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NSE Scrip: UNOMINDA	BSE Scrip: UNOMINDA, 532539

Sub: - Transcript of the Earnings Call held on Friday, 19 May, 2023 on the Audited Financial Results for the Quarter and Year ended on 31 March, 2023

Dear Sir(s),

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the **transcript of the Earnings Call** held on Friday, 19 May, 2023 on the Audited Financial Results for the quarter and year ended on 31 March, 2023. A copy of the said transcript is also uploaded on the website of the Company www.unominda.com.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Uno Minda Limited

Tarun Kumar Srivastava
Company Secretary & Compliance Officer

Uno Minda Limited Delhi

Tarun Kumar Srivastava
Digitally signed by Tarun Kumar Srivastava
Date: 2023.05.25 11:10:34 +05'30'

Encl: As above.

"Uno Minda Limited
Q4 FY2023 Earnings Conference Call"

May 19, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 19th May 2023 will prevail.

MANAGEMENT: **MR. SUNIL BOHRA - GROUP CHIEF FINANCIAL OFFICER – UNO MINDA LIMITED**
MR. ANKUR MODI - HEAD CORPORATE FINANCE AND COMMUNICATIONS - UNO MINDA LIMITED

Moderator: Ladies and gentlemen good day and welcome to the Uno Minda Limited's Q4 FY2023 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 the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. Now I hand over the conference to Mr. Sunil Bohra, Group CFO. Thank you and over to you Sir!

Sunil Bohra: Thank you. Good morning everyone and a warm welcome to all the participants. On the earnings call today I am joined by my colleague, Ankur Modi. We have uploaded our financial results and investor presentation for Q4 FY2023 on the stock exchanges and our company's website. We hope everybody had an opportunity to go through the same. I will first start with industry updates and overview followed by our financial and operational performance for Q4 and FY2023 post that we will open the floor for Q&A.

India remains one of the fastest growing economy in the world despite decelerating global demand and tightening of monetary policy to control inflation. India stands tall and steadfast emerging as a beacon of resilience in the global economy. The overall growth is estimated to be 6.9% for full year with real GDP growing 7.7% year-on-year during the first 3 quarters of fiscal year 2022 and 2023. Growth was underpinned by strong investment activity bolstered by the government's capex push and buoyant private consumption particularly among high income earners. Inflation remains high averaging around 6.7% in FY2022-FY2023 wherein recently the WPI has spread into negative with higher base effect, this should lead to continuation of the pause in interest rate hike. The current account deficit narrowed in Q3 on back of strong growth in service exports and easing global commodity prices. Speaking about auto industry the automobile production achieved robust growth of 13% in FY2023 with growth witnessed across all vehicle categories. Passenger car segment achieved highest ever production crossing 4.5 million for the first time. The steep growth was the function of series of new model launches and better product availability due to the easing of supply chain. The demand for high end variants and premium SUVs remained robust. After three consecutive fiscal years of headwinds two-wheeler category also recorded growth of 10%; however, production volumes are still significantly lower than pre-pandemic levels. There is a weakness at the lower end of the market as visible from sale of smaller cars and entry level two-wheeler. The industry grew despite rising interest rates and inflation reducing disposable earnings. Commercial vehicle category too registered healthy growth of 29% in FY2023 and is close to the previous peak of 2018-2019 supported by healthy pickup in macroeconomic activity. Over the quarter ending March 2023 PVs and CVs grew by 13% and 6% respectively whereas two-wheeler declined marginally by 2%.

During FY2023 the electric vehicle market in India has also delivered significant growth with a rapid increase in sales of LCV, two-wheeler and threewheeler electric vehicle resultantly the Indian electric vehicle sales crossed 1 million units for the first time in FY2023. As per Society of Manufacturers of Electric Vehicle in the electric two-wheeler segment the industry sold 7.26 lakhs high speed E-two wheeler in FY2023 in comparison to 2.52 lakhs units in FY2022. EV penetration in this category during the year was at 4.5%, EV two wheeler sales for the quarter was around 2.16 lakhs representing overall penetration of around 5.4%. Penetration level has been gradually increasing quarter-on-quarter basis. Going forward we expect growth momentum in the automobile industry to continue into FY2024 and will be poised for reasonable growth owing to strong demand especially in passenger cars and easing supply chain issues. Initiatives allowed in the budget will also positively affect the passenger vehicle sector growth in FY2024; however, an increase in cost of ownership remains near term headwinds for the industry. The long-term prospect for the auto industry remains highly optimistic. India embraced the challenges faced in the past few years and now it is at the cusp of rapid growth over the next decade. Indian consumer approach and behavior is changing considerably towards mobility. Considering the growth prospects some of our customers have also announced large capacity expansion. This augurs well for the entire auto industry. With PACE which is personalization, autonomous, connected and electrification as core of its existing and future product roadmap we are well placed to capture growth opportunities in the sector. We are focused to solidify and increase our market share by providing high quality innovative products and securing new business in both ICE and EV segment.

Specific highlights for the quarter and FY2023 you can refer to slide number five. The company has completed acquisition of its remaining stake in Minda Kosei Aluminum making it a wholly owned subsidiary. The Board has also approved merger of MKA and other two Kosei joint venture entities which are Kosei Minda Aluminum and Kosei Minda Mould. The company has commissioned 30k expansion line in Gujarat expanding its capacity from 2.95 lakh wheels per month to 3.25 lakh wheels per month. Another 45000 wheels per month capacity has been added from KMA through consolidation of Kosei Minda. We continue to build strong order book of four-wheel lighting, alloy wheel business as well as for EV specific products.

Coming to financial and operational performance, you can refer to slide number seven and eight. At consolidated levels revenue from operation for the quarter increased by 20% year-on-year to Rs.2,889 Crores from Rs.2,415 Crores in Q4 of FY2022. As we continue to gain market share and increase kit value. We have witnessed growth amongst all our products led by EV products, lighting, alloy wheels, etc. The consolidated revenue largely remains even on quarter-on-quarter basis has increased in passenger vehicle volumes are offset by decline in two-wheeler volumes and reduction in commodity prices being passed on to the customer. EBITDA for the quarter was at Rs.319 Crores improving by 16% from Rs.276 Crores year-on-year basis. EBITDA margins for the current quarter though marginally down at 11.1% against 11.4% in the corresponding quarter last year which is as per our guidance. Finance costs have increased to Rs.21 Crores in comparison to Rs. 13 Cr corresponding quarter last year on account of incremental borrowing for capex and working capital and certain investments. Borrowing costs have also gone up following series of hikes by RBI which is being passed on by the banks in a staggered manner. Our effective tax rate has decreased from 30% in last financial year to around 24% in FY2023 on account of movement to the new tax regime in the current financial year and reversal of around Rs. 6 Crores of tax provisions no longer required post favorable closure of certain tax assessments. The profit after tax which is Uno Minda’s share for the quarter was at Rs.183 Crores as against Rs.144 Crores in Q4 reporting a growth of 27%. We would like to highlight that PAT for the quarter is highest ever quarterly PAT reported by the company. On a full year basis the company has demonstrated excellent performance with 35% growth in annual revenues to 11,236 Crores in FY2023 as against Rs.8,313 Crores in FY2022. While industry volumes have grown by 13%, we continued our outperformance by registering growth at 35%. EBITDA for the same period in FY2023 is 1,242 Crores in comparison to Rs.885 Crores in FY2022. Talking about margins EBITDA margins were higher at 11.1% in FY2023 as against 10.7% in FY2022 due to benefits of operating leverage partially offset by higher material costs. We would like to inform you that company has achieved pre-tax ROCE of 19.2% on FY2023, a significant improvement from previous financial year.

Dividend; the Board has also recommended the final dividend of one per share which is 50% of the face value reflecting commitment from the company to return value to shareholders on a consistent basis. The company had also paid interim dividend of 0.5 per share in February 2022 making total dividend of 1.5 per share for FY2023 translating into dividend payout ratio of 13.2%.

Coming to the business segment wise performance and moving to product line starting with switching systems you may refer to slide # 13. The segment achieved revenues of Rs.835 Crores for Q4 and Rs.3,203 Crores for full financial 2023 contributing 28.5% of our consolidated revenues. Increasing features like infotainments, sunroof, power windows, overhead console, etc., led to increase in number of switches in PV continue to drive the business growth along with increasing SOB with Indian and Korean customers. During the quarter we received incremental orders from Korean customer further strengthening the relationship. In two-wheeler switch business we have started export of heated grips and CAN-based switches. Our expansion of four-wheeler switch plants at Chennai and Farrukhnagar, Gurugram are going as per the plan and is expected to commence operations in Q2 of FY2024 and Q3 FY2024 respectively.

Moving to lighting business, it has achieved revenue of Rs.673 Crores for Q4 FY2023 and Rs.2,575 Crores for full year FY2023 contributing to around 23% of our consolidated revenues. We have received incremental orders of more than Rs.300 Crores in four-wheeler lighting business from Indian and Japanese OEMs. We have been working on various innovative lighting products and are accredited with various first in the business. We recently launched cornering lamps for one of the two-wheeler OEMs and connected lamp for a Japanese four-wheeler OEM. Four-wheeler with lighting Gujarat plant has been commissioned and is ramping up from current quarter with SOP of underlying model in last week of March 23. Besides we have completed land acquisition for our new lighting plant announced in November 22. The light plant will be set up in Khed City, Pune. We have acquired 86 acre of land in Khed City for lighting plant as well as for future requirements. The above acquisition also marks a shift in the complete strategy from buying pocket of lands as per exact requirement to buying a large plot of land to meet current as well as future requirement. The revised strategy will serve dual purpose. First it will expedite future extension as it will eliminate any delay on account of land acquisitions. Secondly we can build bigger plants and consolidate our existing plants to be able to better manage our operations and achieve economies of scale.

Moving to our casting business it has achieved revenue of Rs.538 Crores for Q4 and Rs.2,175 Crores for full financial year FY2023 contributing to 19% of our consolidated revenues. During the quarter we started commercial production of 30k line in Gujarat plant and is expected to stabilize in Q1 FY2024. Four-wheeler alloy wheel capacity at Gujarat now stands at 1.2 lakh wheels per month of GDC technology and 25000 wheels of LPDC technology. With respect to capacity expansion of 60k at Bawal the land acquisition is in process. Post acquisition construction activities will commence. In two-wheeler alloy wheel business we have started supplies to customers. The ongoing expansion of two-wheeler alloy wheel plant at Supa is expected to commence operations in a phased manner by Q3 FY2024. In aluminum die casting business we have started supplies to a PV OEM and a two wheeler EV OEM.

Moving to acoustics slide number 14 our acoustics business had achieved revenue of Rs. 196 Crores for Q4FY2023 and Rs 736 Crores for full financial year FY2023 contributing

7% of our consolidated revenues. While India business remains stable European subsidiary Clarton Horns made recent recovery supported with price increases from some of its customers.

Moving to seating business we achieved revenues of Rs.263 Crores for Q4 FY2024 and Rs.1,053 Crores for full financial year 2023 contributing 9% of our consolidated revenues. The seating business achieved highest exports of Rs.200 Crores in FY2023. Exports are expected to be one of the key drivers of growth of the business. Seating business is poised for healthy growth with SOP of at least three new two-wheeler EV OEMs in next six months.

Moving to other product businesses we have achieved revenue of 384 Crores for Q4 FY2023 and Rs.1,494 Crores for full financial year contributing 13% of overall topline. Other businesses mainly comprised of controllers, sensors, radars, blow moulding business, battery and aftermarket. Blow moulding business, sensors, controllers, EV systems continue to grow. The share of profit/loss of associates/joint ventures for Q4 is at Rs.24 Crores as against Rs.29 Crores in FY2022. While all our JV associates contributed positively, major contribution came from Denso Ten, Roki and TG.

Moving to EV sales the revenues from EV two-wheeler OEMs increased to Rs.78 Crores in Q4 FY2024 as against Rs.67 Crores in the last quarter. EV two-wheeler OEMs revenue as percentage of our two wheeler domestic revenue stands at around 8% for Q4 FY2024 as against two-wheeler Industry EV penetration of around 5%. The revenues from EV two-wheeler OEM has been steadily increasing given our formidable EV specific portfolio and potential kit values we have outperformed the EV two wheeler industry as well. Our JV with FRIWO EV systems which is currently operating from a temporary facility at Manesar would move to its new plant at Farrukhnagar by Q2 FY2024. Uno Minda Buehler is also expected to commence operations from its new plant by Q2 FY2024. Commencement of these plants should give further boost to our EV two-wheeler OEMs revenue. We are pleased to inform you that we have completed the development of sound box which is artificial sound maker for EV two-wheeler during the quarter and have also started supplies of the same. We have announced multiple order wins from EV OEMs in last few quarters and we continue to receive further orders. Total annual peak revenues from this order stands at Rs.1,900 Crores out of which orders from two wheeler EV OEM comprise of Rs.1,340 Crores and for two wheeler EV specific products Rs.700 Crores. We have also won order from PV CV OEMs of around Rs.550 Crores including order for EV specific products from an LCV OEM.

Moving to aftermarket and industrial revenues you can refer to slide number #16. In terms of our revenue pie for the quarter ended March 31, 2023 OEM business accounted for 89% and aftermarket business at around 10%. Our aftermarket division revenues were at Rs.281 Crores as against Rs.225 Crores in corresponding quarter last year. Aftermarket revenues have grown 25% year-on-year basis. Our aftermarket division for the first time has crossed 1,000 Crores mark and achieved revenues of 1,042 Crores for full year. We are successfully running various B2C marketing campaigns for our aftermarket division.

Moving to our cash flows and debt levels our net debt as of March 31, 2023 was at Rs.1,078 Crores compared with Rs.586 Crores as of March 31, 2022. Our net debt-to-equity stands at 0.24 while the funding requirements towards capital expenditure both growth and sustaining capex, higher working capital requirement of 284 Crores consequent to 35% growth in group revenues were all met by internal cash generation. Net debt has increased primarily on account of investment of around 125 Crores in FRIWO Germany, investment in TRMN plus some new joint ventures of around Rs.40 odd Crores. Acquisition of minority stake in Minda Kosei Rs.415 Crores and advance of Rs.70 Crores for acquisition of land in Pune for existing and future projects. The consolidated financials also include debt of Rs.60 Crores and net assets of Rs.75 Crore of KMM and KMA, Kosei Minda Mould and Kosei Minda Aluminum, but wherein the financials getting consolidated pursuant to taking management control. Capex also includes Rs.75 Crores of assets of KMM and KMA as explained a while back advance of Rs.70 Crores for land in Pune and certain leased assets capitalized as per Ind-AS.

Moving to strategic business update first being Kosei entities restructuring. The company has completed the acquisition of remaining stake of Rs.22.64% in Minda Kosei Aluminum making it wholly owned subsidiary. During the quarter the Board of the company has approved acquisition of 81.69% in Kosei Minda Aluminum Company Private Limited and 49.9% in Kosei Minda Mould Private Limited from JV partner Kosei Japan. The acquisition is planned in composite scheme of merger with Uno Minda through swap of shares. The scheme was filed with stock exchanges seeking for NOC. The proposed transaction is one more step towards gaining significant pie of this growing force in alloy wheel market. Simplification of the group structure and to facilitate achievement of economies of scale. While the merger will be subject to statutory authorities Uno Minda has started managing the business and operation of these entities with effect from April 1, 2023. Consequently financials of KMM and KMA are getting consolidated line-by-line from March 31, 2023. While consolidation is reflecting in consolidated balance sheet as on March 31, 2023 with addition of assets and liabilities of both these companies, the P&L consolidation will come from subsequent quarters. The company has entered into TLA with Kosei Japan to ensure continuity of technical support. We would like to inform you that order for merger of two other schemes which is Minda IConnect Merger and Harita Fehrer plus battery business merger, the decision is reserved by NCLT for pronouncement.

Moving to our kit value, you may refer to slide #22 for potential kit value. During the year we saw further expansion in our kit value across vehicle segments. In seat segment of passenger vehicle we achieved 43% increase in kit value owing to addition of connected tail lamps, recliners, HD camera besides we have also added products of our joint venture entity TGSIN. which was not added to potential kit value till last year. In SUV segment our potential kit value is at around whopping Rs.1.97 lakhs. Kit value in two wheelers has also increased due to increasing application of sensors like side stand switch, speed sensor, acceleration position sensor as well as due to different type of lamps like LED headlamps, blinkers, reflex reflectors and corning lamps, etc.

Moving to ESG the climate change is one of the greatest challenges of our time and we as an organization are acutely cognizant of the role that we are to play in mitigating greenhouse gas emissions. Energy conservation and optimization is of the utmost importance to us; however, in addition to adopting various energy efficiency measures we have significantly increased our uptake of renewable energy as key aspect of our decarbonization strategy. In the last two years we have installed rooftop solar panels at 25 plants along with solar open access projects at six locations increasing our renewable energy share at 18%. As a testament to our commitment to decarbonizing our operations we have also set ourselves an ambitious target of meeting 40% of our energy needs from renewable energy by 2025.

Moving to next year as you know while we do have our revenues linked to industry volumes based on the order book we remain optimistic on our ability to outperform the industry growth. We will start production for multiple projects like new plant of EV, JV with FRIWO, new plant of EV motors, four-wheeler and two-wheeler alloy wheel expansion, four wheeler kit extension in Chennai and ramp up for four wheel lighting plant at Gujarat. This should significantly boost our revenues for next financial year. In terms of margin we expect to maintain the EBITDA margin within the current range on an annual basis. Next year based on the current approved projects we expect to incur project capex of around 400 Crores and sustaining capex of around 300 Crores. Kindly note that this capex guidance does not include capex which may incur for building land banks as part of our strategy for future growth. With this I would like to now open up the floor for question.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. We have our first question from the line of Mumuksh Mandlesha from Anand Rathi. Please go ahead.

Mumuksh Mandlesha: Thank you for the opportunity Sir and congratulations on the new role. The capex for this year was higher than the guidance, this is mainly because land bank?

Sunil Bohra: So there are two, three aspects as I said Mumuksh, one is definitely land bank, then there is around Rs.65 Crores, Rs.70 Crores worth of assets which are added as part of consolidation which were not there earlier which is KMA and KMM and also there are certain assets which you have to capitalize because of the leasing assets because of Ind AS 116 so all this put together are more than 200 Crores.

Mumuksh Mandlesha: Got it. Sir can you talk more about the new EV order wins and also on the four-wheeler lighting and can you update the progress in terms of order wins for the JV for the motor?

Sunil Bohra: So in terms of four wheeler lighting as we said we have got around Rs.1,500 Crores of incremental orders this year so if you see since last two years we have been consistently adding business and today as we speak we have added more than 1,000 Crores worth of new business for lighting in four wheelers and that is why we are setting up this new plant in Pune to cater to the large part of those incremental business. In terms of EV as I said we have added significant new business for both products which are existing products which are EV agnostic or products which are EV specific so that is what we will continue to sort of grow in all these businesses. You know that we will start SOP gradually as the OEMs also start volumes and also replace some of the imports with the domestic ones and in terms of the motor JV with Buehler we have already added two customers as you said last time and we are also engaging with few more customers, hopefully we should have some good outcome in the next couple of quarters.

Mumuksh Mandlesha: Right, so the order book which you mentioned will be excluding the Buehler orders?

Sunil Bohra: This is all including, these are all EV products which includes the motor.

Mumuksh Mandlesha: This quarter the gross margin was low sequentially any reasons for those?

Sunil Bohra: So the gross margin is low and you are right primarily because of there are two three businesses where we had what we call the higher RMC which are the new ones relatively like there has been some impacts in two wheeler alloy wheel where the price increases, etc., we have got in Q3 itself so obviously you do not have that advantage of getting the arrears so normally what happens is that in Q4 you will tend to get lot of PIs closed but this time we have got good PI closure in Q3 and also in Q4 there has been softening of the commodity so you do not see that kind of PI benefit from the customers and that impacts the gross margins.

Mumuksh Mandlesha: Got it. Thanks for the opportunity.

Moderator: Thank you. We have our next question from the line of Siddhartha Bera from Nomura. Please go ahead.

Siddhartha Bera: Thank you for the opportunity. First one revenue side like you said we have one or few orders from Korean customers in switches and in the past also in the lights and alloy wheels we have continued to win orders so if you can broadly highlight in our revenues how much will be Korean players in terms of mix and in terms of the order book how does it look and if you have the share of business as well that will be very helpful?

Sunil Bohra: Thank you Siddhartha. So in terms of the switch business we have added roughly around the incremental 30 Crores of new business for new upcoming model from the Korean customers. In terms of alloy wheel you know that we have set up only 25,000 wheels capacity which is the LPDC capacity which we are supplying to the Korean customers and we are currently not what we call have expanded our capacity so until then we are limited by the capacity constraints because LPDC is a technology which is what the Koreans sort of apply in their vehicles. Lighting normally we have not yet been able to penetrate into the Korean customers honestly speaking and your last point was in terms of the order book so we are not actually separately capturing what we call the order book as customer wise so what we do is we do calculate our market share product wise but the order book normally customer wise we will get only when we see the business-by-business, so we do not normally see at a group level but it is a good point maybe from next time we will start capturing that data Siddhartha.

Siddhartha Bera: Got it. Sir second question again on the revenue side this quarter on the casting side despite like PV industry volume is going up we have not seen quarter-on-quarter increase so is it limited by capacity or why it is sort of flat quarter-on-quarter and second again on the others we have seen some dip quarter-on-quarter so if you can just highlight the reasons for this.

Sunil Bohra: So very good point Siddhartha, on the casting business there are two reasons and I am trying to fully honest first there has been softening of commodity prices so you know that is passed on to the customers immediately so that has an impact in terms of revenue. Second because of this OBD2 norm kicking in April 1, 2023 the two wheeler volumes in the Q4 where we have seen some unplanned drop and that is why we had to maybe limit some of our production which has impacted our casting revenues so I think these are the two key reasons why you see the casting business overall lower than what you have seen in the previous quarter and in terms of others, others mainly batteries I remember so mainly for the aftermarket batteries which goes into that other segment.

Siddhartha Bera: Last question on the margin side again on the gross margins these are quite low levels if you look at the last couple of years trend so should we expect some normalization as your other businesses ramp up or do you believe these are more sustainable levels can you just help us understand that?

Sunil Bohra: Siddhartha in terms of margins you know that this quarter we have commissioned two new plants where you start with your opex but you do not have much of the revenues so that has an impact little bit and second is in terms of the PIs as I shared little while back to Mumuksh in terms of normally in Q3-Q4 you do get a good PI which starts which is actually retrospective because normally it takes time you file a claim in Q1 then you have inspection in Q2 and start getting Q3, Q4. This time we have got some good what you call closure of such PI in Q3 and Q4 there has been some softening of the commodities obviously you cannot have any price increase and there was some offset obviously customer would force you to do that right, so I think these are the two tricky reasons but yes I would note your point and we are working on this to see that we improve it in terms of overall gross margin as we move forward.

Siddhartha Bera: Thanks a lot Sir. I will come back in the queue.

Moderator: Thank you. We have our next question from the line of Aditya Jhawar from Investec. Please go ahead.

Aditya Jhawar: Thank you for the opportunity. My first question is on Harita if you can highlight that you know how has been the progress in winning orders from the Indian OEMs, the thought process we had that after acquisition we will diversify our geographic footprint and try to engage with more OEMs where EVs does not have a relationship with it is encouraging to see where we are doing extremely well in export but on the domestic front if you can throw some light?

Sunil Bohra: So that is very good question Aditya and I think it is a miss from my side also which should have captured in the presentation so we have actually added one more two-wheeler OEMs in our two wheeler seating business which will start SOP somewhere from the next quarter so which earlier obviously being part of OEMs they were not able to do so we have got a big success in terms of addition of domestic OEM two wheeler category and you know that post acquisition we have added some of the four wheeler customer also and some EV customers also, both Minda acquisition, so that value add for Minda is definitely happening and we are very happy to say that we have actually added one more two wheeler OEM which is what we call existing one not a two wheeler EV but traditional two-wheeler OEM.

Aditya Jhawar: That is very good to hear. My second question is on the Korean OEM so clearly now we are supplying LPDC products from Gujarat is there a line of sight that in the next two to three years the business will ramp up quite a bit and there is a plan to set up a facility in Tamil Nadu so that it is relatively better and it is heartening to see that we have also penetrated in the switching if you can throw some light on this?

Sunil Bohra: In terms of LPDC yes we might have to expand the facilities but whether it will be Tamil Nadu or existing you to see because Aditya you will appreciate once you open a new location then you have the entire paraphernalia of the management, systems, everything gets replicated and you sort of have no advantage of operating leverage in fact you have negative because initially there are lot of fixed costs and where your revenue does not come in the first year and then what we normally do is we weigh that against the logistics cost in terms of what customer looks at the landed price so what is our landed price versus if you have to set up a plant closer to the customer or we expand the plant in the region where there are more customers or we expand the existing plant, so we look at all those aspects but yes the teams are working in terms of coming up with a project for increasing capacity for LPDC wheel. Yes there are some discussions going on with our customers for more business what we can secure and once we have visibility of that business you know that normally we would commit into capex only after that because we do not want a scenario where we commit for capex and then sort of you are at a disadvantage when you have to secure a new business so that is the strategy we are adopting Aditya.

Aditya Jhawar: Thanks a lot and the next question is sorry to go back on margin so you know we understand that this quarter we did not get the price increase benefit that we typically get in Q4 but if you have to look at the historical trend our gross margin trajectory has been coming down and if you can give us some sense that what is the function of the business mix change that is having an impact on this and what should be our sustainable gross margin going ahead?

Sunil Bohra: So Aditya the way this gross margin is that some of the business has higher gross margins where you have higher other costs like for example in casting you will have higher gross margin but there the operating costs or the conversion costs are very high because of the inherent nature of the business and also the capex intensity in those business are higher so in this quarter also that we have started these two new projects which is the blow moulding business in what we call Bengaluru, the new plant and also this lighting plant in Gujarat there obviously initially you have higher RM cost which impacts and also in terms of mix normally as I said the higher capex business like blow moulding or casting will have higher gross margin because of the conversion costs of like electricity and also depreciation are higher versus what you see in the other businesses. Also in the new lighting business which you are adding the lighting what you call the LED aspect there structurally the gross margins are less but the cost of what we call the conversion to FG is also less so for example if you have, but in terms of a EBITDA it may not be very different so give you an example in terms of say lighting halogen lamp or so right there if my gross margin say was around 30% to 35% but in the LED segment it may be only 20% because the cost to convert that from RM to the finished good because in LED is a lot of electronic component right so you do not have that kind of conversion cost because the price itself goes 3x, halogen lamp to a LED lamp the delta is almost 2.5 to 3x, in fact some of the tail lamps are even much, much more so there your GRM is lower but it compensates at the EBITDA level because the conversion cost from GRM to EBITDA is different. I hope I have been able to give you a little detailed answer but it gives you a gist.

Aditya Jhawar: Absolutely. Thanks a lot for that and the final question I have is that on capex you mentioned that 400 Crores total capex out of that sustaining would be about Rs.300 Crores but that does not include your land bank capex so what could be the magnitude of this land bank capex Sunil?

Sunil Bohra: First of all this land which we have acquired in Khed that totally was something around Rs.160 odd Crores of that we have paid Rs.70 Crores in March as an advance and balance was paid in April so this Rs.90 Crores obviously has already been paid. We are also looking at another sort of a similar land bank in North where that our customer is consistently expanding so obviously we would also need to expand for future growth so strategically we know that land is a scarce resource and we have faced this challenge many places in fact you would have noticed in one of our projects which we have announced in November for the expansion of 60k alloy wheels in Bawal where we are still not having land in our hand and the customer SOP date is approaching very fast, so land has been a consistent challenge of late and that is why we have been thinking yes it is an investment, it is a one-time investment which will get recovered maybe future because future if you have to put up those projects I am sure you will imagine the land parcels which are continues to go up and has scarce commodity it address two things one you have the land in hand which gives confidence to the customer also in terms when it has years to award your business that yes you will not waste any time for preparing land. The land is an asset which continues to appreciate so if not today we have to anyway buy tomorrow when you have to set up a plant right and land being an inflationary sort of commodity and also scarce commodity it makes sense to build a land bank and most important thing which is the third part Aditya is that when you talk of that scale then you also have ability to go and negotiate better incentives with the government so the project which we are setting up in Pune we have got a very good incentive scheme from the government approved for our lighting plant so there are multiple benefits. Yes, it has an immediate cash flow but it more than offsets the benefits going into future.

Aditya Jhawar: Perfect. Thanks for the detail. Just last question if I can add. Any update on this airbag capacity when it is coming on stream, are you hearing about government changing the timelines of airbag, mandatory airbag that is expected from October?

Sunil Bohra: Timeline I will refrain from commenting Aditya because you know it is in the government's court so no one can comment on but based on what our customer says we are gearing up, we are ramping up. We are setting up a new plant with Rs.175 Crores worth of investment adjacent to a plant in Neemrana specifically for airbags and this capacity will be up and running by middle of next year.

Aditya Jhawar: Earlier you had planned in Q4 now it is a middle of next year?

Sunil Bohra: So Q4 the plant will be ready, I said up and running so you will have that commissioning time, etc., etc.

Aditya Jhawar: Perfect. That is it from my side. All the best.

Moderator: Thank you. We have our next question from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.

Ashutosh Tiwari: What was the revenue in the passenger vehicle alloy wheels and two-wheeler alloy and casting?

Sunil Bohra: Four-wheeler alloy around Rs.350 Crores whereas two wheeler alloy and casting was 100, 100 Crores each.

Ashutosh Tiwari: For full year?

Ankur Modi: For AW2W it will be around Rs 450 Crores and casting around Rs 400 Crores and whereas as four wheeler alloy will come around Rs 1250 Crores.

Ashutosh Tiwari: This lighting order that you mentioned 300 Crores is full year order, right?

Ankur Modi: This is annual peak revenue yes.

Ashutosh Tiwari: As a whole.

Ankur Modi: Yes, which is the annual peak revenue which will achieve.

Ashutosh Tiwari: I got it. This order came further in the 4 quarters, not only in the fourth quarter in the sense. Only for the fourth quarter.

Ankur Modi: Yes.

Ashutosh Tiwari: How much orders we have won in this financial year as a whole like FY2023 as a whole in lighting?

Sunil Bohra: So overall as I said Ashutosh for total order book for EV customers two-wheeler EV is around Rs.1,340 Crores of which EV specific product is 700.

Ashutosh Tiwari: Lighting.

Ankur Modi: In aggregate we would have announced lot of orders, around Rs 1,000 Crores of annual peak order value which would have received for four wheeler lighting as incremental orders.

Ashutosh Tiwari: Lastly coming back again on the margin side like you will see the major compression in the EBITDA margin has come in a standalone side if you look at, probably we used to make around 10% kind of margin is standalone, this quarter is only 8.4% and mainly you have two wheeler switches, lighting and this two wheeler alloy wheel business over there so is the competition only coming from two wheeler alloy wheels only or even the switches and lighting business has some compression in EBITDA margin in this quarter?

Sunil Bohra: Ashutosh because we are going into little detail so I can tell you that in two-wheeler obviously there have been little bit of impact on the exports though not that big but obviously it adds because export has got much better margin. Also, in lighting four-wheeler some of the service income or the cooling income which comes we have because of the model launch happened in Q3 we have been able to advance some of that income in Q3 versus Q4 and we just spoke that volumes have been lower, so all these things put together definitely has impact on the standalone financial.

Ashutosh Tiwari: That should normalize like say going ahead, a full number is a right reflection of the margins.

Sunil Bohra: Yes.

Ashutosh Tiwari: I just missed on the land capex side you mentioned Rs.160 Crores is total land cost out of which 90 is remaining?

Sunil Bohra: Yes. 90 we have paid already in April.

Ashutosh Tiwari: This 90 over and above this 700 Crores capex guidance so that is plus Ind AS.

Sunil Bohra: Yes.

Ashutosh Tiwari: That is all from my side. Thank you.

Moderator: Thank you. We have our next question from the line of Sonal Gupta from HSBC Asset Management. Please go ahead.

Sonal Gupta: Good morning Sir and thanks for taking my question. Just a couple of questions. One is sorry I missed what is the net debt now?

Sunil Bohra: Close to Rs.1,000 Crores if I remember correctly.

Sonal Gupta: Again, on the capex what was the capex in FY2023 because I think the press release is not very clear?

Sunil Bohra: So totally if you see that it is showing something like 900 odd, but that also includes 200 Crores of capex roughly relating to one with 70 odd Crores for land bank, around 60, 70 odd Crores another for this asset which has been added which is KMA and KMM and some leased assets which are capitalized as part of Ind AS 116 so if you see the real actual capex might be around 700 odd Crores.

Sonal Gupta: Right so if we exclude like it separately shows the non-controlling interest in 115 Crores so the plant equipment and land would be how much?

Sunil Bohra: Sorry where are you reading this?

Sonal Gupta: I am just looking from the cash flow statement.

Sunil Bohra: I do not have that in front of me.

Sonal Gupta: You are saying roughly just 700 Crores is the capex right?

Sunil Bohra: Roughly 700 to 750.

Sonal Gupta: Sorry if we are just going back to the revenue right like because last quarter we had a double-digit decline in both two wheeler industry volumes as well as in passenger vehicle industry volumes in this quarter you have seen the passenger vehicles come back up, two wheelers of course still remain sluggish but last quarter we outperformed and this quarter we have sort of seemingly underperformed so overall would it be like there was some pulling forward of orders in Q3 and that is why in Q4 so is it like there has been some lead lag and that is why it is sort of the revenue has not really reflected what the production numbers have been reported for the industry?

Sunil Bohra: No actually I am not sure Sonal from where you got this perception that we underperformed, but if you see the quarter last Q4 versus this Q4 the industry grew by only 2% and we have grown by more than 20% so there is a clear outperformance so I do not know from where you are interpreting it underperformance.

Sonal Gupta: I am looking quarter-on-quarter, basically I was looking at quarter on quarter.

Sunil Bohra: The industry volumes are lower overall by 1.5% to 2%, so we are broadly in that range in fact less than that.

Sonal Gupta: No but passenger vehicles would have grown right by 10% or odd?

Sunil Bohra: Yes. We are seeing on an overall basis so we do not look at what we call a category-by-category because somewhere there is addition, somewhere there might not be but overall level there is a clear outperformance.

Sonal Gupta: Could you share the sensor and controller revenues for the year?

Sunil Bohra: Sensor and controller?

Sonal Gupta: Sensors and controllers like generally given the numbers.

Sunil Bohra: Sensors and controller business for FY2022 - FY2023 is around Rs.450 odd Crores.

Sonal Gupta: Great. Thank you so much for taking my question.

Moderator: Thank you. We have a next question from the line of Nikhil Kale from Invesco. Please go ahead.

Nikhil Kale: Thank you for taking my question. Sir my first question was in the lighting business so we have won lot of LED lighting orders over the last 2 years another aspect that I wanted to understand was what is the share of headlight revenue is now within the overall revenue, that I understand the headlight would be the major value contributor within lighting content in a car so what would be the share of headlight revenues?

Sunil Bohra: While I do not have Nikhil the readily number available for headlamp, but you will be surprised to note that of late the tail lamp revenue is more than headlamp revenue per kit.

Nikhil Kale: But for us directionally it has been improved right lot of orders that we have received even on the headlights and would that understanding correct?

Sunil Bohra: No, largely majority I would say tail lamps because it is all LED and where the kit value is much, much more than a headlamp and headlamp also we have got some business but yes mostly I think majority is tilted towards the LED tail lamps.

Nikhil Kale: I was saying directionally our margins on the casting side would have down and then even on acoustic systems I do not think we are in a significant improvement, now going forward with some new plants kind of coming in and now with I think even the RM prices may have stabilized not a lot of benefits in the RM side can come. Shall we assume on the margin side pressure will there because of the fact that you have so many plants coming **up in** next year or so like take some time for the utilization level?

Ankur Modi: I believe you were looking at kind of margin guidance if I am not wrong right. We have been indicating that margins would be 11-12%.

Nikhil Kale: Thank you so much.

Moderator: Thank you. Ladies and gentlemen in order to ensure management is able to answer queries from all participants please restrict your questions to two at a time. We have a next question from the line of Mukesh Saraf from Avendus Spark. Please go ahead.

Mukesh Saraf: Good morning and thank you for the opportunity. The first question is regarding the EV order book that you have now close to Rs.1900 Crores could you give some sense on the ramp up of that in terms of revenues, some guidance on how this revenues will ramp up from these orders in the next few years?

Sunil Bohra: So Mukesh when we talk of the annual peak value we are talking of annual peak value for FY2024-FY2025 roughly that is what customers are indicating and in some cases it is 2025-2026 as well, so definitely you know that when we say the revenues we say based on what customer is guiding us so what we have started giving this time and I am sure you would have observed that what has been the EV volumes as part of industry in terms of overall volume so which has been roughly like 4.5% and what has been our revenue in that segment which has been roughly almost 8.5% so that is the kind of delta we have been talking about that we should be able to add significant value through addition of these new products right and that is what we are seeing. Now in next year as I said you will have commissioning of the motor plant in second quarter and also the EV JV that plant also gets commissioned in the next financial year, so with that plant commissioning you will also see some of the businesses sort of getting to us because there are some business which are in terms of localization as well where the customers might be either importing or so, so once that is also commissioning so gradually you will see the addition of revenues from those work also which is actually in addition to what currently you are saying so like today motor there is no production but despite that we are having the 8% revenue of our total two wheeler business worth is the industry volume of only 4 to 4.5% so I hope this gives you some perspective in terms of further ramp up and the delta because of addition of the EV products.

Mukesh Saraf: Sure, so just in continuation to that for the motor specifically the Buehler part any sense on the product range that we are looking in terms of kilowatt and what motor ratings range are we going to be manufacturing initially?

Sunil Bohra: Yes, as of now it is all low rated motors up to 3 kilowatt and we are also working with our JV partner who develop the midrange motors from 3 kilowatt to 6 kilowatt and that is currently under the evaluation stage and then we get into the development stage so initially it is only up to 3 kilowatts.

Mukesh Saraf: Right and this last thing is the acquisition of the remaining 22% odd that we have done on the alloy wheels business from when is this effective date in terms of the minority interest you know how much is that getting reduced?

Sunil Bohra: What we have done Mukesh is a little different what you normally would expect so while Minda Kosei is 100% ours the two other entities they are going through the court merger scheme which you know will take roughly a year but what we have done is we have signed another agreement with the Kosei JV partner where we have taken the management control of the two entities because one of the entity which is Kosei Minda is actually a loss making entity and obviously we wanted to act fast in terms of turning around, etc. We did not want to waste another year and waiting for the court process to get over and then you take management control so we have signed an agreement separately with JV partner and taking full management control of the entity so even though we have got a very small stake of around 18% to 20% in that entity we have retained the management control so that we can take all the decisions required to sort of have a fast turnaround of that business yes one can say that it will be a drag on the overall profitability in the short term yes it will be but be rest assured that we are working to see that we turn around this business in the next 12 months or so.

Mukesh Saraf: The fact that we have acquired the 100% in the Minda Kosei business that would have resulted in reduced minority interest?

Sunil Bohra: Yes absolutely that is what impact you are seeing in the current quarter also, otherwise

Mukesh Saraf: What period?

Sunil Bohra: MK is the acquisition was completed in last week of March only.

Mukesh Saraf: Understood. Thanks. I will get back in the queue.

Moderator: We have our next question from the line of Deepak Jain from Enam Asset Management. Please go ahead.

Deepak Jain: Sir on slide 19 you have shown potential kit value for EV so I need some idea that to realize this kind of a potential kit value what is the corresponding capex that will be required?

Sunil Bohra: So Deepak you would have seen that we have already announced what you call the two capex, the large ones. If you refer to the slide number 21 you would see that both the two projects on the bottom leave the Mindarika project two EV specific projects Buehler Motor JV and Uno Minda EV systems and their capex both put together is roughly Rs.500 Crores but that is for obviously 4 to 5 years, 6 years, so what the way we are working on this is as I said earlier on the call also that while we are building up the capacity in terms of land building for the full project but the addition of plant and machinery, our strategy is to add gradually so that it has two advantages, you do not have capex lying idle and b as business grows you increase your capacity and number 3 that will also help in case there is some technology advancement or some new development in terms of the equipments that also can be considered at the appropriate time so that is broad strategy and around capex and the amount which you have asked.

Deepak Jain: The another question was coming back to the margins you said that in the lighting when the LED shift has happened so there was a theoretical margin compression, so is the same thing happening on the switches also like you said new switches and sun roof and some other?

Sunil Bohra: No, switch is very different than lighting so lighting what is happening is the electronic component is very high whereas the conversion cost right remained same, so what is happening earlier and I let you give you the example again, so halogen versus LED the value is almost 3x, so when you see value is 3x there is a large part of component which are electronic component which are bought out parts, right, but the conversion cost normally remained same. Now what they put things in perspective say conversion cost was Rs.30 on 100, which is now Rs.35 on Rs. 250 or Rs.300, so in percentage terms the conversion cost is much lower versus what it was halogen, but in terms of EBITDA margin it will be almost, the EBITDA of 9% of 11% kind of range which we have so yes in terms of GRM it might be lower, but in terms of overall EBITDA it is not.

Deepak Jain: Switches you were saying this electronic component is not that high?

Sunil Bohra: No, which has not gone to that journey of 3x kind of opportunities.

Deepak Jain: Thank you.

Moderator: Ladies and gentlemen due to time constraint, we will take one last question from the line of Nishit Jalan from Axis Capital.

Nishit Jalan: Thank you for the opportunity. I have two questions one on the lighting segment, good to see a very strong order wins so just wondering this 1,000 odd Crores orders that we have received, will our current plant expansion that we are planning in Pune phase 1 to 30 Crores will that suffice, what kind of asset turns are typically there in lighting and will we need to do more capex going ahead?

Sunil Bohra: In the lighting part actually if you see the Board has approved a capex 500 odd Crores and we said we will do on a phased manner and the kind of business win we have seen this is much better than expected, so the idea is that some of this business while it will be met from our lighting plant in Gujarat, the large part of that will be from the new upcoming plant in Pune, so it will be split between Gujarat and Pune.

Nishit Jalan: Typically, fixed asset turns in this business are around 2 times is this a fair understanding?

Sunil Bohra: Yes, if this business is normally 2 times but for LED it will be more than that.

Nishit Jalan: Because of the bought out components electronics coming in?

Sunil Bohra: Yes.

Nishit Jalan: Second question is on the EV order wins, so just wanted to get some sense on color around customer wise breakdown where I am coming from is you have started to see some of the EV OEMs who were doing well earlier are not doing that well, so just wanted to understand if you can get some color even if you cannot name the OEMs some color in terms of incumbents versus new OEMs, any breakdown of the new orders because you also mentioned that this quantum of order inflow is based on the guidance given by the OEMs which may change materially given how the situation is evolving at least for some OEMs?

Sunil Bohra: The penetration is actually happening much faster than what we thought and moving to your question in terms of the customer wise yes we are working with almost all be it the existing OEMs or be it the new age OEMs we are shortlisted few of them. I think the only larger one who we have not been able to penetrate but they are also we have got some good discussions of late and hopefully we should be able to add that customer also in next quarter or so I think with that we will be working with almost I think everybody meaningful in the country.

Nishit Jalan: Thank you so much.

Moderator: I would now like to hand the conference over to Mr. Sunil Bohra for closing comments. Over to you Sir!

Sunil Bohra: Thank you. Then I would like thank everyone for joining on 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 and thank you once again.

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