



“Uno Minda Limited Q1 FY'26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Uno Minda Limited Q1 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 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 this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

Sunil Bohra: 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 Q1 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 by giving some insights on the economy, followed by the current scenario in the auto industry and our financial and operational performance for the quarter. Post that, we will open the floor for Q&A.

The global economy has shown remarkable resilience in 2025, though it faces increasing headwinds from trade tensions and geopolitical instability. The IMF projects global GDP growth at approximately 3% in 2025 and 3.1% in 2026, modestly higher than earlier forecasts. However, growth remains below pre-pandemic averages, and the risk of further trade escalation looms large.

One of the main sources of disruption has been the sharp escalation in US tariffs, especially on imports from China, Canada and Mexico. According to a CEPR analysis, these measures could reduce US real wages by 1.4% by 2028 and shed about 1% of GDP. Similarly, Citi Research and Morgan Stanley warn that elevated US tariffs are inducing structural distortions in the global economy and dragging on long-term growth expectations. Major economies are now diverging in momentum. US growth is weathering the storm but slowing, with projected real GDP at around 1.5% in 2025, down from nearly 2.8% in 2024. Europe's growth is weak and fragmented, while China's is decelerating to approximately 4% in 2025, constrained by both external and domestic structural factors.

In contrast to global moderation, India's economic growth remains robust, standing out as the fastest-growing major economy. The IMF projects GDP growth at 6.4% in both 2025 and 2026, well ahead of global peers. The RBI also maintains a bullish outlook, projecting around 6.5%

growth for FY26, supported by strong domestic demand and prudent fiscal management. India's continued outperformance is anchored by several factors – a demographic dividend, rising urbanization, and a concerted push on Make in India, infrastructure investment and digital transformation. These structural strengths are reinforcing its macro resilience amid global uncertainty.

Moving on to the automotive industry:

For the quarter ending June '25, the Indian automobile industry recorded a year-on-year volume growth of 2%, with total production reaching around 8 million units. The growth was largely supported by record export volume growth, while domestic consumption has declined year-on-year basis.

Moving on to the PV industry:

In Q1 FY'26, the total PV production volume registered a year-on-year growth of around 3%, reaching 1.24 million units. Within this, the utility vehicle segment stood out, underscoring continued strong consumer preference in this category. Contrary to the domestic market, exports grew by 13% to 2.04 lakhs.

Looking ahead, the segment remains cautiously optimistic. Gradual recovery is anticipated in the coming quarters, driven by the upcoming festive season and expected improvement in rural incomes following a favorable monsoon. Export momentum supported by international demand is also expected to play a vital role in the sector's performance moving forward.

In Q1 FY'26, the two-wheeler segment recorded a year-on-year marginal growth of 1%, with total production reaching approximately 5.9 million units. The bright spot was exports of two-wheelers for the quarter, reaching 1.1 million, growth of around 23%. The growing exports for both PV and two-wheelers reflect our competitiveness, quality and technological competence. The three-wheeler segment recorded a robust growth of 10.4% in Q1, primarily driven by strong demand for passenger carriers. The EV segment continued its upward momentum in June '25 quarter, with volume stretching around 5 lakh units. Strong consumer adoption, supported by a wider range of models and improving access to charging infrastructure, has been a key driver of this growth. Electric two-wheeler registration during the quarter was estimated to be around 2.98 lakhs. The electric three-wheeler reported record growth in registration of 27%, reaching 1.9 lakh units, while electric passenger vehicle registrations were around 38,000.

Looking ahead, the automotive industry looks as cautiously optimistic. Key macroeconomic indicators, such as anticipated above normal monsoon, which are expected to bolster rural incomes, and the cumulative 100% point cut in the repo rate over past six months, offer meaningful tailwinds. The India-UK free FTA offers significant opportunities for the Indian automotive and auto component industry. While FTA also opens up India market for UK

imports, however, we don't foresee significant competition as domestic manufacturing remains cost competitive.

Moving on to financial and operational performance for the quarter:

You can refer to Slide #7 and #8. Uno Minda delivered strong financial performance in the first quarter FY'26, driven by broad based growth across multiple product segments. Consolidated revenue from operations for the quarter stood at Rs. 4,489 crores. This includes certain incentive incomes amounting to around Rs. 69 crores pertaining to prior period. However, for the purpose of like-to-like comparison from the corresponding quarter, we have excluded the same from revenues, EBITDA and PAT to derive normalized growth. Consequently, revenues from operations excluding such prior period income was Rs 4,420 crores, registering a robust 16% year-on-year growth compared to Rs 3,818 crores in Q1 FY'25. This performance reflects healthy traction across core product lines such as switches, lighting, alloy wheels, and seating systems, along with accelerating momentum in emerging segments including sensors, radars, and controllers.

Adjusting for the prior period income, normalized EBITDA stood at Rs. 474 crores, broadly in line with the revenue growth, while maintaining stable EBITDA margins of around 10.7%. It is worth noting that these margins were achieved despite the impact of annual cost escalations and manpower cost procedures, which were above industry averages during the quarter. Finance cost rose to Rs. 44 crores, primarily due to increased borrowing undertaken to fund CAPEX and working capital requirements. Depreciation expenses also increased by Rs. 18 crores reaching Rs. 159 crores, reflecting the commissioning and capitalization of new facilities over past year, including the 4-wheeler lighting plant at Khed City and the additional two-wheeler capacity expansion at the two-wheeler alloy wheel facility in Supa.

Share of profit from associates and joint ventures rose to Rs. 47 crores in Q1 compared to Rs. 37 crores in the corresponding quarter last year. This improvement was primarily driven by the strong performance of TG Uno Minda, Denso Ten Uno Minda, while results from Roki and TRMN remained steady. Profit after tax attributable to shareholders stood at Rs. 291 crores. On a normalized basis, PAT was Rs. 239 crores, reflecting a healthy year-on-year growth of 21% over Rs. 198 crores in Q1 FY'25.

Coming to the business segment-wise performance:

If we look at Slide #11, the switching system business continued to deliver an outstanding performance in the quarter, contributing significantly to Uno Minda's overall revenue mix. The segment reported revenues of Rs. 1,111 crores during the quarter, marking a 16% year-over-year growth and accounting for a substantial 25% of companies' consolidated revenues. The growth was fueled by multiple drivers. Export performance remained particularly strong in the two-wheeler switch category. Exports in this category reached new quarterly run rate of Rs. 68 crores reflecting our globally competitive and robust quality systems. We are pleased to report a new

export order from a UK-based motorcycle manufacturer for supply to their Thailand plant, further validating our global capabilities. The relocation and expansion of our four wheeler switch operations under Uno Mindarika from Manesar to Farrukhnagar is progressing as planned and is expected to be commissioned by Q3 FY'27.

During the transition, we anticipate a temporary overlap of costs as we manage operations across two plants. Nonetheless, this move will enhance our operational efficiency and capacity over medium to long term. The lighting system business continues to be a cornerstone of Uno Minda's growth trajectory, delivering another robust performance during the quarter. The segment reported revenues of Rs 1,013 crores, contributing a substantial 23% to Company's consolidated revenues. This reflects a healthy 13% year-over-year growth compared to Rs. 894 crores in Q1 FY'25. The strong performance was primarily driven by ongoing transition to LED technology and increasing customer demand for advanced aesthetically appealing lighting solutions, particularly in the front and rear lamp applications. Our European lighting operations continue to elevate their position as a technology leader and have recently secured an order for the next-generation Dynamic Logo Projectors from a leading automotive OEM.

Looking ahead, the business remains sharply focused on expanding its portfolio of next-generation lighting solutions. This includes projector headlamps, Dynamic Logo Projectors, ambient lighting and adaptive lighting systems.

The casting business delivered a robust performance in the quarter, generating revenues of Rs. 824 crores, which accounted for 19% of the group's revenues. This included Rs. 431 crores from the four-wheeler alloy wheel business, Rs. 243 crores from two-wheeler alloy wheel and Rs. 149 crores from aluminum die casting. This growth was driven by a commissioning of new capacities, including 30,000 wheels per month line at a four-wheeler alloy wheel facility in Bawal and an additional two million wheels per annum capacity at a two-wheeler alloy wheel facility in Supa.

Construction of our Greenfield four-wheeler alloy wheel facility at Kharkhoda is progressing well. The first phase of the capacity of 60,000 wheels per month is expected to be commissioned in Q2 of the current fiscal year.

Our Seating system business continued to contribute meaningfully, recording revenues of Rs. 320 crores for Q1 FY'26, which represents 7% of the consolidated topline. The segment delivered a strong year-on-year growth of 18%, primarily driven by diversification of customer base for two-wheeler seats. Looking ahead, we expect the seating division to maintain its growth momentum, backed by exports to new customers, supply of suspended seats to more customers in domestic market and volume growth from newly added customers into the seat business.

The Acoustics segment reported revenues of Rs. 187 crores in the quarter, contributing a steady 4% to the consolidated topline. The European automotive market continues to experience volatility, with muted demand impacting the acoustic segment. The decline is attributable to both

softening and market demand, and a shift in OEM preference from dual-horns to single-horn configurations, which has resulted in reduced overall content. We are actively pursuing multi-Cost strategy including improving efficiency and productivity and driving cost optimization across manufacturing and sourcing in an effort to revive the profitability of our European Acoustic business.

Moving to the other product segment, which delivered a strong performance generating Rs. 966 crores in revenues during the quarter, registering year-on-year growth of 30%, contributing 22% to the consolidated topline. Within this, controllers contributed Rs. 147 crores, sensors and ADAS Rs. 215 crores, blow molding Rs. 110 crores, Uno Minda FRIWO JV arm Rs 78 crores, and the alternate fuel business around Rs. 110 crores. The remaining revenue was driven by aftermarket trading, external sales from Uno Minda Katolec, engineering services in Europe, and battery sales in the aftermarket channel.

The controller business, primarily supplying wireless chargers and EV components for electric two-wheelers and three-wheelers continued to grow due to increased penetration of wireless chargers and rising EV 3W volumes. Notably, during the quarter, we commenced commercial sales of EVSE home charging solutions for electric four-wheelers. These units are currently being supplied to the dealerships to build market inventory ahead of the model launches. OEM deliveries are expected to commence in the next 3-4 months, in line with the associated model launches. At present, EVSE production is managed under the controller division. Our sensors and ADAS business also performed exceptionally well, driven by increasing demand and localization efforts.

A key highlight during this quarter was the commissioning of a new camera module production line. We are proud to share that Uno Minda has become the first company in India to localize camera module production for RPAS/FPAS systems, components that were previously fully imported. Commercial supplies have risen, and we anticipate a ramp-up in volume in the coming quarters.

Electric mobility remains a central pillar for our growth strategy. Our integrated EV offerings for electric two-wheelers, including chargers, EMS, controllers, sensors, continue to gain momentum. During the quarter, we completed the acquisition of the remaining 49.9% stake in UMEVSPL, our joint venture with FRIWO. Additionally, Uno Minda acquired the IPR, R&D team, and technical know-how related to technologies, including control hardware and software, for FRIWO's operations in Germany and Vietnam. This strengthens our in-house capability to scale and innovate across the electric drivetrain value chain.

We would also like to inform you that the Board of Directors has granted in-principle approvals for the acquisition of the remaining stake in our JV, Uno Minda Buehler Motor Private Limited. The acquisition will be executed in one or more phases, subject to mutually agreed terms. The Board has authorized the M&A Committee to recommend and approve the final purchase

consideration and other terms of the transaction. Discussions with our joint venture partner Buehler Motor are currently underway and we expect to finalize the agreement over the next few months.

While our direct dependence on rare earth magnets is limited, we have witnessed some indirect impacts due to reduced volume from OEMs, specifically in the EV two-wheeler segment. Nevertheless, we are mitigating this through alternate sourcing and close collaboration with our OEM partners.

We are pleased to inform you that the construction work has commenced on our new Greenfield facility for high-voltage EV powertrain components under our JV with Inovance Automotive. Phase-1 is expected to be commissioned by Q2 FY'27. However, to cater to OEM demand, we may commence usage supplies via imports from our joint venture partner ahead of the transformation. As previously communicated, the JV with Inovance requires regulatory clearance. We have now formally applied for various approvals and are actively engaging with regulatory authorities to address any queries and expedite the approval process.

Moving to the aftermarket revenue, I think you can refer to Slide #14. For the quarter ending June '25, our aftermarket business reported revenues of Rs. 329 crores, contributing approximately 7% of consolidated revenues. In addition to these direct aftermarket sales, several of our businesses verticals also supplied purchase components to the spare part division of OEMs, which has seen notable growth in recent years. With OEMs increasingly focusing on strengthening their aftermarket presence, our SPD linked sales have scaled up significantly. During the quarter, the SPD sales stood at Rs. 248 crores. The combined revenues from aftermarket and SPD channels amounted to Rs. 577 crores, reflecting the growing importance of these segments in our overall business mix.

Our international business contributed approximately 11% of total revenues during Q1 FY'26. While sales from certain geographies such as Europe witnessed some decline, this was effectively offset by a robust growth in exports from India. The dip in the share of international business as a percentage of total revenues is largely attributable to the stronger growth momentum in the domestic market, even as international sales remain relatively stable. We would like to clarify that the ongoing U.S. tariff situation has no material impact on our operations as exports to the U.S. constitute less than 2% of our total revenues. In fact, we have witnessed growing demand in the U.S. for our two-wheeler products, reinforcing our competitiveness growth in the global market.

Moving to our debt levels, our debt as of June was at Rs. 2,228 crores compared to Rs. 2,091 crores as of March 31, 2025. The net debt has increased on account of expansion CAPEX as well as expenditure of Rs. 130 crores on land at Chhatrapati Sambhajnagar. While sustaining and growth capex have been largely financed from business cash flows, the capital expenditure

primarily on land bank has resulted in incremental debt. Our net debt to equity as of 30th June stands healthy at 0.34.

As you look ahead, Uno Minda is strongly positioned for sustained and long-term growth. Our strong fundamentals are backed by a well-diversified product portfolio, deep customer relationships and continued investment in emerging technologies, including electric mobility, ADAS, advanced electronics and automotive lightings. Our persistent track record of outperforming industry, delivering 1.5x volume growth over market averages, demonstrates the strength of our OEM partnerships, our innovation-led approach and our operational discipline. We remain focused on enhancing both our capacities and capabilities. Currently, we have approximately 13 ongoing expansion projects across multiple key programs. Among these, several are slated for commissioning during the current financial year, including Phase-1 of the four-wheeler alloy wheel plant at Kharkhoda, the Lighting Manufacturing Facility in Indonesia, the Die Casting Capacity Expansion at Hosur.

In addition, the full year ramp-up of recently commissioned projects, including the four-wheeler lighting plants at Khed City and Gujarat, the expanded two-wheeler alloy wheel plant at Supa and the four-wheeler alloy wheel plant at Bawal, are expected to further support growth in FY'26.

We enter the next phase of our growth journey with confidence, agility and a clear strategic vision. We remain committed to delivering long-term value to all our stakeholders and are optimistic about the opportunities that lie ahead.

With this, I would now like to open the floor for your questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Chandramouli Muthiah from Goldman Sachs. Please go ahead.

Chandramouli Muthiah: Hi, good evening and thank you for taking my questions. My first question is just on the castings business, which is well levered to SUV growth in India. So, after a very strong run of consistent SUV growth, I think June 2025 seems to be the first month where SUV growth sort of became flat after a period of almost 3 successive years of strong sort of high single-digit to mid-double-digit growth. I just wanted to understand, near term, over the next 2-3 quarters, how are you thinking about castings growth? Is this having some impact on the pace at which alloy wheels and castings might grow in the near term?

Sunil Bohra: Any other questions?

Chandramouli Muthiah: Yes. So, second one is just around disclosure in the annual report. I think you have disclosed that roughly 4% of revenue is being spent on R&D. But I think at the standalone level, it seems to be more like 1.7%. So, I just wanted to understand the gap there. And lastly, just wanted to request if you could repeat the split of other segmental revenues across controllers, sensors,

ADAS, and so on. And also the split of the castings business between alloy wheels and other castings.

Sunil Bohra:

Okay. Good evening again. So, starting from bottom, split of others. I think I did give both others and castings. So, maybe you can take it offline. Disclosure in annual report, as you mentioned, standalone is 1.7%. I think this can also be taken offline. In terms of casting business, we remain very, very optimistic, Chandru, as you know, that we have currently significant investments going on in both two-wheeler alloy wheel business and also four-wheeler alloy wheel business. And both the expansions are obviously linked to some customer intents or POs in hand. As you know, we don't normally commit any CAPEX unless we have a PO in hand. So, from that perspective, we are quite optimistic. I think only challenge or the part which we are not able to comment on is that the application ratio. So, while the application ratio has improved significantly over the past few years, currently if you see, it is a little more stabilizing at the current levels of around 43%-44%, which as we have been talking globally, it is more than 2x of this. So, obviously, India will also have this run-up. But it's very difficult to say when this run-up, which quarter this will happen. So, we have to be ready to catch that upside. That's number one. And number two, in the past, we have actually been doing small, small expansions, like sequentially, one finished and the other started. And there has been a consistent feedback that we should look at larger platforms. So, that's why, if you see Kharkhoda, while we have eventually sort of dropped capacity multi folds, first phase we had only 60k and then gradually it can be taken on in a multiple of 60k, which are there to do smaller 30k multiples. So, from that perspective, we are quite optimistic on the application ratio. While you mentioned SUV sales is maybe taking a low growth or whatever number you said, you said about June 25. But this is, I think, just an aberration, we believe because application ratio, when you speak about it, is not necessarily only SUV. It goes through the Sedan or the compact cars or the luxury cars everywhere. So, application ratio is not something which we keep closely track of. And it's not actually necessarily have only alloy wheels. They also have steel wheels. So, from that perspective, we need to keep track of application ratio, how it pans out and how we can catch the opportunity. And same in terms of 2-wheeler alloy wheels also, recently in this last quarter, the application ratio has moved a little bit towards steel wheels, which as we hear from our customers, they do expect to move back to the alloy wheels in the coming quarters. So, from that perspective, we are quite optimistic. And as we move forward, and if we have to reach global levels of application ratio, I think there is a huge upside from where we are today.

Chandramouli Muthiah: All right. That's helpful. Thank you very much and all the best.

Sunil Bohra: Thank you.

Moderator: Thank you, sir. The next question is from the line of Mukesh Saraf from Avendus Spark. Please go ahead.

- Mukesh Saraf:** Yes, sir. Thank you and good evening. My first question is on the new plant that you are looking to set up for EV castings with Rs. 210 crores of investment there. So, could you give some more sense? Would this focus on both two-wheelers and four-wheelers? And also, what kind of order book we might have in hand and what kind of peak asset turns we can do on this kind of an investment on these castings?
- Sunil Bohra:** Right. That's number one. Any other questions, Mukesh?
- Mukesh Saraf:** Secondly, it's on the acquisition of stake of Buehler, the JV that you have with Buehler. So, now that we have done FRIWO, we are also doing this. So, I just wanted to understand the thought process there. Both the JVs that we had focusing on two-wheeler and three-wheeler EV components, we have acquired or we are looking to acquire the stake there of the JV partner. So, just trying to understand the thought process there as to, is there a change in approach from the management side based on what your OEM customers are now doing with respect to in-housing or outsourcing? So, some more sense there would help.
- Sunil Bohra:** Right.
- Mukesh Saraf:** So, these are the two questions.
- Sunil Bohra:** Great, great. So, good evening, Mukesh again. So, new plant for EV casting, as we said, this is primarily a backward integration for our upcoming EV plant in Sambhajinagar at Khed for EV four-wheeler. And this casting, as you would have seen, they are very different castings than the normal castings which we do for like engine cover, or pillion rider cover, or lever. They are very simple things. This is a very, very complex 2,500 ton casting. So, this plant is in first phase directly sort of dedicated towards the EV four-wheel casting. So, if you see the big drivetrain under the hood, it comes with a complete aluminum casing. So, this is about the aluminum casing. Obviously, we do have flexibility to, once we set up, flexibility to sort of see if we can get any other components, but that's the first phase. And in terms of asset turn, since it's a high CAPEX business, the asset turn definitely is going to be lower. It's actually less than one in terms of the expected asset turn. And acquisition of stake of Buehler and FRIWO, I think they are two different things. So, FRIWO, what we have got is entire, not only the stake, but also the technology piece of it. So, we've got all the hardware, software, all the people, entire setup in Germany and Vietnam. So, from technology perspective, it's completely now on Uno Minda. There is no dependence on any third party. But Buehler, this is a little different because our JV partner here was obviously, this business was wanting some capital. And JV partner was having cash crunch even in Germany. And they were very keen to run the partnership. But because of lack of capital, the board said, why not we sort of take over the company and then convert JV into a TLA. So, unlike FRIWO, where there is no TLA, technology is fully ours. Here we will continue to have a TLA with Buehler. So, otherwise, there is no change in approach. As you have said, we are fully committed to all our partnerships.

- Mukesh Saraf:** Got it. Understood. Because the Buehler business, we haven't really seen a scale up there. I think it started about 3, 4 years back. We haven't seen much of a scale up. So, that's why the question there, but understood.
- Sunil Bohra:** You are right, Mukesh. We all know this was the challenge we have faced. One of the exceptional cases which we have come across in terms of getting a big business, and we are trying to work on this.
- Mukesh Saraf:** Thank you, sir. Thanks for that. I will get back to the queue.
- Sunil Bohra:** Thanks, Mukesh.
- Moderator:** Thank you, sir. The next question is from the line of Aditya Jhavar from Investec. Please go ahead.
- Aditya Jhavar:** Hi, thanks for the opportunity. And congrats on a good set of numbers. So, the first question is, clearly, it was a very good all-round performance across businesses. And Harita has also started contributing well in growth in the last couple of quarters. So, the first question is, if you can give some color in terms of what kind of business wins we are having in terms of customers, what kind of customers two-wheeler, CVs and geographic split, and incrementally, how should we think about growth in Harita? That is question number one. The second question is, you answered partly the FRIWO part. But, Sunil, this is just about 4 years where we are taking over the company. From a joint venture, it is becoming a subsidiary, a 100% subsidiary. So, is there a change in thought process from FRIWO side? Or is there a conflict of interest with other JVs like Inovance? And incrementally, what about the technology sharing that we would have got from FRIWO? How should we think about it? You mentioned that you are procuring the current assets, but throw some light on that. And the final question is on our margins. While we have seen consistently our topline growth has been quite healthy in the last couple of years, but somehow we are not getting the full benefits of operating leverage. Now, as a lot of the growth is expected to come from new ventures, like the other segment which has new products, how should we think about margin trajectory? Keeping into mind the change in product mix and the benefits of operating leverage. That's it from my side.
- Sunil Bohra:** Thanks, Aditya. So, let me go one by one on all the questions. So, first is what kind of business is in Seating? So, as we have said in the previous quarters also, in Seating, there has been a significant success in terms of getting the suspended seat business both in India and also exports. And also, we have been able to get into one of the incumbent two-wheeler OEM with a significant share of volume. And both of them have started playing part. And as we move forward, these are also still in the ramp-up phase. So, we are very, very optimistic in terms of the seating business. Like we said, we will double this business in five years. We are almost there. And let's see if we can replicate that in another five. So, we are very, very aggressively working on this seating business. And in terms of FRIWO, yes, you are right. There is a change in FRIWO side because FRIWO, if you go through their complete, what you call, website and

announcement, they are also listed entity. They have actually been exiting businesses in last couple of years because of their own internal issues. It's run by a poor set of promoters, etc. So, they have their own compulsions and they have been sort of exiting the businesses. And we saw opportunity there because here it was not only the equity stake, but we got the entire technology part also. So, in terms of the motor controller software, which is the key here, in terms of all the technical know-how, in terms of all the people and the entire setup, which is there in Germany and in Vietnam, we sort of took control of everything. So, nothing is now left with FRIWO. And yes, you are right. This has happened in 4 years, but we actually saw it more as an opportunity than anything else. Coming to margin, yes, you are right. And we have been persistent. I think last year also we spoke about next 2 to 3 years is where we are in a super growth phase. We have like 13, 14 projects ongoing. And a lot of these costs, nowadays, actually, if not capitalized, they are all charged up to revenue. And all these projects, as and when they come into operations, they don't generate revenues or profitability. So, even if they generate some revenue, it takes roughly a couple of years to turn to profitability. And our target normally, as we know, is third full year of production to achieve the target milestones. So, they are initially a drag. And despite so much of investments ongoing, we are able to maintain our margins or our guidance margin. But as you move forward, if you split this into two, you see the businesses which are stable versus businesses which are either at the incumbency stage or in the ramp up phase, you'll see that difference. So, the earnings are actually growing. But because of this, it's actually been pulling down. So, in maybe short to medium term, maybe a couple of years, we do expect these things to stabilize. And you will see some, hopefully, the margin expansion as well.

Aditya Jhavar: Yes, that's quite helpful. Thank you. All the best.

Sunil Bohra: Thanks, Aditya.

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

Siddhartha Bera: Yes. Hi, sir. Thanks for the opportunity. Sir, a couple of questions, first on this camera module localization. So, can you just throw some more color in this? How much are we actually investing? And in terms of ramp up, will this be visible in the revenue? Because we probably are already importing this. So, the benefits may be more from a margin perspective only. So, some thoughts there. How much? What are we doing there? Second, on the lighting segment. So, like you have also talked about a lot of tailwinds in terms of premiumization and new orders. And we have opened a new plant also. So, how should we think about the ramp up here? How is the order book? Can we expect the growth of 13% which we have done in the current quarter to accelerate further given these tailwinds? And if you have the four-wheeler, two-wheeler mix of lighting, that will also be helpful. And sir clarification on this trial period incentive. What was this exactly? Why did we get it now? These are some of the questions there.

- Sunil Bohra:** Yes. Thanks, Siddhartha. So, going in the same sequence as you have asked some questions. So, camera module localization, as we said, which we just started. This is an in-house camera development at our R&D center. And this is just the start-up. So, as of now, it's both import also and local manufacturing also. And as I said, in the next couple of quarters, we will see a complete ramp up. Overall, you will not see a significant delta in terms of topline because it's basically localization. So, imports will be substituted to your own manufacturing. But there will be a less trading as we move forward. And moving to the next, which is lighting segment, new plant, ramp up. Can we expect 13% growth if I have? You said 13 or 30?
- Siddhartha Bera:** 13 sir. So, this quarter growth was, I think, 13%. So, can we expect acceleration there?
- Sunil Bohra:** Yes. So, definitely, we are quite optimistic and we are actually planning for a significant growth. But as you always know that the growth is dependent on the industry volumes. So, if industry volumes and that too the model we supply, if they grow definitely, we will continue to grow. But to ask to straight to your question, 13% growth possible or not, I am sorry. I will dishearten you in commenting on the numbers per se. But I can assure you, we will definitely outgrow the industry growth and continue to do so in this segment. In terms of two-wheeler and four-wheeler mix for the quarter, roughly, our Indian, so, overall, the sales was around Rs. 1,013 crores for the quarter. And Ankur, do you have two-wheeler and four-wheeler split?
- Ankur Modi:** Yes, sir, we have. So, domestic four-wheeler market did somewhere around Rs. 450 crores of revenue, whereas domestic two-wheeler did somewhere around Rs. 390 crores of revenue.
- Sunil Bohra:** And in terms of incentives, Siddhartha, you know that wherever we are putting these expansions based on these ideas and so on. So, there are certain government incentives which were entitled to and which helps you sort of remain competitive initially because the incentives are also for a very limited period. So, we have been able to get certain approvals within this quarter which were sort of pending. And that's why that income of around Rs. 68-69 crores has been booked during the quarter, which was relating to period prior to 31st of March. And we thought it's important to sort of highlight because it's not for the current quarter.
- Siddhartha Bera:** So, this is part of the plant incentive and not the PLI. Is that the right way to look at it?
- Sunil Bohra:** Yes, you are right.
- Siddhartha Bera:** Okay. And, sir, lastly, on this project expansion which you have put out in the PPT, I think there are some segments like Buehler motor and EV systems which probably are for the prior periods and not for this period.
- Sunil Bohra:** No, it was put up because earlier when we said, if you see, it says to be spent over 5 years and 6 years. So, earlier only Phase-1 was commenced, and we have still not invested full money. Like UMBM, instead of 110 crores, the investment today is only Rs. 20-25 crores. And same for EV

system we were looking at 150 or something like that. So, it is not fully done. Yes, Phase-1 is commenced.

Siddhartha Bera: Okay. Because, sir, start of production also looks like it's FY'24, it is mentioned. So, I thought it was probably something in the past.

Sunil Bohra: Yes, SOP is done, but the CAPEX has not fully been spent.

Siddhartha Bera: Okay. Understood, sir. And lastly, sir, on this EVSE segment, how much was the contribution in the current quarter and how do you see the ramp-up for this segment?

Sunil Bohra: So, as I said, as of now, it's very, very small volume because it's primarily going into the dealerships and the setup there. The SOP is roughly around 3-4 months due, which is linked to the OE launch of vehicle. So, maybe that time is a better place to give you some numbers.

Siddhartha Bera: Understood, sir. Okay. Thanks a lot, sir. I will contact you again.

Sunil Bohra: Thanks, Siddhartha.

Moderator: Thank you, sir. The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities. Please go ahead.

Mumuksh Mandlesha: Yes. Thank you, sir, for the opportunity and congrats on continuing the robust performance. So, first on the order books, sir, any update for the EV PowerTrain Inovance JV and the sunroof JV? And on the camera module, sir, do you see more opportunity outside the regulation part? Like, there are also CV regulations coming with ADAS in truck and buses. So, do you see that kind of opportunity also going ahead? This is the first question, sir. And the second is on the, we've seen a very strong growth in aftermarket this quarter. Any specific to call out, sir? And the third question is, sir, just on the Clarton Horn, sir, it's a loss making as on last year. Just wanted to understand over the medium term, what's the plan there for that business? And lastly, sir, CAPEX guidance for the next year, sir?

Sunil Bohra: Thank you, Mumuksh. I think a lot of questions. Let me try and go one by one. I hope I don't miss anything. So, first question was the order book for the Inovance JV, EV products and sunroof. So, as you know, we have said in the last call also that we don't start a project unless we have an order in hand. So, for EV, we do have a PO in hand. We can't comment on the value because value again is linked to the quantum and the number of vehicles being made by the customer. And sunroof also, I said last time that we have started with one order and we already got the second model order, which is the same carryover model to another vehicle. In terms of camera module and localization and ADAS etc., yes, the camera module, what we are manufacturing is actually part of ADAS business, which is currently going into the reverse parking systems, etc. And the same camera shall be used for the sound view, 360-degree view, etc., etc. Aftermarket is strong growth. Yes, we have been aggressively working on our

aftermarket strategy in terms of branding. You know, a couple of years back, we have initiated a complete branding initiative and exercise across various regions and onboarded experts in terms of branding. That has started reaching some sort of positive impact. Clarton Horn, the medium-term plan, definitely, as I said, our first objective is how do we consistently bring down the costs and make the business viable at the volumes currently we are today. So, at peak, if you remember, Clarton Horn used to do 21-22 million horns, whereas today we are at somewhere around 15-16 million horns. So, there is a significant drop in volumes there and we are trying to re-engineer the business so that it does not lose money at its current volumes. CAPEX guidance, as we said in the last call, which is roughly around 350 crores to 400 crores of sustaining CAPEX and around 1,300 crores of growth CAPEX. Ankur, I hope my numbers are right.

- Ankur Modi:** Yes. This is correct.
- Mumuksh Mandlesha:** Got it, sir. Just one more, sir. On the airbags, sir, because now recently Maruti has launched a lot of models with the airbags. I just want to understand how do you see the growth there, sir?
- Sunil Bohra:** How is the growth? Which growth? Airbag growth?
- Mumuksh Mandlesha:** The airbag business, sir. Recently, Maruti has come up with a lot of updates on the airbags for most of the models.
- Sunil Bohra:** No, so airbag is a business which has, I think, already taken up a significant jump in the last few quarters. If you remember two years back, there was likely to be a mandatory six airbags which was later withdrawn and it was linked to the Bharat NCAP ratings. And today, as we speak, the majority of the models do have four airbags. So from that perspective, the airbag business has actually seen a significant growth in the past few quarters and we have also put in a new plant, if you remember, in Neemrana. So that also is doing pretty well.
- Mumuksh Mandlesha:** Got it. I mean, any broader numbers, sir? What kind of growth will be there, sir, in the airbags, sir?
- Sunil Bohra:** You are looking for revenues of airbag business?
- Mumuksh Mandlesha:** Yes, revenues.
- Sunil Bohra:** Maybe that we can take it offline if you don't mind.
- Mumuksh Mandlesha:** Sure, sir. And if we can take the last question, sir, on the sensors, I am sorry, on the rare earth parts, sir. Any impact on the sensor business because of that, sir?
- Sunil Bohra:** Yes, that's what I said in my commentary that while we do not have any sort of rare earth magnets in a big way, it's only sensor business where we use some of these magnets. And so far, we have

been able to manage our business through sourcing of these magnets from various parts of the world. And we have ensured that our customer lines are not impacted.

- Mumuksh Mandlesha:** Got it, sir. Thank you so much for the opportunity.
- Sunil Bohra:** Thank you.
- Moderator:** Thank you, sir. The next question is from the line of Basudeb Banerjee from CLSA. Please go ahead.
- Basudeb Banerjee:** Thanks, sir. A couple of questions. Just to reiterate the last question, you said Rs. 350 to Rs. 400 crore of maintenance CAPEX and growth CAPEX amount, I couldn't hear properly, sir.
- Sunil Bohra:** Yes, around 1350. Yes, you are right.
- Basudeb Banerjee:** So, combined, it should be Rs. 1600- Rs. 1700 crore for FY'26.
- Sunil Bohra:** That's right.
- Basudeb Banerjee:** And second thing, if you can slightly explain on that incentive part which you said this incentive is for fiscal '25 or accounted for March quarter which came into the P&L this quarter. So, this Rs. 69 crore is for the whole FY'25 and would be sort of recurring in ...
- Sunil Bohra:** Let me clarify. I didn't say for FY'25. I said it is for the period prior to 31st March '25 which is not only one year. It's actually longer period. So, what happens, Basudebji, is that whatever state incentives you are eligible for putting a plant, normally you get a final eligibility certificate which ensures or confirms that now the incentives will get disbursed. So, for one of the business, this was long pending. And we have finally got in this quarter and that's how this income has been recognized in the current quarter which does not relate to the current quarter and that's why we highlighted it.
- Basudeb Banerjee:** And because so many new projects are also coming and many states give local incentives, so any such incentive on a recurring basis for next few years or this is complete one-off and nothing like that will recur back?
- Sunil Bohra:** No, no. There are new projects which are coming. So, every new project will have some incentive. It's only that lumpiness comes in case there is a delay. And as I said, these incentives is what something which makes you competitive. Otherwise, at today's cost, it's very difficult to compete with a plant which is a depleted plant. And you know how competitive environment we work in. So, we do factor these incentives when we approve these projects or capex etc.
- Basudeb Banerjee:** And like any specific aspect other than say seasonality for staff cost where sequentially revenue is flattish and staff cost up because of salary hike quarter, like your margin which was hovering

around 11.5 and marching towards 12, that came back to sub 11% if I remove this incentive as you highlighted. So, anything other than that staff cost seasonality aspect you would like to mention that commodity pressure or competitive pressure, pricing pressure or other expenses?

Sunil Bohra: Nothing which is out of normal. So, that's why we always say that our business is not a linear business. There is a seasonality involved and also seasonality involved in the way the business is being done. So, if you see last many years, 8-10 years history, you'll find Q4 margins tend to be on higher side and Q1 tend to be on lower side. The reason being in Q3 and Q4 you normally get closer with your customers on various price escalations, discussions, settlements, etc. So, comparing Q4 to Q1 is not something we would encourage because Q4 will have some of that factors playing a role which does not play in Q1. So, that's why it is important to see Q1 to Q1 and Q4 to Q4 and Q2 to Q2.

Basudeb Banerjee: Sure and last quick question like many new foreign EV makers are now planning to set up or expand capacity in India. So, how are you placed to supply components to them because within EV other than Tata Mahindra, most of them are foreign makers, maybe the likes of MG, etc. So, how are you placed to take demand from those OEMs?

Sunil Bohra: So, difficult to comment Basudeb, right now in terms of how the new players will work on in terms of their models because initially whoever sets up a base in the country who already has operations globally tend to sort of bring their existing capability and start with that because on a small volume it is not possible even for them to localize everything and these things take time to localize and sort of create some meaningful base. In terms of new suppliers like you took some names, definitely we are in touch with those customers but little premature to talk because even from their side, the plant is yet to come up which is still maybe like 2-3 years away.

Basudeb Banerjee: Sure sir, thanks, all the best.

Sunil Bohra: Thank you.

Moderator: Thank you sir. The next question is from the line of Abhishek Kumar Jain from Alfaccurate. Please go ahead.

Abhishek Kumar Jain: Thanks for opportunity sir. Sir, as EV penetration is increasing in passenger vehicle, how much benefit do you see in terms of the content per vehicle? If you can explain it to difference in the content per vehicle in Grand Vitara versus e-Vitara?

Sunil Bohra: Abhishek, I can't talk about model to model in Grand Vitara and e-Vitara. We don't talk about customers and their models. What I can share is that if you see our presentation for last quarter, we have given separate fit value for separate segments. You see A segment, B segment, C segment, D segment. What is our potential fit value? If we have to supply all our products and these are primarily products which are agnostic to EV. On top of it, the EV fit value, what plant we are setting up in Khed, that itself will be around 1 lakh plus kind of a number per vehicle.

- Abhishek Kumar Jain:** And in other product segments, we have seen a very strong growth. So how is the outlook for the growth in the controller, sensor and EVSE? And what is your plan for the E-Axle?
- Sunil Bohra:** So E-Axle, Abhishekji, I just spoke about which is the new plant which we are setting up in Khed for which the SOP is expected to be middle of next fiscal year. And in terms of controllers and sensor, we have been working very, very intensively. You see, a lot of our new products are in controllers and I already shared some of the information. In case you have any questions on that, you can please ask. In terms of sensors, we are consistently being increasing our application based on also the quantity or the quality or even the type of sensors which we have been working on. So sensor business, it was maybe a Rs. 100 crore business. Only sensor and controller was Rs. 100 crore business sort of what you call 5 years back. Today itself, it's more than Rs. 250 to Rs. 275 crore business for a quarter. So from Rs. 100 crore run rate, it is already a Rs. 1,000 crore run rate.
- Abhishek Kumar Jain:** Thank you, sir. That's all from my end.
- Sunil Bohra:** Thank you.
- Moderator:** Thank you, sir. As there are no further questions from the participants, I now hand the conference over to Sunil sir for closing comments.
- Sunil Bohra:** Thanks, Palak. So at the end, I would like to thank everyone for joining the call. I hope we have been able to respond to most of your queries adequately. For any further information, we request you to please do get in touch with us directly. Thank you.
- Moderator:** Thank you, sir. On behalf of Uno Minda Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.