



“Uno Minda Limited
Q3 and 9 Months FY '26 Earnings Conference Call”
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Moderator:

Good afternoon, ladies and gentlemen, and welcome to the Uno Minda Limited Q3 and 9 Months FY '26 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 a guarantee 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Sunil Bohra:

Thanks, Swapnali. Good afternoon, everyone, and a warm welcome to all the participants. On the earnings call today, I am joined by my colleague, Ankur. We have uploaded our financial results and investor presentation for the quarter and 9 months FY '26 on the stock exchanges and our company's website. We hope everybody had an opportunity to go through the same. I would like to begin with some insights on the economy, followed by the current scenario in the auto industry and our financial and operational performance for the quarter.

Post that, we will open the floor for Q&A. The global economy continues to show steady momentum amid an increasingly complex policy environment, though growth remains uneven across regions. The IMF estimates global growth at 3.3% in '25, remaining stable at 3.3% in 2026 before easing slightly to 3.2% in 2027.

Advanced economies are expected to grow about 1.8% in 2026 and 1.7% in 2027. The U.S. is projected to grow 2.4% in 2026, supported by fiscal and monetary easing and continued technology investment mainly AI related, while the euro area is expected to grow around 1.3% to 1.4%, aided by public spending but constrained by structural challenges.

Emerging markets remain the primary growth drivers with growth expected to stay above 4% in 2026 and 2027. China is projected to grow 4.5% in 2026 before moderating to 4% next year, while India continues to outperform with GDP growth projected at 6.4% in both years, supported by strong domestic demand, sustained investment and stable inflation dynamics.

Against a backdrop of uneven global growth, India continues to stand out as one of the most attractive large economies, supported by strong structural fundamentals and a supportive policy environment. Over the past few days, as we all know, 3 major policy developments have meaningfully strengthened the outlook for India and in particular, for the automotive sector. The announcement of India-U.S. trade deal, the Union budget and the conclusion of India EU FTA.

Starting with the India-U.S. trade development, the proposed reduction in reciprocal tariffs from 50% to 18% announced on 2nd February is a positive step for export-oriented manufacturing. Lower tariff barriers are expected to improve the competitiveness of Indian suppliers. For industry, this provides greater pricing flexibility and a more stable environment for long-term

sourcing relationships. Over time, this should also encourage capacity expansion, deeper MSME participation and stronger industrial clusters across key manufacturing regions.

For Uno Minda, which currently exports products like switches, lamps, seating systems, etcetera, to the U.S., the easing of tariff uncertainties creates a more favourable environment to expand our export footprint. We will continue to evaluate opportunities to scale our presence in the U.S. market by leveraging our diversified product portfolio and stronger customer relationships.

The second major milestone is the conclusion of the India EU FTA, India's most comprehensive trade pact to date. This agreement deepens economic engagement with a key global market and creates long-term opportunities for trade, investment and industry collaboration. From an automotive perspective, it supports India's integration into global value chains through a calibrated approach that balances market access with domestic manufacturing and localization.

India's strong cost competitiveness, localization depth and scale advantages are expected to remain key differentiators for domestic manufacturers and suppliers. From an auto component perspective, the agreement is largely positive. With the new FTA framework, tariffs are expected to revert to 0%, restoring competitiveness for Indian exporters.

Overall, while the agreement increases openness in certain vehicle categories, we believe the net outcome for Indian auto and auto component players will be positive, driven by improved export opportunities, deeper collaboration with European OEMs and the ability to leverage India's structural cost advantage to drive export-led growth.

Turning to union budget, it has enforced India's long-term growth strategy by placing infra spending at the core with public capital expenditure increased to about INR 12.2 lakh crores. A significant boost has been provided to advance manufacturing through the auto PLI scheme, where allocations have risen nearly INR 5,940 crores for FY '27, reflecting the scheme entering its peak implementation phase and encouraging OEMs and suppliers to scale investments in EVs, localization and export-oriented manufacturing.

The PM E-DRIVE scheme has been allocated INR 1,500 crores in FY '27, which while lower than the earlier FY '26 budget outlay marks an increase over the revised estimate of INR 1,300 crores, signalling a calibrated continuation of EV incentives as the ecosystem move towards scale and maturity.

The electronics ecosystem has also received strong policy backing with the electronics component manufacturing schemes seeing an expanded outlay of INR 40,000 crores, while India Semiconductor Mission 2.0 carries a similar INR 40,000 crores push to strengthen domestic chip manufacturing, design capabilities and supply chain resilience.

Additionally, the proposal to develop rare earth mineral corridors further strengthens the ecosystem by addressing a key structural gap, enabling domestic sourcing of critical inputs for EV motors and advanced automotive components.

Moving on to the automotive industry. During the December quarter FY '26, -- the Indian automobile industry delivered a strong rebound, recording year-on-year volume growth of close

to 17% with aggregate industry production of around 9.1 million units. Demand momentum during the quarter was supported by a combination of policy, seasonal and macro factors.

The implementation of GST 2.0, including rationalization of tax rates materially improved vehicle affordability across key categories such as passenger vehicles and 2-wheelers. This coincided with the festive period in the October-December window, which traditionally drives higher retail uptake and dealer inventory replacement.

In addition, easing interest rates and income tax relief measures helped lift consumer sentiment. Exports also played a significant role in supporting industry growth. Export volumes grew by approximately 24% year-on-year to about 1.7 million units, aided by a gradual recovery in international markets and improved competitiveness of Indian manufacturing. The strong export performance further reinforces India's positioning as an increasingly important global production and a sourcing base for automotive OEMs.

Moving on to the PV industry. The segment delivered strong Q3 performance with total industry production volumes at 1.4 million units, up 19% year-on-year. Domestic PV sales reached 1.28 million units, the highest ever for a third quarter. Export of PV grew by 11% during the period, led by UVs where growth has more pronounced at 23% year-on-year. Demand remained healthy across key industrial markets, highlighting India's growing role in the global PV supply chains.

In Q3 FY '26, the 2-wheeler segment recorded a strong growth with total industry production volumes reaching approximately 6.8 million units, reflecting year-on-year growth of about 15% -- within the segment, scooters led the growth, rising 23% year-on-year. Motorcycles grew by 12% and mopeds registered a marginal degrowth.

In Q3 FY '26, the EV segment, the EV 2-wheel sales grew by 7% to 3.6 lakh units. However, the penetration levels have declined to 5.1%, which was 5.6% in Q3 FY '25 and 7.76% in Q2 FY '26. EV 4-wheeler grew by 60% year-on-year due to lower base last year but have declined by 1% to 48,000 on quarter-to-quarter basis. Here also, the penetration has reduced to 3.6% from 5.07%, in Q2 FY '26.

More broadly, the Indian automobile industry is set to sustain its strong growth trajectory following healthy double-digit gains across vehicle segments in late 2025. Factors such as year-end sales momentum, a robust order pipeline and the pass-through of last year's rate cuts on auto financing are expected to keep consumer demand buoyant into rest of FY '26 and beyond.

Moving on to financial and operational performance for the quarter. You can refer to Slide Number 7 and Slide Number 8. We delivered our highest ever quarterly revenues, supported by broad-based momentum across both established product lines and emerging technology-led segments. This balanced performance continues to reinforce our confidence in the resilience and scalability of our business model.

During the quarter, consolidated revenue from operations stood at INR 5,018 crores, registering a robust year-on-year growth of 20% compared to INR 4,184 crores in Q3 FY '25. Growth was well distributed across core products, the switching, lighting, and alloy wheels and seating

systems. On the profitability front, EBITDA for the quarter stood at INR 554 crores, growing 21% year-on-year with EBITDA margins at 11%.

Finance costs during the quarter increased to INR 53 crores, largely reflecting higher borrowings to support our ongoing capital expenditure program, incremental working capital needs, etcetera. These investments are strategic in nature and aligned with our medium-term growth road map.

Depreciation increased by INR 21 crores to INR 179 crores, driven by commissioning and capitalization of multiple facilities over last year. This includes the 4-wheel lighting plants at Khed City and Indonesia, the 2-million-wheel capacity expansion at our 2-wheeler alloy wheel facility at Supa, capacity enhancement at the 4-wheel alloy plant at Bawal and Phase 1 commissioning of the 4-wheeler alloy wheel plant at Kharkhoda. These assets significantly strengthen our manufacturing footprint and position us well for future demand across domestic and international markets.

Our associates and joint venture continue to be a strong contributor with share of profit rising to around INR 74 crores in Q3 compared to INR 40 crores in the corresponding quarter last year.

All major joint ventures, including ones with TG, Denso Ten, ROKI and TRMN performed well during the quarter. Notably, TG Uno Minda delivered a robust 33% year-on-year revenue growth on back of capacity expansion of side and curtain airbags.

On November 21, '25, as you all know, the government of India notified 4 new labour codes, which consolidated 29 existing labour laws. The company has assessed the financial implications of these changes, which has resulted in an increase in liability provisions by INR 28 crores. The company has presented this incremental amount as impact of labour codes under exceptional item in the consolidated statement of P&L for the quarter and 9 months ended December 31, '25.

We expect marginal impacts on cost on a recurring basis arising from the revision to the labor codes. However, the final assessment will depend on the notification of the central and state rules and further clarifications from the government on various aspects of labour codes.

PAT attributable to shareholders stood at INR 277 crores. However, if we exclude the impact on account of new labour code as mentioned above, the PAT attributable to shareholder is INR 298 crores, reflecting a 28% year-on-year growth over INR 233 crores in Q3 FY '25.

Moving to the financials for 9 months. Excluding exceptional income in Q1, the revenue from operations for 9 months ending December '25 stood at INR 14,252 crores, translating into a robust year-on-year growth of 16%.

This performance reflects sustained demand across our core product portfolio, continued scale-up of new businesses and a healthy execution across platforms. EBITDA, excluding exceptions for the period grew by 17% to INR 1,580 crores, underscoring the operating strength of the business even as we continue to invest in new capacities and future-ready technologies.

Normalized EBITDA margins for the period remained stable at 11.1%. Profit after tax attributable to shareholders for the 9-month period stood at INR 871 crores. On a normalized basis, excluding both prior period income and exceptional items, PAT is INR 841 crores, representing a strong year-on-year growth of 25% over INR 670 crores in 9 months FY '25.

Coming to the business segment-wise performance and starting with switches, you can refer to Slide Number 11, please. The Switching System business sustained its strong growth trajectory in Q3 and remained a key pillar of Uno Minda's performance during the quarter.

The segment recorded revenues of INR 1,241 crores, delivering around 19% year-on-year growth and contributing approximately 25% of consolidated revenues. Growth during the quarter was primarily driven by 2-wheeler switching business, which delivered over 30% year-on-year growth.

This performance was supported by favorable customer mix and sustained domestic volume growth. The 2-wheeler switch business continued to strive to increase its domestic market share, supported by new order wins from OEMs where our historical share of business had been relatively lower.

Exports in the 2-wheeler segment also witnessed a recovery during the quarter, following a subdued performance in the previous quarter due to supply chain disruptions related to rare earth magnets. During Q3 FY '26, we successfully overcame these challenges and secured additional export orders, including heated grip from an American 2-wheeler OEM and a new switch order from a global sports bike manufacturer.

The 4-wheeler switching business under Uno Minda also outperformed the industry, supported by a steady increase in kit value per vehicle as OEMs increasingly adopt advanced feature switch systems. We continue to strengthen our leadership position in this segment, including new order wins from Korean OEM customers. On the capacity front, the shifting from expansion of 4-wheeler switch manufacturing facility at Farrukhnagar is progressing in line with the planned time line.

Moving to Lighting business. The Lighting systems business continued to play a pivotal role in Uno Minda's growth story, delivering a strong and consistent performance in Q3 FY '26. The segment reported revenues of INR 1,129 crores, accounting for approximately 23% of consolidated revenues and registering a healthy year-on-year growth of 15%.

During the quarter, it was supported by continued momentum across both the 2-wheeler and passenger vehicle lighting portfolios, with the business benefiting from sustained market share gains built over the past few years. A key structural lever driver remains the industry-wide transition towards LED-based lighting, coupled with rising consumer preference for advanced design-led and aesthetically differentiated lighting solutions.

These trends have contributed to a meaningful increase in kit value per vehicle, supporting both revenue growth and value realization. During the quarter, we further reinforced our leadership position in long tail lamps with the win of another large order from a Japanese customer, strengthening our already strong presence in this segment.

On the manufacturing front, we commenced commercial production at our new 4-wheeler lighting facility in Indonesia during the quarter. This plant is expected to ramp up progressively over the coming quarters, in line with production volumes of our customer in the region. The relocation of our existing Indonesia lighting operations to the new facility will also commence soon and is targeted for completion within next fiscal year, enhancing operational efficiency, localization and future scalability.

Moving to casting business. The business delivered a strong performance in Q3 FY '26, reflecting both capacity-led growth and improving sale across product lines. Segment revenues stood at INR 971 crores, registering a robust year-on-year growth of 26% and contributing approximately 19% of Uno Minda's consol revenues. The revenue mix for the quarter comprised INR 533 crores from 4-wheel alloy wheel business, INR 271 crores from 2-wheel alloy business and INR 167 crores from aluminum die casting.

Growth during the quarter was primarily driven by the ramp-up of recently commissioned capacities across multiple locations. This includes our 4-wheeler alloy wheel facilities at Bawal and Kharkhoda as well as the 2-wheeler alloy wheel plant at Supa. In addition, the reported growth also reflects the increase in base aluminum prices.

We remain structurally optimistic on alloy demand underpinned by overall industry volume growth and the medium-term trend of rising alloy wheel penetration across segments. In line with this conviction, the Board has approved the setting up of greenfield 4-wheel alloy wheel manufacturing facility with a capacity of 1.8 million wheels per annum, comprising 0.7 million wheels per annum using GDC technology and 1.1 million wheels per annum using LPDC technology or the low-pressure die casting technology.

The project entails fresh capital expenditure of INR 764 crores to be deployed in a phased manner over the next 3 years to 4 years. The new plant will meaningfully expand our LPDC-based alloy wheel manufacturing capex capability, strengthening our position with the OEMs who prefer LPDC technology and hence, enabling us to further grow our market share in the segment.

Moving on to Seating, you can refer to Slide Number 12. The Seating Systems business delivered a strong and improving performance in Q3 FY '26, continuing to enhance its contribution to Uno Minda's overall growth. The segment reported revenues of INR 361 crores, accounting for approximately 7% of the group top line and recorded an impressive year-on-year growth of 32%.

Growth during the quarter was driven by favorable customer mix in the 2-wheeler segment, alongside higher domestic supplies of suspended seats, reflecting increased adoption across relevant platforms. In addition, the bus passenger seating business continued to scale up, contributing meaningfully to the segment's revenue growth.

Exports also showed a clear recovery trajectory, supported by higher offtake from international customers as well as the addition of new export customers during the year, further diversifying the revenue base. The acoustic business delivered a stable performance in Q3 FY '26 with revenues of INR 210 crores, approximately 4% of group's consolidated top line.

Growth during the quarter was driven primarily by the domestic demand. The Ministry of Road Transport and Highways has notified mandatory implementation of acoustic vehicle alerting systems called as AVAS for electric vehicles, including e-rickshaws and e-cars effective from October 26. The regulation is aimed at improving pedestrian safety by ensuring that electrical vehicles, which are otherwise nearly silent at low speeds are audible in urban traffic conditions. Existing EV models will be required to comply by October 27.

Uno Minda has been investing in AVAS technology development over the past several years and is now well positioned to capitalize on this regulatory shift. During the quarter, we have secured an order for AVAS in electric passenger vehicle program, making an important step in the commercialization of this capability and reinforcing our readiness to address upcoming compliance driven demand.

Moving to other products. The other product business delivered another quarter of strong growth-based performance in the quarter. The portfolio reported revenues of around INR 806 crores, representing year-on-year growth of 19% and contributing approximately 22% to Uno Minda's consolidated top line.

Within this diversified portfolio, controllers contributed INR 106 crores, sensors and ADAS generated around INR 235 crores. Blow molding products accounted for INR 115 crores; Uno Minda EV Systems around INR 158 crores and alternate fuels around INR 147 crores. The balance revenues were driven by aftermarket business, including batteries, external sales from Uno Minda Katolec and engineering services in Europe.

Moving to another strategic segment, which is EV systems, controllers, etcetera. So, Uno Minda EV Systems business recorded a healthy increase in revenues to INR 158 crores during the quarter. This growth was largely driven by scale-up of 3-wheeler EV charger business, wherein the new 3-wheeler EV charger orders are now being executed through the EV Systems division, following the end of production of certain legacy programs earlier housed within the controller business.

The sensors and ADAS business continued to scale up steadily during the quarter. As part of our supply chain resilience and localization efforts, we have successfully developed alternatives to rare earth magnets and have commenced supplies of sensors using some of locally sourced magnets to our customers.

With the start of commercial production at our camera module lines, revenues have increased following SOP with the Indian OEMs. We have also secured a new order from a Japanese passenger vehicle OEM for camera module, further expanding our ADAS footprint.

The construction of a new greenfield facility for high-voltage EV powertrain components under our potential JV with Inovance is progressing as per schedule with Phase 1 commissioning targeted in FY '27. As communicated earlier; to meet the customer demand, we may commence initial supply through imports from the JV partner ahead of the plant commissioning.

The alternate fuel business continued its steady growth, supported by rising CNG penetration in the passenger vehicles. The CNG penetration in the Indian PV market has increased sharply

from around 10% in FY '23 to nearly 20% by end of CY '25. Capitalizing on this structural shift, we have secured a large order for pressure regulators from a Japanese OEM, further strengthening our position in this segment.

Moving to aftermarket and international revenue slide, you can refer to Slide Number 13. For the quarter ended December '25, our aftermarket business reported revenues of INR 374 crores, contributing approximately 7% of consol revenues. In addition to these direct aftermarket sales, sales to the SPD or the spare part division of our customers stood at around INR 297 crores.

The combined revenue from the aftermarket and SPD channels amounted to around INR 671 crores, reflecting the growing importance of these segments in our overall revenue mix. Our international business contributed approximately 10% of total revenues during the quarter. Our international sales have increased largely on account of better exports in 2-wheeler switch and seating business.

Moving to our debt levels. Our net debt as of December end was at INR 2,298 crores compared to INR 2,091 crores as on March 31, 2025. Our net debt to equity as at 31st December '25 stood healthy at 0.33. We have achieved a ROCE of 18% basis annualized profits of 9 months FY '26. Kindly note that the capital employed considered for calculation also includes the capex for land bank as well as CWIP which currently is not generating any returns.

ROCE would be even higher if we exclude these nondeployed assets. The Board has approved and declared an interim dividend of INR 0.9 per share, reflecting commitment from the company to return value to shareholders on a consistent basis. The interim dividend for FY '26 is 20% higher as compared to last year's interim dividend.

Moving to some of the innovation and IP recognitions. Uno Minda Limited's continued focus on innovation and intellectual property creation has been formally recognized at leading industry platforms. At the CII Industrial Innovation Awards 2025, the company was ranked among top 50 innovative companies in India, underscoring the strength of its technology-led approach across product and process development.

Further strengthening this recognition, Uno Minda was conferred the best patent portfolio Award in the large manufacturing engineering category of -- at the 11th CII Industrial IP Awards 2025 and was also acknowledged among the top 30 IP driven organization. These honors reflect the depth, quality and commercial relevance of our patent portfolio and reinforce our commitment to building long-term innovation-led competitive advantages.

Moving to ESG. Uno Minda's commitment to strong corporate governance and sustainable value creation continues to be -- continues to receive meaningful external validation. The company was recently conferred the Best Governed Company Award at the 25th ICSI National Awards for Excellence in Corporate Governance in the listed segment medium category. The Institute of Company Secretaries of India National Awards are widely regarded as one of the most respected benchmarks of governance excellence in the country.

On sustainability front, in line with our ESG road map of achieving 60% renewable energy usage by 2030 and carbon neutrality by 2040, the company continues to expand its renewable energy

footprint for capital consumption. In January '26, the Board approved an additional investment of INR 6.5 crores in its SPV to access open access renewable power, including wind and solar in Gujarat.

With our existing rooftop solar installations, current open access arrangements and approved investment and execution, green power is expected to account for over 40% of our total energy consumption, marking a significant step towards our medium- and long-term sustainability goals.

At the end, outlook, as we look ahead, we remain optimistic about the near-term trajectory of the auto industry, supported by sustained demand momentum following the recent GST rationalization and improving product mix across segments. With our recently commissioned facilities gradually ramping up and a strong pipeline of land expansion projects, we believe Uno Minda is well positioned to capture emerging growth opportunities. Our core businesses, switches, lighting, alloy wheels, etcetera, continue to benefit from structural trends such as premiumization, safety and enhanced customer comfort features, driving higher content per vehicle.

At the same time, our investments in EV technologies, sensors and ADAS are evolving into key growth engines, strengthening our technology portfolio and positioning us to deliver sustainable long-term value while maintaining steady momentum in the coming quarters. With this, I would like to open the floor for your questions, please.

Moderator: We have the first question from the line of Chandramouli Muthiah from Goldman Sachs.

Chandramouli Muthiah: I have 3 questions. First one is just on the alloy wheels business this quarter. I think into 3Q, the expectation was that entry-level products would be a slightly higher mix, and therefore, that might potentially impact alloy wheels, which might not be so apparent in entry-level cars. So just clarification on what drove the outperformance on alloy wheels? Was there a particular model and so on and so forth?

And if you could also help us understand specific to alloy wheels, how much of the growth Y-o-Y was to do with aluminum-related price hikes that you were able to pass on? So that's the first one. The second question is just around commodities. If you could give us a little bit of clarity around what is the current level of inflation that you're experiencing? And how much of that you're able to pass on?

And when do you potentially expect settlements with the OEMs on the last 6 weeks to 7 weeks of hyper commodity inflation that we've seen? And the third question is just a little more broader question around production versus growth. Historically, Uno Minda has been able to grow 2x, if not more than that in terms of top line versus what underlying production growth has been in the industry.

This quarter, it looks like industry production growth has been in the mid- to high teens and Uno Minda's revenue growth has been closer to 20%. So is that, again, coming back to mix, which has been slightly more inferior this quarter? And how do you see that ratio going forward? So those are my 3 questions. I'll just pause back?

Sunil Bohra:

Yes. Thanks, Chandru, and thanks for all your questions. So starting with the first question, in the third quarter, entry level, you said might impact particular model, what is driving, etcetera, etcetera. So you are right. In terms of the alloy wheel application, right, alloy wheel versus steel wheel, the last quarter has been a little soft. It was lower by maybe a couple of percentage points because, as you rightly mentioned, the entry-level cars, obviously, the sales were higher.

And that also is one can see from all the model-wise volume data, which has been already launched -- announced by SIAM. So that definitely had some impact. But as we have been able to get a little more businesses -- I'm sorry, I will not be able to share model-wise, but we have been able to get some business and for which we have commissioned this Kharkhoda plant as well. So some volumes have started from there as well. So that definitely has helped.

In terms of the commodity prices, the roughly impact is around 6% to 7% for aluminum commodity price, which has obviously increased, so which will have some impact, maybe around 5%, 6% in terms of overall revenues for casting domain. In terms of the current level of inflation, I think I just shared you and you said how much we are able to pass on. So Chandru, as you know, that all the commodities, we have this clause of passing on to our customers.

The price escalation or de-escalation, but that all happens with some time lag. So somewhere it is quarterly, somewhere it is half yearly, somewhere it is annual. But over a full year period, everything is passed through. So like in this quarter, whatever are the average prices, they will be applicable maybe for next quarter and wherever it's half yearly, it will go like that.

In terms of production versus growth, historically 2x, yes, you are right, historical 2x, and we have always been guiding about long term at around over 1.4-1.5x. And we have also been saying that which should be seen on an annual basis. While quarter-to-quarter is important, we have to see on annual basis, plus -- to your point, while the mid to high teen is the volume growth.

If we see pure OE revenues, what we have is almost around 22% growth of the overall 20 because as you have seen, the export growth and the aftermarket growth is not that high. They are actually around 7% to 10%, which is pulling the average down. Otherwise, if you see the OE revenues, they are almost around 22%.

Moderator:

We have the next question from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.

Mumuksh Mandlesha:

Firstly, I mean, on the upcoming segments where the 4-wheeler EV powertrain new plant will start and also sunroof in FY '28. If you can just update more how are the order book shaping there? Any sense how big this business can be there in medium term? And also, sir, you mentioned recently about the new rare earth thing and also in the ADAS side, camera order wins also something on the future that can be a notable businesswise?

Sunil Bohra:

Yes. Mumuksh, so in terms of upcoming segment, 4-wheeler and sunroof, as we have said, that we already have an anchor customer for both these businesses. And normally, what happens is you start the business with an anchor customer. And then once the operations start, then you gradually try and get more business from other customers, and that's exactly what we have seen

in some of the businesses which we have started in past and that's the way we have created multiple business.

So once we have this sunroof and the EV business start of production, I'm sure that will give more confidence to our customers while we have been approaching all our customers in order to gain and build that order book, but it's a normal, what you call, process where we obviously have to sell our technologies, convince our customers, build that confidence. And finally, once they see the operations, that helps us getting the RFQ and so on. So both these businesses, as you rightly mentioned, they are on track as of now.

In terms of the rare earth magnets, so what has happened is once that constraint sort of came, a lot of magnets, what we have tried to do is we have tried to localize. We tried to substitute the rare earth magnets with injection molding magnets and customers have been very, very supportive in terms of building alternate and testing and doing validation for those alternates. And we have been successful that some of those have actually gone into production.

So to some extent, we have been able to de-risk the supply chain for rare earth magnets, which primarily gets consummated into our sensor business. And camera model, as you rightly mentioned, we have recently commissioned this camera manufacturing, we already have had an anchor customer.

And as I was sharing, while we had anchor customer, now we have already secured business for another model now. So that's how gradually you build that confidence once you start, then gradually we try and get into more and more models and customers.

Mumuksh Mandlesha: Got it, sir. So broadly, if I just to understand, broadly, all these new businesses can be something like a 4%, 5% of the revenue over the medium term, sir?

Sunil Bohra: Difficult to say Mumuksh, yes, some of them maybe some of them because overall pie is also increasing, right? It is not that the pie is static. So pie is also growing. And in the growing pie to gain that kind of share, obviously, the businesses have to fight against each other to get that kind of share.

Mumuksh Mandlesha: Got it sir. And sir, on the EV 2-wheeler has also been doing well. Just on there also, anything more on the product side where we are gaining more share because EV 2-wheeler per se is growing at 15%, 20% run rate, but are you seeing any more product getting traction?

Sunil Bohra: Yes. So gradually, we have been adding more and more products in this Mumuksh. So you know that we have been working very closely with some of our customers on some of the products like motors and motor controllers and trying to sell that as a system. So we have been seeing some traction there. Hopefully, within this next couple of quarters, we should be able to maybe share further development because we are working, we have given our samples for testing.

The customers are doing trials, etcetera. And once they are successful, hopefully, we will be able to convert that into some businesses. So we have been consistently building our product offering as well.

Mumuksh Mandlesha: Got it, sir. Finally, sir, one last question. On the other expenses have increased sequentially by around 10% and also it's higher 29% Y-o-Y. Just can you help us anything to one-off call this, sir?

Sunil Bohra: No, you are right, Mumuksh. So in terms of other expenses, there have been certain expenses which have been higher quarter-on-quarter because of some power and fuel expenses, which have been higher than you normally have your maintenance, early maintenance happens during the quarter.

So that has impacted around INR 10-odd crores. Power and fuel was around higher by around INR 13-odd crores. Then because of volumes, your freights and other overheads were higher by around INR 11 crores, INR 12 crores. And there have been small, small pockets where there has been higher costs.

Mumuksh Mandlesha: Got it. So part of that would get say, reversed in Q4, right, sir?

Sunil Bohra: Yes. Obviously, some spares and all that which have been related to annual maintenance should don't expect the same levels in the next quarter.

Moderator: We have the next question from the line of Siddhartha Bera from Nomura Wealth.

Siddhartha Bera: Sir, first question is on the exports opportunity. If you can just highlight exports out of India with what percentage for us? And given these trade deals which have got concluded, if you can just highlight any discussions we are having with global OEMs to sort of push exports aggressively? And how -- I think exports, I think, is a bigger part for our switch and seating business. So perspective for these businesses, how big is exports now? And any color you have in terms of the order book, how big can this be, say, maybe in a few years? That will be the first question.

And second is, again, on these businesses, you talked about favorable customer mix. I mean, does it mean that one small customer has become big or exactly what -- how to interpret this favorable mix? Or is it in terms of profitability? And lastly, if you can talk about the capex plan given this new capex, which has got announced. So how do we look at the capex for this year and next year?

Sunil Bohra: Yes. So, Siddharth, I'll go your questions one by one. So first was on exports. Yes, we have been talking to a lot of our customers, but this development has happened only in last 1 week. So our teams obviously will be now more aggressive in terms of pushing with all these global customers. Definitely, there's an opportunity to gain more. And if you see question was how much of exports is part of our revenues.

If you see our group revenues overall, the 9-month physical exports have been in the range of INR 500 crores, INR 600 crores physically from India plus the overseas sales. Like last quarter, we said our total revenue, which is export from India plus the assembly what we do in overseas operations is almost like 10% of our total revenues. So this has improved marginally from previous quarter, which was around 9%.

So export as an overall pie, we have been very, very aggressive. There have been discussions going on with some of our customers. But you know that because of these tariffs and all that in last couple of quarters, obviously, things have not been moving at the pace what we would -- one would like to be. But we do hope that once this clarity has happened now, the discussions will restart now.

And in next 1 quarter or 2 quarters, we should be able to see some more traction going on with our customers. So export physically from India, we are very, very optimistic that this will definitely continue to see growth in absolute terms every quarter as we move forward. But new business, once we get it, it is not that it comes into production immediately in the same quarter or same year.

Any new business you get that product has to be developed and to see in the top line, it takes at least 1 year to 2 years. So we have to be maybe a little patient to see a significant impact in terms of the overall global revenues and exports. In terms of favorable customer mix, what does this mean? Basically, you appreciate that we are working with almost all the customers in the country. So if any customer where maybe a little bit share of business is higher or if it does better, then it has a better impact on your numbers.

So with some of the customers where we had got a little better market share, they have done better. So obviously, it has a good impact on your numbers. It's not about some small players getting into big, it's about some stable large players because that can only create some meaningful impact.

Otherwise, small players may not create any meaningful impact on your overall top line. In terms of capex plan, yes, the capex which has been announced today, I'm sure this has been long in the works because everybody has been sort of pushing us that we have and only one line of LPDC wheels for last 3 years now in Gujarat, and we have not been expanding because of various reasons.

Finally, we have got some traction. Hopefully, we should see some more business coming in route. And we are putting this plant, hopefully, in the next couple of years should be up and running. And by that time, we do expect more traction because we have already aligned to prove ourselves in terms of operation of LPDC wheels in Gujarat. So that also has built some confidence into our customers.

In terms of how do you look at capex plan for this year and next year, maybe we'll be able to give you better color as we always do in our May con-call because we just started our budgeting exercise, and hopefully, we should be over by next 5 weeks to 6 weeks. So maybe in the annual results call, that's what we normally do, we'll be able to share a better visibility on the next year's capex.

Moderator: We have the next question from the line of Mukesh Saraf from Avendus Spark.

Mukesh Saraf: My first question is on the 4-wheeler alloy wheels, the new plant that you've announced. I think in the past, you have mentioned that you're not expanding beyond the 25,000 a month on LPDC because it wasn't as remunerative to expand for many reasons. And now that you're expanding,

I think you'll go up to maybe closer to 1 lakh a month on LPDC. So is it like a breakthrough that you've had now with, say, the non-Japanese customers? And also, where would this plant be set up? Would it be a new location, say, in the South, for example?

Sunil Bohra: Yes. Any other question, Mukesh, you had?

Mukesh Saraf: Yes. So, the second question is in general, on the capacity utilization. So while we have seen lighting, we have commissioned a new plant in Pune and switches, you have another one coming. I think in some other categories like seats, for example, you've been growing now double digits for the last 3 quarters, 4 quarters?

And safe sensors and controllers have been growing quite well and it's probably 1/3 of your other segment now. So just trying to understand your capacities and the utilization levels for some of these other segments? These are the 2 questions.

Sunil Bohra: Mukesh, so I'll go one by one. So, you are right that 4-wheeler alloy wheel, as I also said that for the last 3 years, we have not been investing in that LPDC and we have been trying to prove ourselves and try to get some traction with the customers. Yes, there is some positive traction with our customers in terms of pricing. And also, we have got better discussions going on in terms of a little bit of exports as well because that is also gradually on to LPDC side.

And we are also targeting some of the players who might be currently importing the wheels into the country and the discussions have so far been encouraging and motivating. So it was like whether you wait for all the customers to get business and then start construction or you take a call and try and get more and more business.

So I think at the end of the day, the Board decided and Board took a call to go ahead with this project and see how best we can capture the market in the next 2 years by the time this plant come into production. That's in terms of the alloy wheel.

Mukesh Saraf: Plant sir, and this will the plant be in the South or?

Sunil Bohra: Yes, the plant, the location is mostly going to be likely in the western part of the...

Mukesh Saraf: Okay, Western part. Yes, sure.

Sunil Bohra: And in terms of capacity utilization, it varies range business to business. Some businesses, capacity utilization is at around maybe 80%, some businesses are already at 90%. So it's a broad range of 75% to 95%, I would say, in terms of capacity utilization as of now.

Mukesh Saraf: Okay. Okay. Will we see some capex on seats or on the sensors, controllers, electronic side of it, given the growth is strong there, and we haven't really done much, say, in the last year or 2 years in terms of capacity.

Sunil Bohra: Yes. So Mukesh, the endeavour always is how do we try and deliver more revenue from the existing facilities through debottlenecking, through incremental capex, through sustaining capex. And once we reach a level where no further growth is possible is that's when you sort of take a call, this is good enough for maybe a year or 2. It's a high time that you have to start

thinking of a new plant. That's where we try and commit. Otherwise, we don't want to build capacities and let it lie idle for some time. So that's how we try and optimize our capex.

Moderator: We have the next question from the line of Aditya Jhawar from Investec.

Aditya Jhawar: My first question is the growth in LMT was quite strong at about 26%. Clearly, I think you mentioned that the 2 new plants got commissioned. But it would be great if you can quantify the impact of aluminum price increase that we saw in this quarter. That is number one. Number second is that if you can quantify the PLI benefit. So as we talk to OEMs, a lot of the OEMs are taking the bulk of PLI benefit. So what kind of PLI benefit we have accrued in this quarter and for 9 months? That was my second question. Yes.

Sunil Bohra: Yes. Aditya, so in terms of growth in LMT, as I shared, the impact and aluminum price is around 6% to 7% aluminum prices for the quarter. So obviously, that will be the impact in terms of the revenues as well. And in terms of the PLI benefit, we have not accrued anything in quarter or 9 months.

Aditya Jhawar: Okay. Okay. Fair enough. If I can just squeeze one question.

Sunil Bohra: Yes, sure.

Aditya Jhawar: Now just a little bit of a broader question. Now when you look at our kit value across different subsegment of 2-wheelers and 4-wheelers, we have done exceptionally well by adding more products. But it would be great if you can give some color that, for example, if you look at our SUV, compact SUV, we supply kit about 125,000. In SUVs, it's about 240,000. So in terms of our existing relationship with OEMs.

So, there would be customers which have a higher share of business and some customers with a lower share of business. So if you can give some indication that maybe at about 60% market share customers, we have a high share of business and the remaining 40%, the scope of growth is relatively high. Some broad sense specifically in 4-wheelers, if you can give?

Sunil Bohra: Yes, Aditya. So in terms of Kit value, definitely, we have been trying to gain more and more. But you are also right that in some of the products with some of our customers, our market share is better related to others. So our first goal always is in the business we are in, we need to have at least 30% share of business. That's where the target is. There are businesses where we are less than 30%, and we have been incrementally growing over the last few years and trying to capture more and more.

Also, there are pockets in terms of customers where there is opportunity to grow more, where we have relatively maybe a little less share of business, say, for example, some of the customers who might be importing as of now or have their own ecosystem of manufacturing. So there, our share of business is a little less.

And also, there are customers who might be actually having a CKD so there also, there is an opportunity to sort of gain a little bit more market share. But to answer to your point, yes, there are pockets where our opportunities to grow market share where we are actually lower.

Aditya Jhawar:

If you look at our relationship with OEMs, we have a very good relationship with other than Korean OEMs and Korean OEMs market share and some other OEMs would be less than 30%. So is it fair to assume that OEMs where market share of those OEMs is 70%, our share of business would be high, about 30% to 40%. And the remaining 30% OEM, our share of business will be lower, something broad bifurcation in whatever way you can give?

Sunil Bohra:

Largely, largely, yes. Because you look, in the 30% we spoke about, there are a lot of these premium manufacturers as well, right, German OEMs, etcetera. There also, if you see, they are largely importing very less localization is there. That also has been growing. So the presence there is also very limited. So there also, we are trying to discuss trying to gain an entry somewhere. So there are pockets like that where we can try and get some more business and improve our share of business overall.

Aditya Jhawar:

Okay. That's insightful. Final question again, on the 4-wheeler alloy wheel business. Like if you can give broad sense that what could be the asset turn and how different the margin profile would be as compared to company average, especially when we are considering LPDC?

Sunil Bohra:

Yes. So asset turn definitely in casting is low. The asset turn in this DPR, what we have prepared is obviously going to be around 1.2 to 1.3. And as you move forward, it improves a little bit with debottlenecking, etcetera, etcetera. So obviously, to get to a hurdle rate of our returns, the margin has to be higher, and that's where the margins here are obviously better than the company average margins to make sure that you get your target ROCE.

Moderator:

We have the next question from the line of Rahul Kumar from Nuvama Wealth.

Rahul Kumar:

I have one question on the lighting segment. So how much would be the LED penetration in 4-wheeler and 2-wheeler lighting? And how do you see the scope for further increase in content per vehicle?

Sunil Bohra:

Sorry, so Rahul, in terms of LED penetration for overall 2-wheeler and 4-wheeler, obviously, 2-wheeler is higher, almost at around 60%-odd and 4-wheeler is lower at around 30%-odd. There is no formal obviously, data. So you can maybe assume a range plus/minus a little bit. But directionally, the opportunity for LED penetration in PV is more, and that's where you see that it is gaining speed with a lot of LED lamps, etcetera.

In the PV for the tail lamps, you see the long tail lamps. So that's a new trend. They are all LED lamps. So the market is actually catching a lot. And what has seen is that in terms of pass cars, you will see that at least there is a LED penetration in terms of the headlamp. You have a DRL almost in all the cars that's LED. So it has been consistently growing. But maybe a little more insight, we'll try and give you when we have in our next call.

Moderator:

Thank you very much. Ladies and gentlemen, due to time constraint, this was the last question for the day and with that, the question-and-answer session concludes. I now hand the conference back to the management for the closing comments. Thank you, and over to you, sir.

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

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