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Date : 29/05/2024

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NSE Scrip: UNOMINDA	BSE Scrip: UNOMINDA, 532539

Sub: Transcript of the Earnings Conference Call held on Thursday, 23 May, 2024 on the Audited Financial Results for the Quarter and Year ended on 31 March, 2024

Dear Sir(s),

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call held on Thursday, 23 May, 2024 on the Audited Financial Results for the Quarter and Year ended on 31 March, 2024.

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

Please take the same on records.

Thanking you,

Yours faithfully,
For Uno Minda Limited

TSrivastava

Uno Minda Limited Delhi

TARUN KUMAR SRIVASTAVA

Digitally signed by TARUN KUMAR SRIVASTAVA
Date: 2024.05.29 12:38:42 +05'30'

Tarun Kumar Srivastava
Company Secretary & Compliance Officer

Encl: As above.

"Uno Minda Limited
Q4 & FY'24 Earnings Conference Call"
May 23, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 23rd May 2024 will prevail.

MANAGEMENT: **MR. SUNIL BOHRA – GROUP CHIEF FINANCIAL OFFICER**
MR. ANKUR MODI – HEAD – CORPORATE FINANCE & COMMUNICATION

Moderator: Ladies and gentlemen, good day and welcome to the Uno Minda Limited Q4 and FY '24 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 the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded.

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

Sunil Bohra: Thank you, Zico. Good afternoon 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 on the stock exchanges and our company's website. I would like to begin by giving some insights on the economy, followed by the current scenario in the industry and our financial and operational performance for the quarter and FY '24. Post that, we will open the floor for Q&A.

The global economy is displaying signs of recovery, with inflation moderating and being projected to grow at a rate of 3.1%. However, amidst the prevailing global uncertainties, India's economy continues to exhibit remarkable resilience. In the third quarter of FY '24, India achieved a growth rate of approximately 8.4%, surpassing expectations.

This growth is driven by factors such as continued demand momentum across various industries and segments, increased government capital spending, rural demand also rebounding. India's manufacturing activity reached a 16-year high in March with PMI index of 59.1. This surge has created more jobs, with unemployment data showing sharp reduction, overall reflecting stronger growth in new orders. All these factors point to a sustained growth.

India's GDP growth for FY '24 is expected to be 7.6%, surpassing estimates by most global agencies.

Speaking on the auto industry, the industry witnessed robust production volumes growing 10% year-on-year for FY '24 and 21% year-on-year in Q4 FY '24. With strong domestic demand and increasing share of exports worldwide, India has positioned itself as a global automotive hub with a promising future.

In the passenger vehicle market, SUV share continued to grow, now holding a substantial 50% market share. During Q4 FY '24, production volume increased by 10% year-on-year, reaching 13.4 lakh units. For FY '24, the PV segment witnessed a growth of 7% inching towards 5 million units.

Notably, both retail sales and production of passenger vehicles achieved an all-time high in FY '24. On the back of improved vehicle availability, a compelling model mix, and successful launch of new models. Additionally, sustained demand growth in our under-penetrated India market, strategic marketing efforts by OEMs and government investment in road infrastructure contributed to the overall sales and production growth.

Moving on to the two-wheeler segment, in Q4 FY '24, the production volume stood at 55.24 lakh units, delivering a strong growth of 26% on a year-on-year basis. For the year ended March 2024, the segment achieved highest production in the last four years, with 21.4 million units, recording a 10% year-on-year growth, fuelled by improved rural demand, enhanced model availability, the introduction of new products and a positive market sentiment. Alongside the burgeoning EV market and strategic premium segment launches.

On the CV front, for the quarter ended March 2024, the production volume stood at 2.88 lakhs as compared to 2.9 lakhs in the same quarter last year. The segment is witnessing stable volumes. However, our outlook remains optimistic.

With expected upswing in industrial and manufacturing activities, the segment is poised for growth. For FY '24, the production volume stood at 10.66 lakhs, a growth of 3% on a year-on-year basis. The growth is attributed to the segment's adeptness in leveraging government tenders, improved road connectivity and strategic bulk deals.

Talking about electrification, in March 2024, India achieved a remarkable milestone with electric two-wheeler sales surpassing 1.36 lakh units, marking an impressive 50% year-on-year growth. Throughout the entire financial year, sales soared to nearly 9.4 lakh units, reflecting a substantial 30% year-on-year increase. This surge was partially driven by customers pre-purchasing vehicles ahead of the expiration of the FAME II subsidy, complemented by year-end discounts.

On conclusion of FAME II, The government has announced a fund-limited scheme with a total outlay of INR500 crores for the period of four months with effect from 1st April 2024 till 31st July 2024 for faster adoption of electric two-wheelers and three-wheelers to provide further impetus to the green mobility and development of electric vehicle manufacturing ecosystem in the country. The road to electrification is inevitable and India is poised for substantial growth, with strong emphasis on sustainability and thrust on local production.

Industry outlook, heading into FY '25, the Indian auto industry is poised for growth amidst a mix of optimism and challenges. The excitement around new product launches, particularly electric vehicle, sets a forward-looking tone. Manufacturers are gearing up with better supply chains and an array of models to meet diverse consumer demands.

Economic growth, favourable government policies and an anticipated good monsoon are expected to fuel demand, especially in the rural areas and the CV sector, which is closely linked to infrastructure projects and economic activity. Market sentiment is cautiously optimistic, with the industry banking on improved customer engagement and financing schemes to boost sales. However, it faces challenges like high base in PV segment and intense competition.

The focus is on overcoming these hurdles with innovation and strategic market engagement, aiming for a balanced growth across all segments.

Coming to financial and operational performance, you may refer to slide number five. We have recently secured an allotment of strategic land parcel of around 94 acres from HSIIDC at IMT Kharkhoda in Haryana. This will help expedite our ongoing and future expansion. A part of this land has been designated for the Greenfield alloy wheel plant of 120,000 wheels per month, announced in Q2 FY '24. Post the ground breaking ceremony, the work has started at the site.

As you know, we have been proactively securing land parcels in all major auto hubs to be ready to meet growing demand. Last year, Uno Minda had acquired 86 acres of land at Khed City Industrial Park, Pune, followed by recent acquisition of 37 acres in Hosur, Tamil Nadu, and now 94 acres in IMT Kharkhoda Haryana. While we continue to evaluate more land at other locations, the proactive land acquisition and Greenfield projects demonstrate our commitment to staying ahead of the curve in the rapidly evolving Indian auto landscape.

During the quarter, we entered into technical license agreement with StarCharge Energy Pte. Limited to manufacture and sale of electric vehicle supply equipments in India, further building on the e-four-wheel specific portfolio. We will discuss this in detail in subsequent slides.

We have completed purchase of 26% stake in Minda Westport Technologies Limited in April '24, increasing stake to 76%. Minda Westport has now become a subsidiary and will be consolidated in financials from Q1 FY '25. The compressed natural gas powered vehicles in India have increased by 32% in FY '24, in line with increasing CNG penetration. Minda Westport revenues have also grown by 156% to INR277 crores in FY '24.

With better availability of supplies, new CNG model launches for PVs as well as CVs, strengthening of CNG infrastructure and the CNG penetration, it is further expected to increase levels of about 18% by CY '27 from current levels of 15% penetration. This presents an exciting opportunity for Minda Westport going forward. Coming to financial and operational performance, you can refer to slide number seven and nine.

At consolidated level, revenues from operations for the quarter ending March '24 increased by 31% year-on-year to ~INR3,800 crores from ~INR2,900 crores in Q4 FY '23. The growth was evident across all product lines, with particularly strong performance from EV products, lighting, switch, sensor, controller and alloy wheel businesses. Some of the businesses which played a significant role in the substantial growth are primarily from one. Capacity expansion and ramp-up in 4-wheel alloy wheel, 2-wheel alloy wheel, 4-wheel lighting Gujarat plant and 4-wheel Chennai plant.

Second increase in revenues from EV-specific products under Uno Minda FRIWO and Controller. Third market share gains in 4-wheel lighting business. Fourth increase in kit value with higher sales of SUVs in passenger vehicles and premium model in 2-wheeler. And last increase in exports for seating and 2-wheeler switch business.

As you would have noted, EBITDA for the quarter was a record at INR474 crores, deflecting a 48% year-over-year improvement from INR319 crores. Besides benefit of operating leverage as normally expected the current quarter also benefited from yearly price increase settlement. Finance costs have increased to INR32 crores in comparison to corresponding quarter last year on account of incremental borrowing for capex and working capital.

The depreciation has increased in line with capitalization of new projects. The share of profit loss of associates, JVs for quarter jumped to INR58 crores as against INR24 crores in Q4 FY23. As Denso, Roki, Westport, TRMN and TG, all businesses witnessed significant growth along with turnaround in Minda Onkyo.

As you would see, there is an exceptional income. Consequent to the decision of honourable Supreme Court that interest on CVD portion towards EPCG liability is not payable, the related provision has been reversed and this being a one-time item has been shown as exceptional income. The profit after tax, which is Uno Minda share for the quarter was at INR290 crores as against INR183 crores.

However, excluding the exceptional item from the profit, the quarter would have been INR269 crores as against INR290 crores which is a growth of 47% year-on-year. Moving to financials for FY24, we have achieved consolidated revenues of over INR14,000 crores for the year ending March 24, registering a growth of 25% on year-on-year basis. We would like to highlight that industry volume growth for FY24 was 10% and against which we have grown by 2.5X significantly higher than our long-term guidance of 1.5X.

The EBITDA for the period grew by 28% at INR1,585 crores registering EBITDA margins of 11.3%. The profit after tax which is Uno Minda share for the period excluding exceptional item, was at INR861 crores as against INR654 crores in corresponding period last year reporting a growth of 32%.

Coming to the business segment-wise performance starting with switches if you can refer to slide number 12. Our switching system segment performed exceptionally well generating INR963 crores in revenue for quarter representing a significant 25% of our consolidated revenues. The segment grew 14% for FY24 generating revenues of INR3,663 crores as against INR3,203 crores in FY23.

This growth can be attributed to smarter switches with increased number of switches per vehicle. Additionally, exports in the two wheeler segment emerged as a major growth driver, signifying our global competitiveness.

Moving to lighting business, it continues to be a key growth driver for Uno Minda generating impressive revenues of INR 972 crores during the quarter representing a significant 26% contribution to our consolidated revenues. For full year, lighting business achieved revenues of INR3,368 crores growing by 31% on year-on-year basis. As communicated in past, we had some significant strategic order wins over past few years. These businesses are gradually commencing production. This is significantly propelling the growth trajectory of the lighting business, particularly in the four-wheel segment. Our lighting business has delivered significant growth in recent past with four-wheel lighting business almost doubling in less than 2 years. This success is driven by our market-leading innovative lighting solutions to that empowering OEMs to differentiate their offerings in the marketplace. We are currently supplying three long tail lamps and one signature LED front DRL for EV model of the largest PV EV manufacturer in India.

This unique signature DRL comes with welcome and goodbye sequence and charging indicator. Buoyed by success in Indian market some of these models are also being launched in global markets with manufacturing in these global geographies. We are confident that this positive momentum to continue fuelled by sustained SOP and continuous expansion of our market share.

Moving to casting business, it delivered a robust revenue of INR770 crores in Q4 accounting for a substantial 20% of our consolidated revenues. Out of INR770 crores, four-wheel alloy wheel contributed INR436 crores, two-wheel 204 and casting business INR130 crores. The casting business revenues for full year grew by 30% to INR2,830 crores. Both two-wheeler and four-wheel alloy wheel has been witnessing good growth supported by capacity expansion.

Four-wheeler alloy wheel capacity stands at 390,000 wheels per month which is running at almost 100% utilization. The 60K expansion at Bawal is delayed with 30K expected to commission in second half of FY25, and the work on remaining capacity will commence depending on the necessary approval for land acquisition.

We started construction for 120K wheel per month Greenfield plant at upcoming auto hub IMT Kharkhoda which will be commissioned in two phases of 60K each. The first phase is expected to be commissioned by Q2 FY26. Within alloy wheel, we are seeing preference for different varieties. During the quarter we have received a large order for diamond-finished alloy wheel from a Japanese OEM for the facelift and a new EV model.

Alloy wheel penetration in PV has reached around 45% from 15% when we entered the market, along with the growth in market we have cemented our position as the largest manufacturer of four-wheel alloy wheel in the country. At our two-wheel alloy wheel business, the additional capacity of 2 million was completed in the last quarter and is having stable operations.

This expansion brings the total installed capacity for two-wheel alloy wheels to impressive 5.4 to 6 million wheels per year depending on the weight of the wheel. With this additional capacity coming in, we have broken into the top three two-wheel alloy wheel manufacturers in terms of capacity and market share. Additionally, as you would have noted board has also approved expansion of the plant by another 2 million wheels per annum with an investment of INR300 crores.

Over the last few quarters, we have significantly diversified our customer base with around five key customers with business in both scooter and motorcycle segment. During the quarter, we received an order for an American two-wheel OEM model manufactured in India. Moving to seating business a key contributor another for our overall performance generated around INR264 crores in revenue representing 7% of our consolidated revenues.

For full year seating business, revenue stands at INR1,100 crores. Besides our existing incumbent two-wheeler OEMs we have started supplies for two new age EV OEMs. These supplies for new incumbent two-wheeler OEMs will start in the next 6 months. We are happy to inform that we have secured an order for a mechanical suspended seat and pneumatic suspended seat to be supplied to a domestic CV OEM.

SOP of the said order is expected in Q3 of 2025. Until now, we have been supplying suspended seats only to the export market. Exports continues to play a crucial role in driving the growth for seating business. We once again achieved export of around INR200 crores from our seating business alone.

Looking ahead, we anticipate seating business to maintain a healthy growth fueled by new order confirmations and upcoming execution of new orders along with suspended seat order for the Indian market.

Moving to acoustic segment generated revenues of INR213 crores in Q4, representing a stable 6% contribution.

Acoustic business also grew by 13% on a full year basis to INR833 crores. While the Indian business continues to demonstrate industry-led growth the European subsidiary Clarton Horn continues to experience ups and downs. Clarton Horn did close the year with a positive EBITDA and PAT for the quarter as well as for the year.

Moving to other products and businesses which have achieved revenues of INR613 crores for the quarter contributing 16% of overall top line. Out of INR613 crores, INR130 crores was contributed by controllers, 107 by sensors, 110 by blow moulding, INR68 crores by ADAS, INR55 crores in the new EV JV.

Besides, above the sales include aftermarket trading, external sales from Uno Minda Katolec and Engineering sales in Europe and batteries for aftermarket. Revenues for other business segments have grown by 50% to 2,236 as we continue to expand in emerging technologies. Over the years, we have built a very robust portfolio of sensors comprising of engine and exhaust sensors, active safety and comfort sensors, transmission and suspension sensors, CNG EV sensors, wheel speed sensors, and the latest addition is tyre pressure monitoring system.

Revenues from sensors have grown significantly from INR160 crores in FY21 to over INR400 crores now. We have combined ADAS division with sensors from operational perspective. Together with ADAS sensors secured revenues of INR600 crores. Our controller business continues to impress with achieving INR375 crores sales for FY24. Uno Minda EV systems also clocked in INR196 crores revenue in first full year of operation itself.

Moving to aftermarket and International revenues slide number 14 and 15 you can refer to. In terms of our revenue pie for the quarter ended March 24, OEM business accounted for 93% and aftermarket at around 7%. Our aftermarket division revenues stood at **INR256** crores for the quarter. Our interest rate sales currently represent approximately 14% of total revenue demonstrating steady growth in this segment.

While the international market holds strategic importance for our future expansion, it is worth noting that our domestic business has been experiencing more pronounced growth.

Moving to our debt levels, our net debt as of March 31 was at INR1318 crores compared to INR1078 crores as on March 23. The net debt has increased on account of expansion capex as well as expenditure for land banks primarily at Pune and Hosur for around INR220 crores.

While sustaining and growth capex has been financed from business cash flows, expenditure primarily on land banks has resulted in incremental debt.

Our net debt to equity stands at healthy 0.25x. We have achieved ROCE of 19.8% basis annual profits of FY '24. Kindly note that capital employed considered for calculation does include the capex for land bank as well as CWIP, which is currently not generating returns. If one were to exclude only the strategic land banks, the ROCE would have been around 20.68%. In terms of return on equity for FY '24, it stood at around 19.4%. The board has also recommended a final dividend of INR1.35 per share, which is 67.5% of face value.

Total dividend along with interim dividend already paid will become INR2 per share, which is 100% of the face value. We have been consistently increasing our dividend payout ratio from 10% in FY '19 to 13.4% now. In last five years, our dividend payment amount has increased fourfold from around INR28 crores in FY '19 to the estimated payment of around INR115 crores for FY '24. The board underscores our commitment to returning value to shareholders on a consistent basis.

Moving to EV, you can refer to slide number 15 and 16. Revenue from EV 2-wheeler OEM increased to INR180 crores in Q4, as against INR167 crores in last quarter. We witnessed growth in EV-specific as well as traditional products sales to 2-wheeler EV OEMs. The revenues from EV 2-wheeler OEM is expected to continue to increase with SOP of various orders. We have built a strong order book for EV-specific products as well as existing products from EV OEMs. We have received further orders from our existing products from OEMs across vehicle categories. The SOP of these orders will start in gradual manner in FY '25, which will further boost revenues from the EV segment.

Building up our EV-specific product portfolio for 4-Wheeler, we had entered into a TLA with StarCharge to manufacture and sale of EVSE in India. The EVSE comprises of wall-mounted AC chargers designed for convenient home charging. These chargers are usually sold along with EV to customers by OEMs to provide ease of charging at home.

StarCharge is a global leader in electric vehicle charging infrastructure and microgrid solutions operating in 67 countries and regions with manufacturing facilities in USA, Vietnam and China. With millions of EV charging stations installed worldwide, StarCharge is at the forefront of providing cutting-edge charging solutions for diverse applications. StarCharge has been a strategic partner of 60 plus well-known OEMs and multiple renowned energy companies globally.

The potential kit value of these EVSE ranges from roughly INR14,000 to INR70,000 with estimated application factor of 40%. We have multiple RFQs in hand for EVSE with high probability of winning some of them. According to the IEA, most EV charging demand globally has been met at home or at work and not by publicly accessible chargers.

Uno Minda, in partnership with StarCharge, aims to revolutionize such home charging solutions, paving the way for faster, cleaner mobility adoption in India. In terms of capital expenditure, referred to slide number 24, as informed earlier, we have started construction at IMT Kharkhoda, for our Greenfield Alloy Wheel Plant for 4-wheelers. Though there was a delay in starting construction due to land acquisition, we will fast-track the capex implementation given the land acquisition is completed and machinery order is in progress.

The phase 1 of 4W Lighting plant at Khed is expected to commission in second half of FY '25 with construction going on in full speed. Regarding 4-wheelers system plant at Farrukhnagar, Gurugram, phase 1 comprising of sub-part manufacturing is completed. Given the humongous opportunities coming our way, we will continue to drive in FY '25 as well.

The capital expenditure has already announced projects like 4-wheel alloy wheel at Kharkhoda and Bawal, 4-wheel antique plant at Pune, Uno Mindarika plant Farrukhnagar, Uno Minda EV systems will be undertaken in FY '25 as per plan. We are likely to further expand in Indonesia and Aluminium die -casting 4-wheel with fresh capex announcements in FY '25. As mentioned earlier, pursuant to additional orders, the board has also approved capex of INR300 crores for expansion of 2-wheel alloy wheel plant at Supa to add capacity by another 2 million wheels per year.

This will take the total capacity to roughly 7.5 to 8 million wheels per annum. For FY '25, the sustaining capex is expected to be around INR450 to INR500 crores and project capex of around INR850 to INR900 crores including the expansion of 2-wheel alloy wheel project approved today. In addition to above, we will continue building strategic land bank in locations like Gujarat, Hosur and other related regions.

Moving to strategic business updates, the board has approved increasing stake in TG Minda from INR47.93 to INR49.9 by buying INR1.97 stake in promoter-held entity at consideration of INR17 crores. The remaining 50.1% stake in TG Minda is held by the JV partner TG. With respect to merger of Kosei entities with Uno Minda, we have received NOC from Stock Exchanges and approved from lenders, creditors and shareholders. We have also moved the application to NCLT. The next date of hearing is in 1st week of August and we expect that post the hearing it will take another 2-3 months for merger process to get complete.

Moving forward, the outlook continues to be promising with supporting industry volume guidance, ccommissioning and ramp-up of multiple new expansions, namely EV plants, 2-wheel and 4-wheel alloy wheel expansion, lighting plant Gujarat and Pune, etc. While we have been guiding on long-term growth prospect of 1.5x of industry growth, we expect it could be higher in the near term. As you know, while quarter-on-quarter there is variance in margins due to inherent business modalities and challenges, we would like to maintain our annual EBITDA margin guidance of 11% plus minus 50 basis point range with a bias towards higher end.

With our existing diversified portfolio, new product technologies, we are confident of sustained outperformance over long-term. With this, I would like to now open up the floor for questions.

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

Mumuksh Mandlesha: Thank you so much for the opportunity and congratulations on strong margin performance and entry into 4-wheel EV segment, sir. Sir, firstly, on the gross margin side, this quarter, can you quantify the impact of price hike?

Sunil Bohra: Sorry, come again, Mumuksh.

Mumuksh Mandlesha: Can you quantify the impact of price hike during this quarter, sir?

Sunil Bohra: There is no price hike, Mumuksh, that's what I think we said in the last call also. There are normally whatever are the customer price settlements, they normally tend to get settled in the last quarter of the year or maybe third quarter of the year. So, you do see a little more benefit in the last quarter. If I have to quantify that impact, that is roughly around INR30 odd crores during the quarter.

Mumuksh Mandlesha: Sir, now on the 4-wheeler EV with the StarCharge partnership. So, I just want to understand how we see the revenue trend for the StarCharge and also now with the 4-wheel EV focus area. So, over a medium term, any guidance you want to share how you plan to ramp up like in 2-wheel as you mentioned earlier?

Sunil Bohra: Yes. So, I think, Mumuksh, by end of next quarter, I think we will have much, much, much better clarity because we have just signed the TLA and the team is in process of preparing the detailed project report. Post that, we will have some visibility but still, you know that our dependence is there always on the OEMs and we normally don't comment on the numbers in terms of the expected revenues.

But in terms of the entire product profile, because StarCharge is only one part of it, we already have a lot of other products which currently are in the works and some of them are also in operation. So, maybe we will give you a full picture where we have our results call after Q1.

Mumuksh Mandlesha: Sir, lightning segment is seeing a strong growth. So, just want to get a sense how is the profitability in this segment? Earlier, it used to be like a high single digit, sometime back. So, how that has changed, sir? Is this the lightning as a more profitable segment among the other segments?

Sunil Bohra: I wish it was. But I think we have discussed this in past also. First of all, just to put some background, we know that the kit value for the lighting products as it moved from halogen to LED has increased significantly and with a lot of bought out component in terms of electronics. And I think that has been the key reason why we said that the margin in the four-wheel lighting business specifically, which is seeing that kind of growth is below average margins, which continues to be there.

Mumuksh Mandlesha: And lastly, on lighting part, are we seeing a very good pickup on the new orders? Can you just guide how do you see the next year in terms of growth for this business?

Sunil Bohra: So, this business is, I think we have been saying very candidly that we are very, very bullish on this business with multiple, I would say, tailwinds and also in terms of getting more business, tailwind in terms of transition from halogen to LED, increase in kit value going multi-fold and also share of business gains. So, we are very, very optimistic specifically in four-wheel lighting business.

We know we are currently in process of constructing our Khed plant for lighting four-wheelers. Once that is up and running, that will give us the boost. In fact, even at the plant in Gujarat, which we have put up, it's almost running out of the capacity. The plant was commissioned only, what, two and a half years back or two years back. So this business will continue to grow and our goal has been to reach 20% share of business as the first milestone and I think we are on track to achieve that.

Mumuksh Mandlesha: Is there any guidance, any growth guidance for FY'25? What kind of growth we can see for lighting, sir?

Sunil Bohra: I think, Mumuksh, the same thing. We said we don't comment specifically on numbers. So, my apologies for that.

Mumuksh Mandlesha: Thank you so much for the opportunity.

Sunil Bohra: Thanks, Mumuksh.

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

Siddhartha Bera: Yes, sir. Thanks for the opportunity and congrats on a great set of numbers. Sir, on this lighting side first, just to continue the last question, I mean, if you look at the current quarter and just annualize it, so it implies a close to 16%-17% growth for the next year and we also have this new plant which is coming up in the second half, which you mentioned. So can you throw some more light on to which of the orders which are ramping up here and does this mean that, this segment can grow at more than 30% probably in the coming few years?

Sunil Bohra: Absolutely, Siddhartha. First of all, thanks for the compliment. In terms of growth, whether it is 30% or 20%, you know that a lot also depends on the industry volume. So it's very, very difficult to say whether it will be 20% or whether it will be 30%, but definitely it will outperform industry growth by a margin.

If you see last year itself, the four-lighting business have done annual revenues of roughly around INR1,200 crores odd and the last quarter itself, we have done something like INR380 crores, INR390 crores or close to we can say INR400 crores. So with that itself, I think we are poised for that kind of number what you said, but a lot also depends on the industry volumes. So while we are optimistic, maybe we are able to achieve that, but very difficult to comment whether it will be 30% or it will be 20% or 25%.

Siddhartha Bera: Okay. Sir, can you provide the breakup between four-wheeler and two-wheeler and where are you seeing the most traction, sir?

Sunil Bohra: Obviously, four-wheeler lighting is the more traction, Siddhartha. Two-wheeler lighting, we already are like 25% plus kind of market share domestically and we already have much higher penetration in two-wheeler in LED. So there is not much of scope in terms of value enhancement. So it is the four-wheeler lighting business which you will see outperforming by a huge margin.

Siddhartha Bera: And sir, how much was it in the last quarter, four-wheeler?

Sunil Bohra: Four-wheeler lighting, last quarter I said I think INR380 crores-INR390 crores was the four-wheeler lighting business in India.

Siddhartha Bera: Okay. So, sequentially, sir, last quarter Q3 also you had mentioned about INR340 crores from four-wheeler. So has the delta come more from the two-wheeler?

Sunil Bohra: No. So INR340 crores to INR390 crores I am saying is only four-wheeler.

Siddhartha Bera: Yes. But our revenues have grown from INR850 crores to INR970 crores, so nearly INR120 crores.

Sunil Bohra: Yes. So that also includes, Siddhartha, the overseas lighting business in ASEAN and also in Europe. So that is overall group lighting business. What we are referring to is the Indian INR340 crores. That is the Indian lighting business.

Siddhartha Bera: Okay. Got it. Sir, second question is on the seating side. Again, we have seen good improvement in industry volumes in two-wheeler and CVs. But our seating revenue seems to have been quite flattish sequentially. So some thoughts here. You have said that you have won a couple of orders. If you can quantify what is the size of these orders and how to think about the growth here?

Sunil Bohra: So the new order which we have got is from the Indian CV customer is roughly around INR80 crores to INR100 crores a year depending on the volumes. Plus, the quarter-on-quarter number, I appreciate, yes, it is flattish. But that's what I think we have seen in terms of the CV volumes also, which have been actually negative in the last quarter.

So, the seating business revenues, almost half comes from the CV/ OR segment. Plus, there has been some headwinds in terms of the exports. While we are the global supplier to JD, and there is a lot of exports, that has not been seeing significant volumes uptake. In fact, it has been more static to negatives in terms of volume. So, while we have got business in hand, I think it is the volumes which we are not in our hands. I am not trying to justify, but that is the key reason why the revenues are flattish.

Siddhartha Bera: Okay. Sir, lastly, the two-wheeler capex, which is about INR300 crores, I think the last capex of similar size was about INR190 crores. So why the capex intensity seems to be slightly higher here? And lastly, on this aftermarket revenues, we have not seen much improvement over the last one year, revenues seem to be around that 270-280 type of run-rate. So, any thoughts what will drive this or what are you thinking here?

Sunil Bohra: No, you are right. I think both the questions are very, very genuine, Siddhartha. So, first of all, the two-wheeler lighting project, which was announced at INR190 crores, it was actually ended at INR225 crores. By the time it got completed, there was significant cost overrun. And for that INR225 crores, the land was already part of the first acquisition. So there was no land cost in the second phase.

Now, when we are setting up this new expansion, we have to buy this 13 acre of land from MIDC. Plus, over last three years, there has been a significant increase in the cost of construction and also the machinery, etcetera. So while we tried and tried to optimize a lot of things, plus also, what is happening is in this expansion, there is a powder coating extra, which was not there in the first phase.

So, if you see, there is one specific customer who uses this wheel, two-wheeler wheel for a scooter with different technology of coating, which the cost is higher than the traditional covering. While it does get compensated through better pricing, but the overall cost increases. So that is in terms of capex.

And in terms of aftermarket, yes, you are right. The aftermarket revenues, despite our significant push in terms of increasing the sales, have not seen a significant traction over last one year. But if you see the industry, barring one or two players, I think the numbers have been like that. People have not grown significantly. So while there was a significant growth year before, this year, which is FY'24 has been flattish, but we are expecting FY'25 to be much better than what we have done in FY'24.

Siddhartha Bera: Got it, sir. Thanks a lot. I'll come back in the queue.

Sunil Bohra: Thanks, Siddhartha.

Moderator: Thank you. The next question is from the line of Raghunandhan NL from Nuvama Research. Please go ahead.

Raghunandhan Nl: Thank you, sir. And congratulations on a strong set of numbers.

Moderator: Sorry to interrupt you, sir. May I request you to use your handset, sir? Your audio is slightly muffled.

Raghunandhan Nl: Yes. Congratulations, sir. Firstly, within the other segment, you know, the sensor, controller, and ADAS part have done very well this year. How do you see the outlook for FY'25? And secondly, in terms of the EV order book, congratulations on the increase from 3,300 to 3,700. If you can give some more color with, you know, like addition for orders of traction motors, motor controller, how do you see the ramp up for this particular opportunity? And if you can indicate, you know, how many customers you have got on the motor side, just some color on how you see the growth ahead.

Sunil Bohra: Yes. Thanks, Raghu. In terms of the other segment, as you know, these are businesses which are primarily the sunrise businesses, which is maybe sensors and controllers. The application is going very, very high. All the EV products are also part of this segment. So we are very optimistic in terms of the growth of some of these businesses. And as we move forward, normally our barometer is once a business crosses 10% of total revenues, we start showing this separately as a segment.

So I'm pretty sure in the next few years, we should be having one or two businesses who will actually cut into that category. And in terms of the EV order book, the large part of the orders which we have secured in the last quarter is primarily from the existing businesses, which are the EV agnostic businesses, while they are from all the EV players, but nothing significant from the EV specific product perspective.

And in terms of the motor business, while we have got a couple of new customers onboarded, the SOP of those onboarding will happen in business, secured in the last quarter primarily, the SOP will happen sometime in the second half of FY25. I think one customer is in Q2 itself, and the rest I think are in the second half of FY25. In terms of motor controllers and others, there is going to be a significant ramp up in the current year.

As I have discussed, some of these products have gone into production in the last year, and some of them will get into production in this year. And as I said, in the first year itself, this JV has clocked revenues of close to INR200 crores, and we are pretty optimistic that it will see a significant growth in the coming years.

Raghunandhan Nl: Thank you for that, sir. And a couple of quick clarifications. One is the INR30 crores price settlement which was received in Q4. Instead of looking at Q4 gross margin, it would be better to look at full year FY24 margin to get a normalized level. Would that be a right understanding?

Sunil Bohra: Absolutely, Raghu. I think you have said what I wanted to say. In fact, that is what I always say that, and I think I said in my commentary as well, that we are in a business where quarter-to-quarter you might see there is a variation in terms of margins because we are not a B2C company. So there are times when the settlement takes time. There are times when prices go north. There are times when prices go south in terms of the commodity pricing.

So there are various factors, but everything gets evened out on a full year basis. So that is why it is very important to see the full year profitability, and that is where we have improved by almost 25 basis points on a full year basis. So I would say that is more realistic, and I appreciate you asking that question.

Raghunandhan Nl: Thank you for that, sir. And in terms of because you are adding capacities to meet the strong demand, there will be some upfront cost, but over a period of two to three years, how do you see the triggers for the margin?

Sunil Bohra: No, we are very, very optimistic, Raghu, and as I said, and I think I said in the commentary also, while our margin guidance has been 11% plus minus 50%, I said for FY24-FY25, we would tilt it towards the upper end of that range. And as you move forward, and as you rightly mentioned, a lot of these projects, once they come onto stream, normally we see the third year full year of production as a stable operation.

And that is where you expect that business to deliver its expected volumes and profitability. So as you move forward, and as these capex all come online, gradually, ideally, we should see some uptick in margins, benefiting from the operating leverage, and also scales, higher scale.

Raghunandhan Nl: Got it. Just on the margin side, a last question. In terms of the revenues are going up for EV-specific parts, so any benefits we can expect either in FY25 or FY26 from the PLI incentives?

Sunil Bohra: So as we speak, a lot of our products are actually, while they are eligible in PLI, we are at a threshold of that 50% DVA, plus minus three, four percentage points. So we are working on to see how we improve our DVA to meet that criteria of domestic value at a 50%. I think that is the only key reason which is holding us back.

There are some of the products which we are expecting approval from the government, maybe in this quarter itself, but they are not very significant, so I'm not counting on that. And secondly, there's one product which qualifies the DVA, major product I'm referring to is motors, but for that you need to have stable operations because they see and audit what is your exact DVA, etc. So that also, hopefully, we should be able to apply in the next year.

Raghunandhan Nl: Got it, sir. Thank you so much, and best wishes.

Sunil Bohra: Thanks, Raghu.

Moderator: Thank you. The next question is from the line of Ashish Jain from Macquarie. Please go ahead. Mr. Ashish Jain, your line has been unmuted. I would request you to unmute your line from your side, please. Yes, sir. We are unable to hear you, so may I request that you use your handset? No, sir. We are unable to hear you, sir.

Mr. Ashish Jain, may I request that you use your handset? May I request that we move to the next participant? Mr. Ashish Jain, we would request you to re-join the queue, please. The next question is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead. Mr. Ashutosh Tiwari, may we request you to go ahead with your question?

Ashutosh Tiwari: Yes, hi, sir. Congrats on such an exemplary performance during the quarter. And also, probably, nobody would have imagined the kind of growth we have seen in Lighting segment a few years back, or even sensor controller. I think these are really very, very strong growths we have seen over the last few years. And the first time the lighting revenue crossed even the Switches segment revenue. So my first question, and probably a question of these two segments only, how do you see going ahead sensor controller shaping up over the next few years, and also Lighting segment?

Sunil Bohra: So thanks, Ashutosh. Lighting segment definitely continues to grow, and will continue to grow as we speak over next four to five years. The key reason I think we have just discussed also is the kit value gain, the new business, and also the expected share of business gains. Moving from 14%, 15% share of business to 20% is not going to be easy. While we do believe that we do have -- got businesses in fold, and it's only a matter of time we will reach that goal post of running 20% share of business.

The kit value also has been expanding. So we do expect this momentum to continue. But as I said, the only, what we call, the moving part is the volumes of the model which we have secured the business. So if that remains on track, I'm sure we will be able to deliver the growth in lighting business as we have done in past. What was the second question?

Ashutosh Tiwari: Sensor controller, I think we have done roughly INR775 crores put together.

Sunil Bohra: Yes, so sensor controller also is doing phenomenally well. Sensor and controller business both are seeing a significant addition of new business. Controller, you know some of the EV product business which are part of UML are also into that business like telematics or wireless charger. There are a lot of other businesses which are part of this business which continues to grow.

And also now we have aligned ADAS business also with the sensor business because there's also has a lot of sensors and related stuff. So sensor and ADAS internally we have aligned as a single business and as a sensor also, the number of sensors application has been consistently going up.

And as you may have noted, we have also added one more product to our kitty which is tyre pressure monitoring system sensor. And we have already secured a business from one of the largest OEM in the country. So hopefully that should also go into production sometime in the next year.

Ashutosh Tiwari: So I think you mentioned that in the fourth quarter the controller was INR130 crores and sensor was INR100 crores, right?

Sunil Bohra: Yes, fourth quarter, okay. Yes, Yes.

Ashutosh Tiwari: So we are already adding INR920 crores run-rate in the last quarter. So I think this business also, overall will grow very strongly. Like can we assume like say a 20% plus kind of growth rate in this business over the next few years?

Sunil Bohra: I would definitely like to work on 15%-20% kind of growth assuming the industry volumes also support.

Ashutosh Tiwari: Okay, okay. And lastly, on this alloy wheel four-wheeler business, don't we think that we are probably a bit behind in terms of capacity addition because the way it is ramping up and the way we are operating, we probably have to fasten the things. So obviously there is some delay due to this land acquisition and all. But going ahead probably we have to probably drive ahead of what we are guiding right now.

Sunil Bohra: No, Absolutely, you are right. And that has been the feeling inside the organization because this is a business we all know. We have been seeing very closely for the last four years. We have been running like hand-to-mouth situation. And this is not a good situation to be in. While it is good that before the project is announced, even your surplus capacity gets blocked. But that's what the market is giving. And if we are not ready, we might lose the business.

So we have been now working very aggressively in even building this land bank. A large part of this is also identified for alloy wheel. So while we are putting this 120k project in Kharkhoda as of now, the space and everything what we have earmarked can grow up to 240,000 wheels a year.

In addition, we might soon have to even expand our plant in Gujarat given the volumes are being ramping up there. So there also we might see some sort of expansion in the current fiscal year. But for your point taken, we have to be a little more aggressive in our capacity addition in the four-wheel alloy segment.

Ashutosh Tiwari: And just one more thing on this Minda Westport, that CNG kit business. You mentioned the sales was INR177 crores in the fourth quarter.

Sunil Bohra: Quarter?

Ashutosh Tiwari: I just heard, somebody mentioned.

Sunil Bohra: Full year.

Ashutosh Tiwari: Okay and that also will grow quite fast. It's a high-margin business as well, right?

Sunil Bohra: Yes, a little obviously above average margin. And I'm pretty confident over the next few years, this also has the potential to INR400-500 crore run rate.

Ashutosh Tiwari: Okay, thanks and congratulations and all the best for the next three to five years of growth. We have delivered extremely strong.

Sunil Bohra: Thanks, Ashutosh.

Moderator: Thank you. The next question is from the line of Ashish Jain from Macquarie. Please go ahead, sir.

Ashish Jain: Sir, my question was again on the lighting business. Is it possible to give a sense of volume growth versus value growth that we have seen in the four-wheeler lighting business particularly?

Sunil Bohra: Very difficult to say, Ashish, volume growth versus value growth, because even if this is the business currently we are, or the momentum we are in, even if the industry doesn't grow, this business will grow. But the only issue is that the businesses we are tied up has to grow more. For example, and why I'm saying I think you would have heard in my commentary, I said, we have got three like long tail lamps, like this tail lamps, the cost is almost INR18,000 to INR20,000, almost like per tail lamp, whereas the other model, if it's a halogen lamp, it's costing INR2,500.

So if the volume of that model goes up, then obviously your destiny is linked there. So very difficult to say what volume will grow and how much your sales will grow. But my point is, even if volume doesn't grow, I think this business will continue to grow.

But only issue is the growth of that high value business, which is not in our hand. And that's why it's very difficult to say. I think the other colleague also has, other friend also asked this question, how much of growth we should expect in the next quarter or the next year? So as I said, while we are gearing up our capacities for the kind of growth you expect, but very difficult to say whether it will be 20% or 25% or 30% growth.

Ashish Jain: Right. But is it safe? So given the kind of model launches we are seeing and particularly the product you spoke about, that is really seeing high penetration and all. So is it safe to assume that the way industry is moving in terms of model launches and these kinds of features, this is like a structural thing and there's no reason for us to believe it will go down?

Sunil Bohra: No, absolutely. If you see some of the global markets, you see the ASEAN markets, you go to Korea or Japan or other countries also, I'm not looking at commenting on the developed world, which has more affordability. I'm commenting on market, which does not have more affordability there.

Also, you see the long connected tail lamps its penetration is very high. So yes, it might be a case where there may be a structural shift, but it all gets driven by the customer preference and also whether the customer is willing to pay that, that delta. But yes, it could be, but difficult to comment on because as of now, not many vehicles have got these connected long tail lamps or headlamps.

Ashish Jain: The second question was on switches business, like if I look at the last three quarters, switches business has been pretty much flattish in that INR 900 Cr of band how are we seeing that progressing?

Sunil Bohra: Yes, so switch business, we all know that we are actually having a lion's share, almost in both the segments, four wheeler or two wheeler, both are above 50% market share. So obviously to gain beyond that market share is difficult. But even if you see, despite that challenge, even on a quarter on quarter basis, this business has grown from INR930 odd crores, roughly like 3% to 4%.

It has grown quarter on quarter. So I think while your point is valid, but I don't think I can compare this business with the light business where there is a structural change. So but if you see year on year, on a full year basis, this business has actually grown 14%.

Whereas the industry, if you see average blended of PV and two wheeler has not grown with those levels, maybe it's like 8% to 10%. So still there is an outperformance in this despite, and this is despite the exports are currently not to the quantum what we are expected. So this business definitely is not as I said, in the very high growth trajectory, like alloys and lights, but it will continue to outperform the industry volumes supported with the kit value and exports.

Ashish Jain: Thank you so much.

Sunil Bohra: Thanks.

Moderator: Thank you. The next question is from the line of Rishi Vora from Kotak Securities. Please go ahead.

Rishi Vora: Yes. Hello, sir. Congratulations on good set of numbers. My first question is pertaining to EV segment. Can you just throw some light on how currently you are seeing the demand trends given the reduction in the FAME subsidies? And also in your order book, can you broadly give us indication on like what amount of order book is from the incumbent two wheeler OEMs and what part would be from the new age OEMs?

Sunil Bohra: So you see, first of all, very difficult to comment on demand. And I think you would have seen consistently we don't comment on industry volumes, what is the kind of penetrations or volumes etc. We don't try and guess our customers.

But in terms of the EV order book, remember, we normally don't comment on order book also, but we have started commenting on EV order book because there was a request from every corner to do that. So I would request not to further ask to split that information. So I think even this information we have been discussing internally as to how long we should continue to give. And if you all of you are okay, I would at some point, I would like to stop that also, because this does not give a full picture of the organization. Because we are today almost a INR20,000 crores organization. And aspiring to become multi fold here.

And when I give only this EV volume, I'm commenting on only a fraction of the total business. So which might be okay, which might not be okay. So even we are sort of trying to debate ourselves as to how long we continue this. But my humble request, please not push us to give a further split of these numbers.

Rishi Vora: And just on the gross margin side, we have seen some uptick in the base metal prices recently. Obviously, our alloy wheel business will have some dependence on Aluminum. But apart from that, which would be major commodities for us? And are we seeing any inflation currently in those elements?

Sunil Bohra: So this is part and parcel of life. Yes, you are right. Recently, Aluminum prices have seen a spike. But most of our businesses, during this commodity high period post COVID, I think three years back, we have tried to align all our contracts with the customers with the annual price escalation quarterly or half yearly price escalation clauses.

So on a full year basis, almost 95% gets passed through to our customers. So that is not any concern for us. So if prices goes up, we try and collect from customers. If prices go down, we share with the customers. So from that perspective, I think we are pretty hedged.

Rishi Vora: This is at that last data question, what would be the full year revenues for four wheeler and two wheeler alloy wheel business? You might have shared, but I just missed that?

Sunil Bohra: For four wheeler and two wheeler alloy wheel business?

Rishi Vora: Yes, revenues, full year revenues.

Sunil Bohra: Okay. So two wheeler alloy wheel business full year revenues is around INR670 crores. And four wheel is roughly around INR1,350 crores.

Moderator: Thank you. The next question is from the line of Nishit Jalan from Axis Capital. Please go ahead.

Sunil Bohra: Yes, just to correct the number, which I have given INR1,350 crores was for Minda Kosei only. Yes, Nishit, sorry, go ahead.

Nishit Jalan: Yes. So congratulations on good set of numbers. Mr. Bohra, my question is that you have grown so much faster compared to the industry growth. We are market sharing the segments now, especially the bigger segments, the lighting, the alloy wheel, the tools, seating?

Moderator: Yes, sir. Your audio is not clear, sir. May I request you to use your handset, please?

Nishit Jalan: Yes. My question was that you have grown ahead of industry and across almost all segments over the last few years. So just wanted to understand what would be your market share across different segments now? Alloy wheel, lighting, seating, and maybe sensors and controllers. I would assume you're very small right now and there's a lot of growth potential. So how are the market shares in these three categories, in both two-wheeler and four-wheeler and how it has moved in the last three years or any data point you can give us on this would be very helpful.

Sunil Bohra: Yes. So the market share in four-wheel, alloy wheel is over 40% as we stand today. In terms of market share for two-wheeler, we are roughly at around 15%, 16%. We are just 6 million and I'm annualizing the capacity, not actual sales for 2024. 6 million on roughly 35 million kind of consumption.

We will be roughly at around 15% market share because I'm almost running at capacity for two-wheeler alloy wheel business. In terms of lighting, two-wheeler, we are roughly around 25%, 26% and four-wheeler, we are roughly around 16% to 17% now.

Nishit Jalan: And seating, you mentioned you are above 50% in both the categories right?

Sunil Bohra: No, Seating, we are above 50% primarily in CV/ OR, not in the two-wheeler.

Nishit Jalan: Okay. And you just mentioned that one question was that industry leading passenger vehicle OEMs are talking about a very low growth in the passenger vehicle industry this year. Even Triumph has talked about only about 2%, 3% kind of growth. Are you seeing any such slowdown in the volumes, industry volumes or on the production schedule? So, what would be your view in general about the industry growth?

Sunil Bohra: So, as I said, Nishit, we don't comment on industry volumes, but I can say what volumes we have been guided by the customers to plan for 24- 25. And they tend to be a little low in PV segment, which is 5% to 7% and for two-wheeler segment, it is 7% to 10%. But as I said, these are guidance from our customers to be prepared with the capacity. Now, whether how much actually will happen, I think our customers are best placed to respond to that.

Nishit Jalan: Correct. And just one number I missed out, what did you talk about the FY’25 capex? Was it INR850 crores per project capex and INR450 crores maintenance. Is that correct?

Sunil Bohra: Yes.

Nishit Jalan: So, total INR1,300 crores?

Sunil Bohra: Yes. INR1,300 crores to INR1,400 crores, yes.

Nishit Jalan: Okay. Thank you so much.

Sunil Bohra: Thanks, Nishit.

Moderator: Thank you. That was the last question for the question and answer session. I would now like to hand the conference over to the management for closing comments.

Sunil Bohra: Thanks, everyone. So, I would like to thank everyone for joining on the call. I hope we have been able to respond to all your questions 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 for joining with us.

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.

TARUN KUMAR SRIVASTAVA

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