-year basis. The EBITDA for the period grew by 21% to Rs. 1,347 crores. Profit after tax, which is Uno Minda's share for the 9-month period was at Rs. 677 crores as against Rs. 588 in the corresponding period, reporting a growth of 15%.

Coming to the business segment wise performance, you can refer to Slide #12. Our Switching Systems segment delivered an outstanding performance in Q3 generating revenues of Rs. 1,045 crores and contributing 25% to our consolidated revenues. This marks a year-on-year growth of 20% driven by increased kit value from high content with a share of business with some customers and a robust recovery in the domestic two-wheeler segment. The two-wheeler switch business continues to thrive, supported by strong industry volumes and improved exports. As an industry pioneer, we have once again led in technology with the introduction of haptic capacitive switches in a recently launched passenger car. The consolidation of our four-wheeler switch plant from Manesar to Farukhnagar is progressing as planned and is expected to be completed by Q3 FY27.

#### Moving to Lighting:

Our Lighting business remains a key growth driver, significantly contributing to the company's performance. In Q3 FY25, the segment generated impressive revenues of Rs. 982 crores marking a 15% year-on-year growth and accounting for 24% of consolidated revenues. This quarter also saw the lighting business achieved its higher ever quarterly revenues driven by strong growth in both the domestic four-wheeler and two-wheeler lighting business to OEMs. During the quarter, we commissioned our new four-wheeler lighting plant at Khed starting supplies of pixelated digital tail lamps for recently launched passenger car. This innovative product has set new benchmark in the Indian lighting industry receiving rave reviews from customers. As announced last quarter, the implementation of our expansion project in Indonesia has begun and is expected to be commissioned in phases starting from Q4 FY26

#### Moving to Casting business:

The business showcased robust performance in Q3 FY25 generating revenues of Rs. 768 crores and contributing 18% to consolidated revenues. This includes Rs. 408 crores from four-wheeler alloy wheel segment and Rs. 223 crores from the two-wheeler alloy wheel segment and the remainder from the die casting business. The casting business experienced 13% year-on-year growth led by the two-wheeler alloy wheel segment. Thanks to the ramp up of the enhanced capacity added last year. Both the two-wheeler and four-wheeler alloy segments have witnessed

substantial growth supported by capacity expansion initiatives. We are expanding our four-wheel alloy wheel facility in Bawal by additional 30K capacity scheduled for commissioning in Q4 FY25. Additionally, the construction of a new Greenfield plant at IMT Kharkhoda with a capacity of 120 K wheels per month and a 2 million alloy wheel plant for the two-wheeler segment at Supa, Maharashtra is progressing as planned.

Our aluminum die casting business has grown approximately from Rs. 200 crores in FY21 to over Rs. 500 crores now. Starting with engine covers and other body casting products, we have expanded to applications in the seating business and electric vehicles for battery housing and charges. New opportunities are emerging, requiring us to increase our capacity. Consequently, the Board has approved a CAPEX of Rs. 72 crores for the expansion of the aluminum die casting plant in Hosur from 11,000 tons per annum to 15,000 metric tons per annum. The enhanced capacity is expected to commence in phases from Q4 FY26.

Moving to Seating business:

It generated revenues of Rs. 273 crores in revenue during Q3 FY25, contributing 7% to consolidated revenues. While domestic business demonstrated steady growth, the export segment faced headwinds due to a downtrend in the European market, particularly impacting one of our key customers. Overall export for seating year-on-year is lower by around 18%. During the quarter, we commenced supplies of pneumatic suspended seats to a domestic OEM. Additionally, we secured a substantial export order from a new customer that is expected to bolster our export growth in the coming quarters. As you progress into subsequent quarter, we anticipate boosting revenues from a ramp up of volumes of a newly added OEM customer driven by 4 new model launches by them, increased volume from e-two-wheeler OEMs and the commencement of supply of pneumatic suspended seat. Therefore, we remain confident in the growth potential of our seating business.

Moving to the Acoustics business:

The segment generated revenues of around Rs. 184 crores for the quarter, representing a stable 4% contribution to our consolidated revenues. While India acoustic business remains stable, our European subsidiary, Clariton Horn was adversely impacted by downward trend in the European auto industry.

Moving to other product businesses:

The segment achieved revenues of Rs. 933 crores for the quarter, contributing 22% to the overall topline. Of this, almost Rs. 150 crore came from controllers, around Rs. 209 crores from sensors and ADAS, Rs. 119 crores from blow molding products, Rs. 136 crores from Minda Westport and Rs. 123 crores from the UMEVSPL. Most of the business under the other category are performing exceptionally well.

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Our Alternate Fuel system business continues to grow, reaching new heights every quarter with many OEMs focusing on increasing the presence and volume in the CNG segment. The Control business was supported by strong volumes for off board chargers for e-3W and BMS for e-2W. And our diverse sensor offerings are driving growth of our sensors and ADAS business. Following our large order win for 7.2 kilowatt EVSE from Japanese OEM last quarter, we have secured another order for 3.3 kilowatt for their EV PV model.

Our European Engineering Service business under CREAT GMBH has been working on ground breaking innovative technologies. In yet another milestone, they have won an order for engineering services for heads up displays and sunroof illumination systems.

Moving to electric vehicles, you can refer to Slide #16 and #17:

Revenue from EV two-wheeler OEMs was Rs. 238 crores in quarter as against Rs. 228 in the last quarter and Rs. 164 in the corresponding quarter last year. During the quarter, we started supply of 500-watt onboard charges and 950-watt onboard chargers with SOP of multiple orders lined up in the next 3-6 months, outlook for e-two wheelers specific component business continues to be very promising. Besides e-two-wheeler, we have also been supplying components to e-three-wheeler and e-four-wheeler. Our revenue from e-three-wheeler is around Rs. 74 crores primarily comprising of EV specific components. Supplies to e-four-wheeler mainly comprised of our existing and traditional products.

Moving to aftermarket and industrial revenues, you can refer to Slide #14 please. In terms of our revenue pie for the quarter ended December '24, OE business accounted for 92% and aftermarket business at around 8%. Our aftermarket division revenues have grown by 17% to Rs. 319 crores in Q3 in comparison to Rs. 273 crores in corresponding quarter last year. Our increased focus on marketing and distribution for aftermarket products is reaping benefits. Our international sales represent approximately 11% of revenues. Though exports were slightly better than last quarter, they are still down from the peak. As highlighted last quarter due to lower industry volumes in the EU and US, our international sales continue to be negatively impacted on account of lower exports and lower sales in European subsidiaries. International sales revenues share is also decreasing as our domestic business takes higher share due to more pronounced growth. Happy to inform, the board has also approved and declared interim dividend of 0.75 per share which is 37.5% of face value reflecting a commitment from the Company to return value to shareholders on a consistent basis. The interim dividend for FY25 is over 15% higher as compared to last year's interim dividend.

Moving to cash flow and debt levels:

Our net debt as of December '24 was at Rs. 1,964 crores compared to Rs. 1,319 crores as on March 31, 2024. The net debt has increased on account of expansion CAPEX as well as expenditure for land bank at Kharkhoda, Hosur and Bawal of around Rs. 340 crores. The total capital expenditure including the Land Bank for the 9-month period was Rs. 1,324 crores while

sustaining growth CAPEX has been financed from business cash flows, capital expenditure primarily on land bank and increased working capital requirement has resulted in incremental debt. Our net debt to equity as at 31<sup>st</sup> December stands healthy at 0.34. We have achieved return on capital employed of 18.6% basis annualizing profits of 9 months FY25. Kindly note that the capital employed considered for calculation does include the CAPEX for land bank as well as CWIP which is currently not generating any returns. ROCE would be even higher if we exclude these non-deployed assets.

Moving to “Strategic Business” update:

We have received the final NCLT order for merger of Kosei JV entities with Uno Minda Limited. Consequent to the order, all three Kosei JV entities, namely Minda Kosei Aluminum Wheel Private Limited, Kosei Minda Aluminum Company Private Limited and Kosei Minda Mould Private Limited, has been merged with Uno Minda Limited, with effect from 1<sup>st</sup> of April 23. The merger is expected to result in significant synergies in business with the removal of various duplicate administrative costs of maintaining 3 different legal entities.

Moving forward:

We remain very optimistic on medium to long term outlook of domestic auto industry. Indian automotive industry is on a path of rapid evolution, driven by innovation, sustainability and a favorable economic environment. Our Company has rightly positioned itself by continuous investment in R&D capacities and key resources like land and people to seize the potential growth opportunities. With our existing diversified product portfolio, new product and technologies, we are confident of sustained outperformance over the 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. Anyone who wishes to ask a question may press ‘\*’ and ‘1’ on their touchtone phone. If you wish to remove yourself from the question queue, you may press ‘\*’ and ‘2’. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Our first question comes from the line of Chandramouli Muthiah with Goldman Sachs. Please go ahead.

**Chandramouli Muthiah :**

Hi, good evening and thank you for taking my questions. My first question is just related to the comments that you made on fast tracking some capacity expansion at your Hosur plant and I think you also mentioned that there is some new opportunity that is emerging. Just want to understand what the nature of the opportunity is and also if it has anything to do with some of these electric SUV launches that we have seen more recently at the Auto Expo. The second question is just around the budget related tax savings that a large part of the tax filing community might get over the next year. What your views are initially on what that could do to production run rates at your two-wheeler and four-wheeler customers? And the third question is just on your



capacity expansion over the next 2 years, how we should think about startup costs around that capacity expansion and if there is any indication that you would like to give around what the margin ranges for the business could be as a result?

**Sunil Bohra:**

Yes. Thanks, Chadru. So, moving to your questions starting from first about the Hosur plant expansion, so this, we have casting plant as I said in Hosur where we manufacture both traditional products for two-wheelers like the engine cover or some aluminium casting parts, etc., but we also manufacture the parts for EV like battery housing and products for seating, etc., so that business has been doing phenomenally well. So, until now, we have been expanding capacity in the premises and behind whatever small expansions possible, but now we have reached a situation where we need to significantly increase the capacity from almost 11,000 ton to 15,000 ton and this is primarily for all the existing products. There is no new product per se. So, you have EV also, you have non-EV products also which this business will be catering to. And that is why we are in this year, we will be expanding this capacity. So, that is what the nature of opportunity are, so basically existing products, both EV and traditional segment. In terms of budget tax saving, you said what is our view on production run rate per two-wheeler and EV? So, as I said, we are definitely very optimistic because at the end of the day it will put almost Rs. 1 lakh crore of money in the taxpayer hands next year because it is a very big amount and we do firmly believe that there will be a positive friction of this on a lot of industries, maybe consumer driven, etc., and that is what the government intention is to put more money in hands of the end consumer, which is expected to drive their demand. So, from that, we also expect that mobility is being one of the key aspects of today's life because it is not only what you always say about food, water and shelter. Mobility also is one of the key aspects, because while the cities continue to grow, the infrastructure in terms of public transport is not maybe seemingly growing up with that pace. So, the demand for mobility is becoming very of the essence. So, considering all those aspect, we do hope and expect that this Rs. 1 lakh crore of annual money which is coming in people's hands, good quantum should come to the automotive industry and hence should have positive friction on the two-wheeler and PV segment both. In terms of capital expansion for next two years, we know that today we have 12 projects which are undergoing expansion. Last quarter, it was 13. We added one 14 and two have been commissioned. So, 12 projects are under expansion and we might have something as move forward given that we have been adding land for future expansions and a lot of businesses are growing very well, so they will definitely need at some point bigger facilities. So, for that, we are gearing up in terms of the core infrastructure, be it land or other resources in terms of people development, etc., we have been working in totality. You also asked in terms of startup costs, yes, definitely there is going to be a startup cost which is there because all the projects which the board approves as we have been discussing we look at third full year of production as a target for our returns or a target return, so in first year it is maybe part year and second year is normally, you tend to have all the costs which are incurred and not the profit, so you somewhere it will be negative or 0. So, those costs are baked into our assumptions and this year we have guided for our EBITDA margin range of 11% plus minus 50 basis points and those guidance factors in that startup cost as well. Moving forward to next year, maybe I will be better placed to answer to this question what that

range will be next year when we discuss our Q4 numbers. I think that was your last question on the margin range. So, I hope I have addressed all your questions.

**Chandramouli Muthiah:** Got it. And just if you could repeat the numbers that you mentioned on sensor controller, ADAS, blow molding, and FRIWO, I think we couldn't catch all those numbers, if you could just repeat that once again, that is just the one clarification I had.

**Sunil Bohra:** So, you wanted the split of that others?

**Chandramouli Muthiah:** Correct.

**Sunil Bohra:** So, of the Rs. 933 crores, controllers is roughly Rs. 150 crore, sensors and ADAS is roughly Rs. 209 crores, blow molding is Rs. 119. Our CNG business is Rs. 136 and our JV FRIWO, which is UMEVSPL is Rs. 123.

**Chandramouli Muthiah:** Got it. That is very helpful. Thank you very much and all the best.

**Sunil Bohra:** Thanks, Chandru.

**Moderator:** Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all the parties in the conference, please restrict your questions to two each. If you have any follow up questions, please rejoin the queue. The next question comes from the line of Aditya Jhawar from Investec. Please go ahead.

**Aditya Jhawar:** Hi, thank you for the opportunity. Congratulation reporting solid growth despite weaker PV and CV production. My first question is on the four-wheeler charger business. So, what I understand is that earlier we had one Japanese OEM as a customer, and we added one more. Customer, if you can help us understand how is the ramp up planned here, how are the margins in this product line as compared to Company average? If you can talk a little bit about the new growth that we are looking for and charges? That is the first question that if you can take this.

**Sunil Bohra:** Yes, the second one?

**Aditya Jhawar:** Yes. So, the second is on Europe. So, you mentioned that the outlook is not that great. So, if you think about from the next 3-6 months perspective, you see any line of sight of improvement. Are there any OEM specific issues that you are facing or overall you are sensing that across OEM, so demand outlook for the next 3-6 months seems to be on the weak side? That is the second question?

**Sunil Bohra:** Right. So, thanks, Aditya. Thanks for the compliments. In terms of four-wheeler charger business for EVSE, last quarter we received one business and this quarter we received another business. So, this is both are for the Japanese OEMs and in terms of ramp up, obviously they will be linked to the vehicle SOP and vehicle volumes in terms of how do we ramp up. So, you

know that our production is straight mirroring the OE volumes. So, from that perspective, we will be ramping up as and when whatever customer demands. In terms of margin versus Company average margin, initially you do expect these margins to remain lower until they reach some better threshold, but what good thing we have done is, rather than putting these products into a totally new business, we are doing this as part of our controller business. So, from that perspective, it will help us spread out our fixed cost efficiently and make sure that even though it is a lower margin, we have some positive contribution from these products to our financials. And moving to your Europe question whether next 3-6 months, are we seeing an improvement? It is very difficult, Aditya. As of now, things are not significantly better. In fact, they are what they were last month and we are keeping ourselves prepared for maybe a bit longer hiatus in terms of the challenge what we have, so that we are preparing ourselves to those lower volumes and seeing how we can we can bring down the breakeven points in those region, because as of now it looks difficult to visualize whether we will have significant improvement in six months of timeframe. Any OEM specific issue is very difficult, but one thing which is visible is that and I think we have been reading in lot of other coverages as well that very high-end vehicles, the demand seems to be not that impacted as we see in the low-end mid segment. That is what the current visibilities in terms of power revenue split as well.

**Aditya Jhawar:** Yes, that is quite helpful. My next question is that on the land bank out of the Rs. 1,324 crores, we have spent 9 months, how much we have spent on land bank and what is the thought process on this CAPEX going ahead?

**Sunil Bohra:** Sorry, what was of Rs. 1,324 crores?

**Aditya Jhawar:** No, in 9 months, the CAPEX that we have incurred, what proportion is for land bank and what is our thought process on this subject, going ahead?

**Sunil Bohra:** Right. So, of Rs. 1,324 crores in 9 months, we have spent roughly Rs. 350 crores in 9 months on the land. And our strategy is as you know to be ready because in past we have seen 2-3 projects where we have faced significant delays in land acquisition and eventually we delayed constructing of plant and had impacted directly to our volumes. So, that puts advantages. One definitely, once you have the land, we need to be closer to our customers. So, to get a large land is always difficult. So, earlier what, you would have visited some of our plant as well and lot of people on the call that we have spread out various places. Now, when we buy a big block, it also helps us in consolidation in a way that we can have our own industrial park. We can have commonality of services like your security, like your canteen, like lot of other infrastructure which you need for that setup. So, you bring synergies? Another advantage is when you talk of large investment you also get that support from the government in terms of maybe better support in terms of approvals, clearances, incentives, a lot of advantages which come because you are looking at that scale. And the last is that in terms of availability of resources also are people once we are closer to the cities in the area, we are looking land the availability of talent also is there. So, there are multiple kits we do. Yes, in short term, it is a drain. But as you would have noticed the land which we have bought in Khed for of almost 83 acres, almost 20 acres we already put

a plant on for four-wheeler lighting business. Of around 95 acres we have bought in Kharkhoda, roughly 20 acres is allocated to our four-wheeler alloy wheel plant where construction is going on. At Hosur, we are in the process of buying this land and part of the land is allocated for future growth of couple of business which operates in that region. So, the whole idea is that we are prepared for growth in the medium term where we will not look after for land.

**Aditya Jhawar:** Sure, that is helpful. Now, the final question is on gross margin. So, clearly we had some benefit of operating leverage, which was offset by contraction and gross margin, so any comment on sequential and Y-o-Y decline in gross margin?

**Sunil Bohra:** So, in terms of gross margin, primarily the first factor is what we call the different volume of mix if I may say so. So, if you see this quarter, the mix of alloy wheel business where the margins are little better, the ratio is lower. Number two, in last quarter, in one of the business we had some settlement with our customer which improved the gross margin, but overall if you see from our individual business perspective, there is not much of a difference in gross margins.

**Aditya Jhawar:** Fair enough. That is it from my side. All the best.

**Sunil Bohra:** Thank you, Aditya.

**Moderator:** Thank you. The next question comes from the line of Siddhartha Bera from Nomura. Please go ahead.

**Siddhartha Bera:** Hi, sir. Thanks for the opportunity. Sir, first question is on the lights business, both for lights and LMT, what will be the current capacity utilization and do you think with this new capacity is now coming up, we should expect a step up in the growth momentum from where we are currently given that you are gaining lot of orders and market share, so will that be the right assumption? That is one. The second question is, and also if you can share the mix between two-wheeler and four-wheeler segment for lights and switches business? Second is on the four-wheeler on the seating business. We indicated that we have got a large export order if you can quantify that amount and how to think about growth in the coming year, because this year has been quite soft? And lastly, sir any update on the new businesses on Innovance and EV Motors also, which we have, how to think about ramp up?

**Sunil Bohra:** Sorry, your voice, missed, sorry Siddhartha, last question was?

**Siddhartha Bera:** Any updates on the Innovance JV and EV Motor segment also which we are ramping up in the coming years?

**Sunil Bohra:** Thanks Siddharth, I think a lot of points, so let me try and cover one by one. In terms of the lighting and you said LMT capacity utilization with new capacity growth momentum, will it be a right assumption to have higher growth in coming quarters? So, definitely, Siddhartha that is the endeavor, we have been trying to put capacity, and this has been one of the strong feedback

from all the investors that our capacity at alloy wheel have been actually running hand to mouth. And why don't we prepone some of our CAPEX that was the suggestion which you are getting and that is what currently we are doing. So, in terms of capacity utilization at Light, we do have now a good capacity available and with a new plant at Khed and also at LMT which is the four-wheeler alloy wheel business and two-wheeler alloy wheel business starting with first alloy wheel business for four-wheelers. We will be having another 30K capacity up and running from maybe 3 months from now. So, with that, we will have a good capacity available for future growth. And two-wheeler, we are actually currently also expanding from 6 million to 8 million. The 6 million is running at full capacity and 6-8 million obviously is currently under the construction phase and hopefully it should start maybe next couple of quarters. In terms of two-wheeler, four-wheeler light and switch business split you asked. So, in terms of switching four-wheeler and two-wheeler for the quarter, the four-wheeler switching sale was roughly around Rs. 414 crores and two-wheeler was Rs. 465 crores. And for lighting four-wheeler was roughly Rs. 422 crores and two-wheeler was Rs. 285 crores. Moving to seating business about quantification of this business, the business is roughly around Rs. 70 crores of peak annual value in terms of sales. And the last was update on Innovance. So, we are in discussion with lot of customers, as you would have also seen at the Bharat Mobility Show, the kind of products we have displayed and our technology partner was also there. We are currently in discussion with them as you know for converting from our TLA to JVA. So, that is a parallel exercise which we will work on. So, we are currently working based on the TLA. The team is still working jointly to prepare the detailed project report and thoroughly working for closure on the JVA. And EV Motors business, we know that we had some headwinds initially because couple of customers based on which alloy we have set up the business. Both have faced significant challenges from that government action on subsidy recall etc. So, post which we have been working with lot of customers and we have got good traction with some of the large customers and hopefully from next year, we will see some significant value add from this business. So, I hope I have covered all the questions, Siddhartha.

**Siddhartha Bera:**

Yes. So, the only last question on the PLI.

**Moderator:**

Sorry to interrupt Siddhartha, may we request to return to the question queue for follow up questions. Thank you.

**Siddhartha Bera:**

Sure.

**Moderator:**

Thank you. The next question comes from the line of Ajox Frederick from Sundaram Mutual Funds. Please go ahead.

**Ajox Frederick:**

Hi, sir. Thanks for the opportunity. Sir, one question, you mentioned that the demand for high end premium vehicles will not be impacted as much, so how much of our four-wheeler business is indexed to UVs or EVs?

**Sunil Bohra:**

How much of our business in you said four-wheeler EV?

- Ajox Frederick:** Yes. EV and UE, utility vehicles, the larger vehicles.
- Sunil Bohra:** Yes. So, as you would have noticed Ajox, from EV perspective, we have got a significant business from e-two wheeler and e-three wheeler. I shared the numbers also in terms of revenue in case, you have that handy or if you want me to share that again, I can share it.
- Ajox Frederick:** I was talking about four-wheeler EV?
- Sunil Bohra:** So, as I said, four-wheeler EV, our current business is only for our traditional products, be it our switching segment or be it the alloy wheels, etc., plus, in terms of CV, you asked, right? So, CV, we don't have much of exposure at a group level.
- Ajox Frederick:** No, what I meant sir, was let us say going forward, the small cars are not growing as much as the utility vehicles or the electric vehicles. So, from our four-wheeler business, about 46% of our revenue is coming from four-wheeler. Within that, how much of that quantum will be indexed to a utility vehicle or electric vehicle, so that is the question?
- Sunil Bohra:** I am sorry. I am still not clear. Maybe we can take this question offline, if you don't mind.
- Ajox Frederick:** Okay, no problem. And sir, the second question I had was on the casting. So, the Bawal plant, it got delayed a bit, so from next quarter we will see a decent ramp up in castings happening?
- Sunil Bohra:** You are right. Bawal plant has been delayed quite a bit and that is the capacity we are adding, but simply addition of capacity does not necessarily mean that we will see volume growth because volume growth is again linked to vehicle growth and the OE demand.
- Ajox Frederick:** Understood, sir. Great, sir. Thanks. That is it from me and all the best.
- Sunil Bohra:** Thank you, Ajox.
- Moderator:** Thank you. The next question comes from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities. Please go ahead.
- Mumuksh Mandlesha:** Yes. Thank you, sir, for the opportunity and congratulation on the strong growth numbers.
- Sunil Bohra:** Thank you.
- Mumuksh Mandlesha:** Sir, firstly, just recently your new plant in the seat belt and airbag has commenced where you have done about Rs. 375 crores CAPEX both together, just want to understand how will the ramp up of this plant and just on the revenue potential if can indicate?
- Sunil Bohra:** Yes. So, thanks Mumuksh for the compliments. In terms of the seat belt plant, which recently commissioned, I presume you are referring to the plant in Rajasthan in Neemrana. So, there the total asset turn we are expecting at peak is roughly around 2 of the total investment.

- Mumuksh Mandlesha:** And this ramp up will be, by when you see the high realization of the plant, sir?
- Sunil Bohra:** That is normally the third year of production.
- Mumuksh Mandlesha:** And for the air bag, sir?
- Sunil Bohra:** The air bag is separate. That is in the JV with TG. That is another plant and air bag plant has already ramped up and you would have seen that OEs have already gone with four airbags for quite some time now and that mandatory 6 airbag is no longer applicable. So, in terms of the impact in financial, we are already seeing that growth.
- Mumuksh Mandlesha:** Got it, sir. Sir, just on the sunroof side, do you want to indicate how is the order book shaping there? What are the key customers and any light on how we see the profitability for this business? And just lastly, heads up display, anything you want to share, how is the order there?
- Sunil Bohra:** Yes, Sunroof as Mumuksh, we have been working to set up this facility in Bawal based on the LOIs we have got from one of our Japanese OEM. This is expected to be to go into SOP for a couple of years from now. This is linked to the new model launch. That is number one. Number two, we have been working with a lot of other customers, but this current model which we secured this year is a premium segment, but a lot of our customers are looking for low-cost seat model, which we have also now showcased in the Bharat Mobility Show. So, with that, we are currently in discussion with a couple of more customers, they are at different stages. But as of now, we don't have the second LOI which is currently in process. So, as of now, it is only one LOI from one customer.
- Mumuksh Mandlesha:** Got it. And on the heads-up display, anything you want to share how is that, you mentioned initially comments?
- Sunil Bohra:** No, heads up display as you know we have been working with our customers in Europe, and we are also thoroughly working in terms of having a cost effective model in India which currently is at R&D level. So, there is still some time to have a product which we can commercially what we call exploit in the market.
- Mumuksh Mandlesha:** Got it, sir. So, sir, lastly, the off-road segment is one segment of our revenue has grown very well over last few quarters. Just want to understand which segment in off-road, which category of segment that growth has come for the segment?
- Sunil Bohra:** So, OR, we have the key business is the seating business and that is what I have shared that we have been seeing significant traction in terms of suspended seats which are very premium seats and last quarter we also updated that we have got an export order from aftermarket customer for this segment. OR does pretty well in terms of our seating business, there are some other products also, but they are very small.

- Mumuksh Mandlesha:** Understood, sir. Thank you so much for the opportunity.
- Sunil Bohra:** Thank you Mumuksh.
- Moderator:** Thank you. The next question comes from the line of Mukesh Saraf from Avendus Park. Please go ahead.
- Mukesh Saraf:** Yes, sir, good evening and thank you for the opportunity. My question is related to the alloy wheel business, specifically two-wheelers. So, we are expanding capacity here and I did notice that two other large alloy wheel players are also expanding capacity this year. So, my question is more of the industry, where do you see this now in terms of the import substitution with this expansion, are we more or less covered now and most OEMs are now locally sourcing all the alloy wheels for two-wheelers?
- Sunil Bohra:** So, Mukesh, very good question first of all. So, alloy wheel two-wheeler, we are doing pretty well. We are running at capacity and while I can't comment about our competition, but we are also expanding and our expansion is based on the orders which we have in hand. Are we more or less covered and where do you see the future? Honestly, there are still discussions going on with OEMs even beyond this 8 million capacity. So, currently, we have 6 million capacity. We are expanding to 8 and there are discussions going on to take it beyond 8, but as of now I can't confirm that unless the business is confirmed but having said that that does not mean that there is no further growth in the business.
- Mukesh Saraf:** Sure. So, basically, there is still a lot more opportunity in terms of the import substitution because in terms of especially two-wheeler alloy wheel implementation is already at peak. So, So, you are saying there is more opportunity to grow beyond this expansion as well?
- Sunil Bohra:** Yes, absolutely.
- Mukesh Saraf:** Right. And similarly on two-wheeler could you kind of give a sense now where are we in terms of penetration on the alloy wheel side?
- Sunil Bohra:** You said two-wheeler or four-wheeler?
- Mukesh Saraf:** Four-wheeler, sir.
- Sunil Bohra:** Four-wheeler, the application ratio has little bit softened versus the previous quarter from 45% currently at around 42%-43%. That's what the current data is, but more credible data I would be able to give you at the end of the year because that is mostly annual exercise we do. But as of now it remains in the existing range between 42% and 45%.
- Mukesh Saraf:** Sure. Alright sir. Thank you. That is all from my side. Thanks.



- Sunil Bohra:** Thank you, Mukesh.
- Moderator:** Thank you. The next question comes from Rishi Vora from Kotak Securities. Please go ahead.
- Rishi Vora:** Yes, hello, sir. Congratulations for good set of numbers. Just one clarification on the share of JV, you said that because of export Q-on-Q got consolidated, there was an impact on JV. So, incrementally on revenues on a Y-o-Y basis, what would be the impact on revenues and EBITDA if you could share that number?
- Sunil Bohra:** Yes. Thanks, Rishi for the compliments. In terms of impact, if we see, so the revenues from Westport even though they have grown significantly last year to this year, but if I could take out from the topline both Onkyo and Westport, this is roughly around 3.5% of the total topline. So, of the total growth of 20%, this is around 3.5%, rest is all from existing businesses.
- Rishi Vora:** And EBITDA contribution would be similar?
- Sunil Bohra:** The percentage margin is roughly same.
- Rishi Vora:** Understood. And my second question is on PLI. So, is there any update on PLI which you could share, have we applied, or we have not applied so any update on PLI?
- Sunil Bohra:** No, we have actually applied PLI on actually 2 PLIs now. So, we have got approval in auto PLI for some of our sensors. We have also got approval into the white goods PLI for some of our LED components which we manufacture at our lighting business.
- Rishi Vora:** So, what would be roughly their contribution to our overall topline?
- Sunil Bohra:** It is very small Rishi because of the total business large part which is your alloy wheels, lights and switches, they are not part of the PLI scheme.
- Rishi Vora:** Understood. And have you done any exercise on what proportion of our products if you apply could be eligible for PLI in totality?
- Sunil Bohra:** No. So, there is definitely going to be a huge possibility for high value in future as we continue to add our EV products specifically for four-wheeler as well. But the PLI window is not as we know, it is not a longer window. Three years almost are already gone. It is only two years left, and by the time we have significant ramp up after SOP. The scheme is almost over unless the government chooses to extend the scheme and also the second part is important is even those scheme is for 5 years, there is a limited fund which allocated for this scheme and whatever we hear based on the info we have, the government might actually utilize this amount much before the 5-year window.

- Rishi Vora:** Understood and we have applied for EV charges because that could be a decent size right for us?
- Sunil Bohra:** Yes. That is currently under validation because you have to get the DVA certified.
- Rishi Vora:** Understood. Thank you and all the best.
- Sunil Bohra:** Thank you.
- Moderator:** Thank you. The next question comes from Amit Hiranandani from Phillip Capital India Private Limited. Please go ahead.
- Amit Hiranandani:** Yes. Many congratulations to the team for good growth numbers. My two questions, basically our seating and acoustic business contributes about 11% of the consolidated revenue, but that is something which is not growing at all as the absolute numbers are broadly the same or even lower on a Y-o-Y basis. So, what steps is the Company taking here to grow this team of business?
- Sunil Bohra:** Yes. Thanks Amit for the compliments. As I said in my update at the beginning, both seating and acoustic business are totally different. Acoustic business large part is in Europe which is facing significant headwinds in terms of volumes. The last quarter itself, there is a drop in revenue of almost Rs. 25 crores in the Europe, Spain business in acoustics. Otherwise, the domestic business is doing pretty well in line with the industry. And in terms of seating business, as I shared again, seating has a lot of exports and the exports have dropped by almost 17%-18% last quarter to this quarter, last Q3 to this Q3. And we are actually secured a significant new business for almost Rs. 70 crores of annual peak value of business. We are working very aggressively plus we have got business from incumbent OEM which is launching switch into four new models in this quarter. So, we do expect a growth coming from that. So, overall, we are very optimistic on seating business in short to medium term as well.
- Amit Hiranandani:** Right. So, it is generally macro issues which has impacted these two businesses?
- Sunil Bohra:** That is right, Amit.
- Amit Hiranandani:** Correct. And sir, secondly, I am just observing that consolidated EBITDA margin is hovering around 11% since last many quarter now. So, we understand that there are some startup costs which is restricting some margin improvement, but our scale is also increasing, right, because quarterly revenue run rate years ago was around Rs. 2,500 crore, but now it is above Rs. 4,000 crores now. So, I wanted to understand the Company's aspirations for the mid-term prospective for this place?
- Sunil Bohra:** Absolutely, Amit, our aspirations are same as your aspirations or expectations. So, we do expect to get out of this 11% range in next couple of years because we still have a lot of products as you spoke a lot of projects, almost 12 projects which are under construction and they will

operational in next 12-18 months and they do tend to dilute the margins for initial couple of years. So, after that, once they stabilize, definitely we do expect that the margins to improve, but at this point, it is difficult to comment what that range will be.

**Amit Hiranandani:** Sir, lastly just two bookkeeping question, the finance cost increased higher by 60% in 9M FY25, can you help us with the gross debt number including the working capital and the current cash and investment as on 31st December?

**Sunil Bohra:** Yes. If you see the net interest is actually in line with the previous quarter. The previous quarter was Rs. 46 crores, this quarter is Rs. 47 crores. So, not much of increase there. In terms of net debt, we are roughly around Rs. 1,970 odd crores of net debt at the end of December versus the opening that of roughly Rs. 1,320 crores. So, there is an increase of roughly around Rs. 640 odd crores in the last 9-month period.

**Amit Hiranandani:** The gross debt is Rs. 1,320 crores?

**Sunil Bohra:** I said net debt.

**Amit Hiranandani:** Net debt is Rs. 1,320 crore, including this working capital?

**Sunil Bohra:** Rs. 1,320 was 31st of March. Closing net debt is Rs. 1,924.

**Amit Hiranandani:** Alright, sir. Thank you, sir. Very helpful. Thank you.

**Moderator:** Thank you. The next question comes from Neel from ValueQuest. Please go ahead.

**Neel:** So, I have two questions. Firstly, if we were to look at the two-wheeler industry, the volumes growth rates have been coming down especially on the motorcycle side. So, are we seeing any major deferment on change in schedules coming from the OEM side either in two-wheeler or in four-wheeler or if any particular categories where we are seeing this? And second question is on EV, so are we expecting to see any major products on the EV side to see SOP in FY26?

**Sunil Bohra:** So, thanks, Neel. In terms of two-wheeler volume growth, you said the growth is coming down, but as we just spoke, and I think this has been in discussion since the budget was announced that with this Rs. 1 lakh crore of extra money in hands of the customers and with almost Rs. 1-1.5 lakh per person, for individual tax payer we do hope that with the mobility being a life necessity, it will have a significant impact in future not in long term, even maybe next year starting once people start getting this money hand, have some positive fiction on both two-wheeler and four-wheeler, but if you ask us if there is any deferment in schedules, no, we are not seeing any significant delta in terms of the schedules which are getting month-on-month from our customers. And in terms of EV, any major production in FY26 coming, yes, there will be production of as we spoke some EVSE both 7 plus kilowatt and 3 plus kilowatt during the current

year plus also some new products which are coming on stream from domestic business for some of the BMS chargers, etc., for two-wheelers.

**Neel:** Thank you and all the best.

**Sunil Bohra:** Thank you, Neel.

**Moderator:** Thank you. The next question comes from the line of Abhishek Jain from AlfAccurate Advisors Private Limited. Please go ahead.

**Abhishek Jain:** Thanks for opportunity. Sir, Maruti is coming with a new EV model Vitara, so how much share of business in this model and how much increasing content for vehicles versus ICE?

**Sunil Bohra:** Hi, Abhishek. So, first of all, we are part of the businesses with the model you spoke about. We have significant businesses received both on traditional vehicles and also the e-specific vehicles. But I am sorry, we normally don't share the product wise or the model wise kit value or share of business. Sorry for letting you down on this, but otherwise be rest assured, we have a business secured in that model for both the agnostic products, which are traditional products, plus also the EV products.

**Abhishek Jain:** So, what are the parts you will supply in the EV segment apart from the ICE products?

**Sunil Bohra:** Abhishek, I am sorry, we don't give product wise, model wise details.

**Abhishek Jain:** And sir, in casting, multiple new plants is coming in the four-wheeler, two-wheeler side and again the die casting segment as well, so just wanted to understand how much incremental revenue you are expecting in the medium to long term in next 2 years, because of these capacity expansion?

**Sunil Bohra:** Yes. So, in terms of this capacity expansions, there is a huge growth possible Abhishek, as we just spoke for two-wheeler, we are expanding capacity from 6 million to 8 million wheels. So, straight 2 million, we already have a business in hand and we just spoke that there is a possibility to even work beyond this announced capacity in future. So, that straight away will add once commissioned to our revenues. We are also putting a new plant at Kharkhoda for four-wheeler alloy wheels that is also expected to get commissioned sometime within this calendar year. So, that will also add straight incremental capacity and revenues. And also this casting business, what we announced the project today that also is expected to commission in later part of the current financial, so it will have maybe material impact to topline from the next fiscal year. So, all these businesses, we do expect to continue this growth momentum based on these capacity additions.

**Abhishek Jain:** Sir, most of the new business is coming from the casting, switching and from the EV side, especially on the sensor and other parts. All are the high margin business. So, what are the concerns for improvement in the margin by 50 -100 bps in the near to medium term?

**Sunil Bohra:** I wish they were all high margin businesses, Abhishek as you mentioned, but that might not be the case. We are in a competitive world and just because they are PV does not mean they are high margin. But to your point, whether should we have 50-100 basis point margin improvement in next in the medium term, absolutely why not and that has been our endeavor and we just spoke about once we will commission all these operating plants under construction, it should help in terms of improving our margins because a lot of this startup cost, which we are expecting in next year or two should be behind us. So, within that time frame, we do expect a margin profile also to improve.

**Abhishek Jain:** And thank you, sir. That is all from my side.

**Sunil Bohra:** Thanks, Abhishek.

**Moderator:** Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

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