“Uno Minda Limited

Q2 & H1 FY27 Earnings Conference Call”

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E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 5th November 2026 will prevail

Management:

Mr. Sunil Bohra
Group Chief Financial Officer

Mr. Ankur Modi
Head, Corporate Finance and Communication

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY27 Earnings Conference Call of Uno Minda Limited. 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 the date of this call. These statements are not the guarantee of future performance of the company and may involve risks and uncertainties that are difficult to predict.

As a reminder, all participants' line will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Sunil Bohra: Thank you, Iqra. Good afternoon, everyone, and a warm welcome to all the participants. Happy Diwali and best wishes to you and your families. On the earnings call today, I am joined by my colleague, Ankur Modi. We have uploaded our financial results and investor presentation for the quarter and half year ending September 26 on the stock exchanges and our company's website. We hope everybody had an opportunity to go through the same.

I will begin with a brief overview of the macroeconomic environment, followed by the current trends in the automotive industry, and then to our financial and operational performance for the quarter and half year ended September 26. Post that, we will open the floor for Q&A.

Talking about the global economy, the global economic environment during the quarter remained challenging. The geopolitical conflicts have pushed up energy and commodity prices, disrupted key shipping and logistics routes, increased transportation and input costs for businesses across the world. As a result, the overall supply chain environment remains challenging. These factors are adding to inflationary pressures and weighing on global growth.

According to the IMF's October 26 World Economic Outlook, global GDP is projected to slow to 3.1% for 2026, while global inflation projections have been revised upwards by 70 basis points to 4.7%. The outlook remains uncertain, and the duration of the conflict, along with its impact on energy supplies and global trade, will be the key factors to watch.

Despite a challenging global backdrop, India continues to stand out as one of the brightest spots in the world economy. Our GDP grew 7.8% in Q1 FY27, ahead of expectations, and this momentum has been recognized globally. The IMF has raised India's FY27 growth forecast to 7.0%, while RBI, in its October policy, revised its projection upward to 7.1% from 6.7% earlier.

A stronger dollar has put pressure on the rupee, which, along with higher energy prices, has pushed up input costs. The RBI has responded proactively, raising its inflation projections to 5.2% and increasing the repo rate by 25 basis points to 5.5% to keep price stability firmly on track.

What gives us confidence is the strength of India's domestic market. Robust consumption, sustained government investment in infrastructure, and steady private capital spending continues to drive growth. At the same time, the government's focus on localization, manufacturing, digital transformation, and reforms are building an economy that can absorb external shocks far better than before. We believe this places India and business like ours in a strong position for long-term growth.

Moving to the automotive industry overview, for the second quarter of FY27, the Indian automotive industry sustained its strong momentum, with PV and two-wheeler segments recording their highest-ever quarterly production. The total automotive production crossed 109 lakh units, a growth of around 18% year-on-year, while domestic sales rose 18.2% to 83.9 lakh units.

This was supported by improved affordability following GST 2.0, resilient rural and urban demand, infrastructure-led activity, higher disposable income resulting from higher personal tax relief, and a gradual recovery in the replacement cycle. Export performance remained healthy. The total vehicle exports stood at around 20.8 lakh units during the quarter, growing by 23.9% year-on-year.

The export growth was led by strong growth in two-wheelers, three-wheelers, and commercial vehicles. Passenger vehicle exports, however, declined 5.2% to 2.29 lakh units on account of high base and logistics constraints associated with the West Asia crisis.

During the quarter, 16.6 lakh passenger vehicles were produced, up 25% year-on-year. The electrification and premiumization of Indian market continued to gather pace. Electric passenger vehicle registrations almost doubled to around one lakh units in the quarter, with EV penetration reaching 8% for the quarter, supported by widening product portfolio and accelerating consumer acceptance.

Two-wheelers posted production of 81 lakh units for the quarter, up 16.5%, with scooters leading the way, which grew 30.1% versus 9.8% growth for motorcycles. Exports reached their highest-ever Q2 level of 16.5 lakh units, up 27.7%. Electric two-wheeler adoption accelerated further, with registrations rising 91% year-on-year to around 5.9 lakh units in the quarter and penetration crossing 11% for the quarter.

Looking ahead, we expect growth momentum to continue in H2 FY27, in spite of higher base last year. The festive season, wedding season, and new launches are likely to support demand momentum. Moving on to the financial and operational performance for the quarter, you may refer to Slide number 7 and 8.

We delivered another stellar quarterly performance, achieving our highest ever quarterly revenue and profit. This reflects the fundamental strength of our business model, innovative product and system offerings, our expanding content per vehicle, and consistent execution across market cycles.

Our consolidated revenue from operations for the quarter ended September 26 stood at INR6,655 crores, representing a robust 38% year-on-year growth as against revenues of INR4,814 crores.

This performance demonstrates our ability to capitalize on industry opportunities while consistently outperforming the underlying automotive industry growth.

This growth was broad-based and high-quality, driven by value-added offerings and volume expansion across our core product offerings, including switches, lighting, alloy wheels, seating, and our rapidly scaling EV systems and alternate fuel divisions.

On profitability front, EBITDA grew by 33% year-on-year to INR733 crores, with EBITDA margins of 11%. The healthy EBITDA margins reflect our resilience, whereby the inflationary impact has been partially mitigated with operating leverage.

Depreciation increased marginally by INR5 crores year-on-year to INR178 crores, primarily reflecting the capitalization of phase one of four-wheel alloy wheel facility at Kharkhoda. Similarly, finance costs increased by INR4 crores to INR49 crores, primarily due to capitalization of Kharkhoda alloy wheel plant.

The share of profit from associates and joint ventures remained stable at INR60 crores during the quarter. During the quarter, the TG JV achieved an important milestone with the commissioning of its new manufacturing facility at Harohalli, Bengaluru. However, the profitability has been impacted due to its capitalization, wherein fixed cost, depreciation, and interest costs had significant impact on its profitability.

The PAT attributable to shareholders grew 38% to INR420 crores compared to PAT of INR304 crores in Q2 FY 2026.

Coming to the business segment-wise performance, you can refer to Slide number 11. Starting with switches. Our switching systems vertical, the largest contributor to the Uno Minda portfolio, continued its strong growth trajectory during the quarter. The vertical achieved revenues of INR1,609 crores, registering a robust year-on-year growth of 37% and contributing approximately 24% to the group's consolidated revenue.

Growth was seen across both our two-wheeler and four-wheeler switch business. The two-wheeler switch business benefited from sustained growth in domestic volumes, favorable customer mix, and increasing penetration of value-added features. Our export business also maintained its growth momentum, reflecting the increasing acceptance of our products in international markets and demonstrated the strength of our quality and technology capabilities.

Our four-wheeler switch business, operated under Uno Mindarika, continued to outperform the industry, registering a strong year-on-year growth of over 30% to reach INR617 crores. Meanwhile, the shifting of our Manesar operations to the expanded new Farrukhnagar facility is progressing as planned, with completion expected in the current fiscal year. This transition will further strengthen our manufacturing capabilities and provide the capacity required to support our future growth.

Moving to lighting business. The lighting system vertical reported revenues of INR1,381 crores during the quarter, registering a healthy year-on-year growth of 25% and contributing approximately 21% to the group's consolidated revenues.

The growth was primarily led by our two-wheeler lighting business, supported by sustained market share gains, healthy volume growth, and increasing penetration of EVs, where Uno Minda continues to maintain a strong position as a leading lighting solution supplier to several electric two-wheeler OEMs.

On the business development front, building on our entry into new global OEM program in the previous quarter, we have secured additional orders for advanced pixel-based headlamps and tail lamps from the same customer in the PV segment.

Moving to our casting business. The casting vertical continued to be the fastest-growing business in the group, delivering an impressive year-on-year growth of 57% to INR1,441 crores. It is important to note that this growth also reflects the impact of higher underlying raw material prices.

The performance was driven by capacity expansion and ramp-up across all three businesses, which is four-wheel alloy wheel business, two-wheel alloy wheel business, and aluminum die casting. The four-wheel alloy wheel business revenues grew to INR763 crores, supported by ramp-up of recently commissioned phase one of 60K line at Kharkhoda.

At our Bawal facility, we further enhanced capacity by approximately 20% through debottlenecking initiatives and operational efficiency improvements. With these improvements and recently commissioned lines at Kharkhoda, our aggregate installed capacity has increased to 6.3 million wheels per annum.

Looking ahead, the capacity will be further enhanced by over 40% to 9 million wheels per annum, with ongoing expansion at CSN and remaining capacity expansion at Kharkhoda and Bawal. Our two-wheel alloy wheel business recorded revenues of INR396 crores, benefiting from improved demand and addition of the new manufacturing capacity.

A key milestone during the quarter was commissioning of our HPDC alloy wheel facility at Bawal, where four of the six planned production lines became operational, adding approximately 1 million units of annual capacity. Our Supa facility also operated at higher capacity utilization, supported by improving demand.

The commissioning of the remaining two production lines at Bawal, along with the ramp-up of existing capacities, is expected to provide further impetus to growth in the coming quarters. The current installed capacity for alloy wheel two-wheeler has reached from 8 million wheels per annum to 9 million wheels per annum, which will increase to 9.5 million wheels per annum post-commissioning of the above-mentioned two lines.

In addition, the expansion at Kharkhoda and Hosur will increase the capacity to around 11.8 million wheels, with overall installed capacity increasing by around almost 50%. The aluminum die casting business delivered an exceptional year-on-year growth of 65%, with revenues reaching INR282 crores.

This performance was supported by capacity enhancement at both our Bawal and Hosur facilities, along with incremental business wins and an increase in our share of business with existing customers, further strengthening our market position.

Moving to seating business, you can refer to Slide number 12, please. The seating system vertical continues its strong upward trajectory. Revenue reached INR476 crores, which is up to 34% year-on-year, contributing approximately 7% to the group revenues. The quarter's performance reflected strong growth across our customer base and increase in exports. During the quarter, we won strategic entry into an incumbent Japanese two-wheeler OEM, as well as a new bus passenger seat customer.

Moving to the green mobility segment, the newly constituted green mobility vertical achieved a robust 102% year-on-year growth in Q2 FY27, reaching INR649 crores and contributing 10% to the company's total consolidated revenues. Within this segment, Uno Minda EV Systems led the growth with revenues of INR247 crores, followed by alternate fuels with INR187 crores revenues, reflecting strong adoption trends across the electric mobility ecosystem.

Uno Minda Auto Innovations contributed INR156 crores, while EV business in controller division contributed INR44 crores. This growth was largely driven by both vehicle segment, which is E2-wheeler and E3-wheeler. Higher volumes owing to rising penetration and increased SOB with existing customers and higher share with newly added customers supported two-wheeler EV systems growth.The expected commissioning of the three new program for EV chargers will further support the growth momentum in the coming quarter.

Our reconfigured other product portfolio continues to reflect steady operational performance. The vertical reported revenues of INR1,099 crores, registering a robust 17% year-on-year growth and contributing approximately 17% to the consolidated top line.

Contribution during the quarter remained distributed across the remaining core and aftermarket verticals within the portfolio. Sensors and ADAS generated INR261 crores, followed by acoustics at INR225 crores. Blow molding products and non-EV controller business accounted for INR134 crores and INR89 crores, respectively.

As you would have noticed, the Board also approved additional capex of around INR85 crores for sunroof facility at Bawal to serve the incremental orders received and announced in last few quarters. The additional capacity is expected to be commissioned by Q2 FY28, with construction of phase one of sunroof manufacturing facilities progressing as planned, with commissioning expected around the end of FY27.

In August '26, as you note, the board had approved four additional strategic expansion projects across multiple business verticals, involving a cumulative investment of approximately INR1,415 crores. The key projects include greenfield aluminum die casting facility at Hosur with an estimated investment of INR510 crores, extension cum relocation of our two-wheel alloy wheel capacity at Kharkhoda, Haryana, involving an investment of INR155 crores, expansion of our molding facility in Bengaluru with capex of INR80 crores, and a new manufacturing facility at CSN by TGSIN JV, involving an investment of approximately INR670 crores.

Collectively, these investments represent an important step in strengthening our long-term growth platform, expanding our capabilities across strategic product segments, and deepening our engagement with customers. They also reflect our confidence in the underlying growth potential of the automotive ecosystem.

Moving to aftermarket and international revenues, you can refer to Slide number 13, please. For the quarter ended September 2026, the aftermarket business reported revenues of INR387 crores, contributing approximately 6% of consolidated revenues. In addition, sales to OEM SPD division, which is considered as part of segment revenues, stood at INR323 crores. Combined, the aftermarket and SPD channel generated revenues of INR709 crores, representing 10% of our consolidated revenues.

The international business contributed around 9% of total revenues during the quarter. This performance was driven by improved export traction, particularly in the two-wheeler switching and seating segments. Exports from India stood at approximately INR218 crores during the quarter as against INR123 crores in the corresponding quarter. We had won significant export orders in the last few quarters, specifically in seating business, which will drive export growth in the coming years.

Moving to our debt levels, our net debt as of September 26 was at INR2,415 crores compared to INR2,179 crores as on March 31, 2026. The cash flows generated from operations for H1 was at INR711 crores. Free cash flow after sustaining capex of INR307 crores was at INR404 crores. The project capital expenditure was INR500 crores for the half year. We would like to highlight that all of the sustaining capex and majority of our expansion program continues to be funded through healthy internal accruals, a reflection of the strong cash generation.

Our net debt to equity as of September '26 stands healthy at 0.31. On the ROCE front, we have achieved ROCE of 20.7%, basis annualizing profits of H1 FY27. 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 return. ROCE would be 24.6% if we exclude these non-deployed assets.

Moving to outlook, looking ahead, we remain constructive on the outlook for the Indian automotive industry and expect the growth momentum to sustain through the remainder of FY27. At Uno Minda, our strategic priorities remain firmly focused on delivering sustainable and profitable growth while consistently outperforming industry growth.

We intend to achieve this through continued market share gains, increasing content per vehicle, deeper penetration of value-added products, and localization of advanced technologies. Our ongoing investments in manufacturing capacities, technology development, and R&D will further strengthen our capabilities to capitalize on the evolving opportunities in the mobility ecosystem.

We are particularly encouraged by the growing business opportunities and order pipeline across several technology-led product categories, including EV powertrain systems, advanced lighting, seating, sunroof, infotainment, and automotive electronics. These emerging platforms, together

with 16 projects which are either under ramp-up of recently commissioned capacities or projects under execution, provide us with multiple avenues for sustained growth over medium to long-term.

With this, I would like to conclude my opening remarks and invite moderator to open the floor for questions.

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

Shrey Mehta: Congratulations on good set of results and thank you for taking my questions. I have a couple of questions. The first one being with expected softening in input costs, how do we expect the margin trajectory to pan out in H2 FY27? The second one is, how is the ramp-up taking place at Inovance business?

Sunil Bohra: Shrey, I do not know if you are using hands-free or you are on phone. Not able to hear clearly actually.

Shrey Mehta: Is this better?

Sunil Bohra: Yes, little if you can just closer to the mic, please.

Shrey Mehta: Sure. I have a couple of questions. The first one being with expected softening in input cost, how do we expect margin trajectory panning out in H2 FY27? How is the ramp-up taking place at Inovance business? If we can share any updates on potential new customers in the sunroof business?

Sunil Bohra: Anything else, please?

Shrey Mehta: No, sir. That's it.

Sunil Bohra: Okay. Thanks, Shrey, and thanks for the compliments. In terms of margin trajectory for FY27, and you mentioned expected softening of input costs. First thing is our endeavor always has been that whatever are the input costs related to commodities, etcetera, whether it is upward or downward, our endeavor is to have a pass-through to our customers.

It works both ways. Even if it softens, we don't know whether it will, but if it will, obviously that will be passed on to our customers back-to-back. Hence, the margin guidance what we have given at the beginning of the year of 11% plus-minus 50, we are holding onto that guidance despite the fact, which we also shared in the last quarter, that because of the higher commodity prices, even though you are able to pass on, you don't have any sort of gross-up of that. It is actually margin dilutive.

Despite that, we are holding onto our margin guidance for the full year. That's number one. Number two, in terms of ramp-up of Inovance, that also the project is currently under execution phase, and we expect to commission this plant by end of the current fiscal year in the Khed City. In terms of new customers in sunroof business, all I can say is that it's an established player in the country.

We normally don't take names of our customers. Maybe once the product is launched by the customer, that will be the time we'll be able to share the customer's name.

Shrey Mehta: Sure, sir. Really helpful.

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

Siddhartha Bera: Yes, thanks for the opportunity, sir, and congrats on a great set of numbers. Diwali wishes also to the entire team. Sir, first question is on the LMT segment. I mean, we did see a strong step-up in especially the four-wheeler side of the alloy wheel business. If you can roughly highlight first from the overall LMT, what will be the impact of commodity in the quarter?

In four-wheelers, is it some increasing customer wallet share or new customer or penetration? What is the reason for such a heavy increase in the numbers here? Second question, sir, on the switches business also, we did see a strong growth in the quarter, which was sort of much slower in the past. Any new order execution which has helped the growth or what has happened here?

Lastly on the margins also, I mean, we did see RM to sales going up consistently in the last few quarters, obviously with the commodity costs. Do you think this normalizes or the operating leverage will be a driver of margin? Because I think the other cost also was quite high in the current quarter. Do you see operating leverage being a margin driver or gross margins probably to improve with the initiatives or the lower inflation? Yes, that will be all from my side.

Sunil Bohra: Yes. Thanks, Siddhartha. Thanks for the compliments and happy Diwali to you and your families. Starting with your first question in terms of LMT segment, in terms of how much is the commodity price impact for the aluminum business. So overall, the commodity price impact for the aluminum business is roughly around INR260 crores, INR270 crores.

Then, whether we have increased wallet share, yes. In patches, there is improvement in wallet share, as we shared, increasing because of the capacity also. Like in two-wheeler alloy wheel, there is an increase in capacity because of the new plant, HPDC plant in Bawal, so that is a share gain. Also, there is a share gain in the casting business, which also is partially because of the favorable customer mix, etcetera. So it's a mix of all these areas.

In terms of switch, yes, it has given a strong growth. As we shared in the past, the export is doing pretty well. The export growth in the switch business is significantly higher during the quarter, and we do expect to continue momentum also. In terms of business, we have been gaining share despite the high base we have in the switch business. That also partially also because of the favorable customer mix as well.

In terms of margin, RM to sales, you are right, is increased because of the higher commodity prices, etcetera. Whether the operating leverage will be the only driver, no. We do expect, as we move forward, normally, when you would have seen the RM prices increase, while they are passed through, but in future, whatever new business you try and secure, the new price becomes the base, right?

So over the period, you expect that RM to sales ratio also to improve. Not only operating leverage is a driver, but the GC also, or the gross contribution also, we expect to improve as we move forward. It will be both the drivers we expect to contribute to our EBITDA margins. I hope I have covered all your points.

Moderator: The next question is from the line of Mihir Vora from Equirus Securities Private Limited.

Mihir Vora: Yes. Thank you for taking my question, and congrats on to a good set of numbers, sir. My two questions are mainly relating to the bookkeeping questions here. This quarter, if we see the employee expenses as such, they were largely in control, like this is the best ever sort of 11.3% of sales kind of employee cost. So, like with the new plants coming in and new capacities coming in, what kind of employee cost trajectory do we see going ahead?

Other than that, the second part was onto the depreciation, wherein if I see the depreciation rate currently as a percentage of your overall gross block, so that also seems to be under a control at around 7% versus historically of around 8.5%-9%. With new capacities coming, just some guidance onto the overall trajectory of the employee cost and the depreciation expenses here.

Sunil Bohra: Yes, Mihir. Thanks for compliments. In terms of employee expenses, you are right. This is one of the lowest number which we have seen in the recent past. Earlier, we have been in the range of around 12.5%-13.5%. This is a clear depiction of the benefit we are seeing because of the operating leverage, at least on the manpower side, with 38% top-line growth.

Obviously, you don't expect that kind of increase in your manpower cost. While variable manpower does increase, but you do have fixed manpower or the staffs where you don't have proportionate increase. In terms of new capacities, definitely they will come. As of now, whatever are the projects, obviously, you capitalize large part of the costs which are directly related to the capacity expansion. Once those capacities gets online, obviously over the years, you also expect those capacities over the three years to deliver their number. We don't expect any significant impact because of that. Yes, in short term, it might have something in first two years, impact on the manpower cost because you are in the ramp-up phase. But when the business stabilized, we don't expect these numbers to go significantly higher. Same for depreciation.

Depreciation has been under control because, A, this quarter there is only one plant, a major plant which was capitalized at Kharkhoda, which is an alloy wheel plant, which has impacted roughly INR5 crores. Also, what happens on a yearly basis for this casting business, which is a continuous process plant, we follow a WDV sort of a method for depreciation.

So obviously, when you start the new year, you have a little bit benefit of the lower base. To that extent, you do expect this depreciation also to remain controlled, yes. When these new capacities get commissioned, obviously that time you might see a little bit bump up because we have 16 plants, as I said, under project stage, either under commissioning or under construction. So once they get online, you will see some initial impact in terms of higher, a little bit increase in the depreciation.

Moderator: The next question is from the line of Jyoti Singh from Haitong Securities.

Jyoti Singh: Thank you for the opportunity, and sir, congrats on the good set of numbers. Largely wanted to understand on the significant capex pipeline and what kind of incremental revenue and EBITDA potential does this company, you know, start from this investment?

And what kind of incremental ROCE can expect once this facility reach optimal utilization? And another might be little bit diversified question around humanoids. I was hearing we are doing some bit of work, but if you can update around it.

Sunil Bohra: Yes. Thanks, Jyoti, for the compliments. In terms of capex pipeline, as you know, we have currently roughly around 5,200, 5,300, including today's announced capex of projects which are under execution. Partially has been commissioned, like Kharkhoda, which we obviously will take it out as we move forward.

In terms of EBITDA and ROCE, incremental revenue also you asked. In terms of incremental revenue, we do expect the revenues to be roughly around two in terms of the asset turn, because there are businesses which asset turn is roughly 1.25, 1.3, and there are business where the asset turn is even higher, so up to 2.5 or 3, right? On an average, we do expect our asset turn to be between 1.8 to 2 initially on this capex. But what happens is, once you set up a plant and then whatever is the incremental growth, on the incremental growth or the capex which goes through sustaining capex model, the asset turn is much better because your land, building, infra, all those setup is already there, right?. As you move forward, the incremental asset turn is on the higher side. That's what we see in our experience in our current operating plants.

In terms of EBITDA and ROCE, so our target has always been on the ROCE side, Jyoti, because the businesses we are in, as I shared, have varied asset turn. So our target ROCE is roughly around 18%-20% pre-tax in the third full year of production. And that is what our matrices is when we sort of propose the project to the board or the board approves the project. That's on the ROCE and EBITDA also on a blended basis for all these projects, we do expect within the range of our current company profitability.

In terms of humanoid, I don't know. There is nothing much I can share about humanoid because I don't know where this honestly came from.

Moderator: Thank you. The next question is from the line of Shagun Beria from Anand Rathi Share & Stock Brokers. Please go ahead. We lost the connection for Shagun. So, Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Bohra for closing comments.

Sunil Bohra: Thank you. And I would like to thank everyone for joining the call. I hope we have been able to respond to most of your queries adequately. For any further information, we request you to please do get in touch with us directly. Thank you.

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