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(formerly Motherson Sumi Systems Limited)
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August 17, 2023

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
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Bandra-Kurla Complex
Bandra (E)
MUMBAI – 400051, India

Scrip Code : MOTHERSON

BSE Limited
1st Floor, New Trading Ring
Rotunda Building
P.J. Towers, Dalal Street
Fort
MUMBAI – 400001, India

Scrip Code : 517334

Ref. **:** **Transcript of Investor Call**

Dear Sir(s)/ Madam(s)

This is with reference to our letter dated August 10, 2023 informing about the audio recording of conference call with Investors on the unaudited financial results for the quarter ended on June 30, 2023.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of aforesaid conference call.

The above information is also available on the website of the Company: www.motherson.com

Thanking you,

Yours truly,
For Samvardhana Motherson International Limited
(formerly Motherson Sumi Systems Limited)

ALOK GOEL
Digitally signed by ALOK GOEL
Date: 2023.08.17 18:00:39 +05'30'

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Company Secretary

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"Samvardhana Motherson International Limited (SAMIL)

Formerly Motherson Sumi Systems Limited

Q1 FY24 Results Conference Call"

August 10, 2023

Management:

Mr. Vivek Chaand Sehgal,
Chairman

Mr. Laksh Vaaman Sehgal,
Director

Mr. Pankaj Mital,
COO and Whole Time Director, SAMIL

Mr. Kunal Malani,
CFO, SAMIL

Mr. Char Zawadzinski,
CEO, Modules and Polymer Products Business Division

Mr. Rajat Jain,
COO, Vision Systems Business Division

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY24 Results Conference Call of Samvardhana Motherson International Limited.

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 and operator by pressing * and 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. V. C. Sehgal. Thank you and over to you, Mr. Sehgal.

Vivek Chaand Sehgal: Thank you very much. Good evening, ladies and gentlemen. Thanks a lot for joining the Q1 Financial Year '24 results of Motherson.

I am glad to announce the SAMIL board has approved the quarter one results. Motherson outperformed the industry in spite of inflationary headwinds on account of interest rates and wage bills across the geographies. The company has delivered strong performance and healthy growth of the topline as well as the bottomline on a year-to-year basis. All of our business divisions have performed well. We have doubled growth on revenue and EBITDA. The leverage ratio remains at 1.4 level, which is well within our target max of 2.5x. These results demonstrate that with our continued focus on operations and delivering value to customers, Motherson is a strong platform for growth.

I have with me on this call Vaaman, Pankaj, Kunal Malani, Char and Rajat to help me answer any questions that you might have.

I now hand it over to Vaaman to provide you an update on the quarterly highlights. Thank you.

Laksh Vaaman Sehgal: Thanks, Papa. Good evening, everyone. SAMIL has had a strong start to the financial year with quarterly revenues of Rs. 22,500 crores and absolute EBITDA of Rs. 1,940 crores. At the outset, I would like to make clear that this is all organic growth, out of all the acquisitions that we have announced, only Rs 26 crores is what is part of the acquisitions in this topline figure for this quarter. So as you can see, this is a phenomenal growth of 27% in revenues and 64% in EBITDA on a year-on-year basis. I would also like to highlight that the PAT has grown for Rs. 142 crores to Rs. 601 crores in comparison to the previous corresponding year.

Further, as Papa already mentioned, the leverage ratio has been maintained at 1.4x despite the M&A payouts and higher engineering inventory. SAMIL as a platform is now able to take full benefit of group synergies and interlinkages and under the simplified structure, the outcome which is demonstrated in our momentum and consistent performance in front of all of you. We believe that the macro environment is stabilising, although at some elevated levels and there are still some headwinds that remain such as rising interest rates and wage bills across geographies which we are dealing with. By and large though, the disruptions have normalised and Motherson has now moved into business as usual mode and moving into a year-on-year overview for all of you, which takes into the perspective the consideration of the seasonality of the automotive production which is as you all know significant.

This quarter, the light vehicle production was around 22 million, which is a 16% increase year-on-year. And for the commercial vehicles, it came in at 842k, which is about an 18% increase year-on-year. We believe the better availability of semiconductors has aided the stabilising of volumes as the demand supply lag is improving with the supply chain also easing. We are seeing strong growth coming from the organic side due to stabilizing automotive production and tailwinds on accounts of uptick in zero emission vehicles and the premiumisation which ducktails well with our new order wins resulting in 7 new Greenfields being set up in emerging markets. This we had mentioned to you before, 6 in India and 1 in China. We expect the CAPEX for the year to be at the upper band of Rs. 3,300 crores, with this growth momentum. And we also believe that with the M&As going ahead, we may relook at the CAPEX construct in coming quarters and see what that brings.

However, this is all really good news as we continue to grow in this environment. We would like to thank our customers for their trust and support and we continue to deliver as per the production schedules. There are ongoing conversations with customers with respect to the certain headwinds that we still see, which is definitely resulting in few of our plants which are still operating at sub optimum levels due to issues such as inflated cost structures, labor, pricing issues, etc. We continue to maintain our focus on improving the red unit's health and also stay focused on improving profitability on a sustainable basis.

M&A is another key pillar of our growth strategy. We are happy to highlight that we have closed 7 acquisitions since April 2023, out which, like I said before, only Rs 26 crores has really come into the topline. So you will really see more of this momentum come in the coming quarters and in the New Year where all of this will really be captured. The customers have really supported us during these challenging times and we are thankful for that. We are working in close collaboration with them and we aim to bring innovative solutions to streamline and solve operational issues that our industry is seeing. These acquisitions will add a lot of value to our offerings and will definitely provide new growth opportunities for Motherson.

We believe this will contribute to additions in our yearly revenues of almost USD 5 billion in gross levels and about USD 1.1 billion in net levels. We have added 41 facilities into the Motherson ecosystem and again we are very grateful to our customers for their continued trust and we also welcome 8,500 employees of these new companies into the Motherson family. On top of this, three M&As that we have announced are still pending closure, Cirma, Yachiyo and Dr. Schneider, which will further add revenues of USD 1.4 billion next year. It is important to note that all of these above are strategic in nature and all are also cumulatively cash EPS accretive. The faster integration of these assets will enable us to go after even more M&As. The automotive industry continues to evolve with changing technologies required for zero emission vehicles and the premiumisation. As a result, we believe there even more opportunities and customer driven deals with fewer players to really be able to conclude these. We believe we are in the driving position here and exciting times are up ahead for Motherson.

With this, I would like to conclude the highlights and open the floor up for the question and answers. Moderator, can you please support that?

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Siddhartha Bera from Nomura. Please go ahead.

Siddhartha Bera: Yes Sir, Thanks for the opportunity. Sir, my first question again is on these acquisitions where you have mentioned that we have added about Rs. 26 crores of revenue. Where will this be mainly accounted within coming as a part of the standalone or any particular segment? Can you just indicate where will it be getting accounted right now?

Laksh Vaaman Sehgal: Kunal will you take that?

Kunal Malani: Yes, a little bit in the polymer side, a little bit on the emerging business side. The two we have closed is YMAT and Bolta. Bolta lies at Polymer, YMAT lies at emerging business side. All of them are in the consol, none of them are in standalone.

Siddhartha Bera: And second question is on the standalone side, sir, so if you see the growth has been quite strong at 25% on the revenue side. Even if I look at the passenger vehicle industry volume growth, it has been quite soft like about 7% in the quarter. So, are we adding any new orders or what is driving this strong growth according to you? So, if you can just highlight a few reasons here.

Laksh Vaaman Sehgal: Yes, I'll take that and maybe the team can support. Look, we have always told you that, SAMIL with all the JVs that we had signed and seeded in the past are now coming to a very good place where they are ready for exponential growth. The orders are taking which has happened in the past is now being executed. And these are very exciting JVs that have come into to the SAMIL side and the order execution is happening which is increasing our value content as well. So definitely we are place to grow perhaps bit faster than how the market is growing because of our strategic positioning and the products that we are offering to the customers and the premiumisation that we talked about and our value content growing up. So, that is the result of the hard work of the teams to bring in the right products and that is what you are seeing.

Siddhartha Bera: Got it. Also sir, if I look at this standalone numbers, there is a credit loss provision which has been reappearing every quarter, even in this quarter also I see that about I think 11 crores - 12 crores of provisions have been factored in**,** possible to highlight what is this exactly and why it is coming up every quarter in the past few quarters?

Kunal Malani: While we continue working and trying to turn them around and as part of it, there are ongoing conversations around this where we are obviously taking a strong stance on some of these aspects. So conservatively, we are building some of these provisions in order to highlight that, we will be happy to take losses on board but we will not be running businesses at loss perpetually. So it is more a conservative piece. You would also have noted that some bits of improvement is visible when you look at minority interest has turned positive now or share of profits from investments have turned profitable now. So it is heading in the right direction, taking still some time, but yes, we will be heading in the right direction at least**.**

Siddhartha Bera: And sir, lastly, if we look at the net debt, that also has gone up quite a bit, if I look at that compared to the last quarter. So any particular reason why it has gone up? Is it more seasonal or how should we understand this?

Laksh Vaaman Sehgal: Kunal?

Kunal Malani: It is seasonal in nature. You would see this trajectory happening pretty much every year, where there is a build up as we move into the summer months and then there is a ramp up again once summer months come down. So, this is part of that build up that occurs. Besides that, I think we have also built up some of the engineering revenue, you know, last quarter we disclosed $70 billion worth of order book. That incremental growth and as these production volumes come into play, the engineering associated with it is the other piece of the pie which is adding to the inventory piece of it. So, hence there is a working capital expansion pretty much similar to how the net debt has played out.

Siddhartha Bera: Got it, Thankyou.

Moderator: Thank you. Next question is from the line of Raghu from Nuvama. Please go ahead.

Raghu Nandhan: Thankyou sir, good to see extremely strong performance Sir, firstly on the profitability at Vision Systems or SMR, any cost pressure being seen here? Cost seems to be higher in this quarter compared to the past two quarters.

Vivek Chaand Sehgal: Rajat?

Rajat Jain: Look, nothing in particular, it is as we shared, there are some softening on the commodity side which is helping and then there are some pressures on the wage side that we are facing in certain geographies. So it is a mix of various factors moving around. But I mean, what we also have seen last year is that we have had settlement with lot of customers, over the discussions that we have been having and they have supported us during that process and as we go into this year, this again is some discussion with customers wherever it is required. So, that is something which will carry on but I would say nothing in specific.

Kunal Malani: Sorry if I just might add, so that you appreciate this a little bit more. I think last year we had mentioned very clearly that you should not be looking at it only on the quarter end phenomena and how the margins are performing but more at an aggregate level for the year is a more reflective picture. Then if you look at SMR or Vision Systems, that was at 9.8%, if I remember right for the aggregate and this performance is again at absolute levels highlighting a little bit growth rather than degrowth from that perspective. So, just bearing perspective and this is first quarter which seasonally is not the strongest quarter.

Raghu Nandhan: Thanks sir for that, very helpful. The seasonality which is associated with the first quarter, is there any specific costs which are, one is I understand employee cost, but apart from that, is there any other costs which are generally on the higher side in first quarter?

Rajat Jain: No, so this is again, that is for the Vision Systems, right, this question?

Raghu Nandhan: Yes, sir.

Rajat Jain: No, there is, yes, nothing unusual other than the seasonal factors that we have. But again, if you are comparing quarter-on-quarter as Kunal also highlighted, there are some year-end final settlements that happen and also I think it would be worth noting that there were also some pending settlements that happened for the prior period which actually got converted only last two quarters. So, maybe that is something which if you compare with those last two quarters, it might be giving you a bit of an anomaly there. But if you compare Q1 to Q1 quarter-on-quarter, you can actually see an improvement and that I think would be a more appropriate comparison for you.

Raghu Nandhan: Thankyou sir, very useful. And Kunal, in terms of energy costs in recent months, gas prices have again started seeing a bit of increase. Would you consider taking hedges or is gas prices now part of customer contracts going forward?

Kunal Malani: There are some pieces that are hedged, a lot of it is actually not hedged because a lot of has been discussed with customers either in terms of indexation or in terms of coming back to them as and when there is a change in the pricing structure. So it is a mixed bag, but I think the industry in general and Motherson, I would imagine has started both evaluating this lot more closely and working with the customers to work parallelly to see if there are any inflection points at which we need to discuss one way or the other on the pricing front.

Raghu Nandhan: On the EV side of revenue, it is very good to see Rs. 1,600 crore numbers and directionally EV transition is helping increase in content revenue and profit in dollar terms. Does EV business also have better margins?

Laksh Vaaman Sehgal: I think look, we gave a lot more clarity on that in the Investor Day that we had last year. Definitely, we believe that the shift towards EV vehicles definitely has a good positive impact to most of our products and as you know, we are actually engine agnostic in that sense. But for the EV offerings that we have because they have a lot more, let us say, aesthetic parts or more technology embedded into the offerings, even the wire harness constantly changes if you are looking at EV, it augurs well for us. Although definitely is to be seen how these offerings are accepted by the market and how they continue to grow. Like I said for Motherson side, either which way we are on both the platforms, we are so, you are seeing that the, we are there on the EV platforms, we are there on the traditional platforms. So regardless of which ones really play out, I think we will continue to grow.

Raghu Nandhan: One last question. On share of profit from associate, there is an improvement, so, it would reflect better profits from Motherson wiring but losses have reduced from other associate. Any major associate that you want to call out, where there is an improvement?

Laksh Vaaman Sehgal: Look, I think Kunal can help me on this, but there are multiple companies, there are multiple joint ventures that we have and also on the India side, we are seeing a lot of progress that is coming up with all these smaller companies that are now growing to a good level. Of course, there remain some companies with some, with certain issues which is normal with the size of the group that we have. But we are quite focused on it. I think we already told you that we are very much focused on each and every red unit that is there and our goal is to reduce or bring to zero as many as possible in this five year plan and the aim is to make all of them green. So those efforts are paying off as you are seeing reduction in those numbers, the market coming back, some tailwind in the numbers that is also coming, that is helping the whole scenario. But we are quite focused and there is a special team that is only looking after these red units making sure that we are working together with the entire stakeholders including the customers to make sure that we have good solutions for all of this. On top of that, as you know we are also acquiring companies which will help to bring more scale to some of these issues that we have on the global basis. So, yes, so overall, there is a multiform approach to solve this issue and definitely this number should continue to go down and if we have some luck with the numbers continue to increase that should really help it.

Raghu Nandhan: Thankyou sir, very helpful, that's all from my side.

Moderator: Thank you. Next question is from the line of Amyn Pirani from JP Morgan. Please go ahead.

Amin Pirani: My question was on the wiring harness business. So on the consolidated segmental, you see a very sharp improvement in the profitability of the wiring harness on both Y-o-Y and quarter-on-quarter. Given that Motherson Sumi wiring has not really seen any margin improvement, is it fair to say that bulk of this improvement is driven by PKC? And if that is the case, what is the outlook for the PKC business and the margin improvement trajectory there?

Vivek Chaand Sehgal: Pankaj, can you take this one please?

Pankaj Mital: Yeah. Well, the margin improvement has been all across and the business is not only consisting outside MSWIL of PKC but also MWSI and various other units of SAMIL. It includes also exports from India as well as our entities in Sharjah, in Thailand, Mexico and UK. So there are multiple areas and the focus has been in terms of making improvements. As Vaaman Sir mentioned earlier that wherever the red units were, for one reason or the other, there have been in the past some sharp drops of the customers volumes in some of the regions and in many others, there were erratic production which have been causing a lot of pain and some of these areas have improved. So that is what is reflected and also the settlements with the customers to bring the cost levels to the real situation, which is there and the situation is always moving and we all work towards that, so that we can keep making the improvements and keep ourselves at pace with the changing environment.

Amyn Pirani: Okay, And just a broader question, last quarter, we had heard from you that the conversations with customers with respect to cost inflation pass through had been concluded, we had seen the benefits also of that. So as we stand at the end of 1Q, are there still some costs which are yet to be, fully, like pass through to the customers and other conversation going and are there any benefits that we expect in the coming quarters?

Laksh Vaaman Sehgal: Look, these are moving parts, right? Can you tell me where energy prices are going to be in the next couple of quarters? I do not think anybody really can. So, all those things which are still really moving, which are volatile, those conversations will definitely continue till we do not see stability in all of that. I think definitely, perhaps on the wage increases obviously they happen once a year, so those are cemented already done. But some of these bits which are moving part, they will be continuing conversations till we do not see stability in there and the customers also acknowledge that this has now become part of the daily operation. So wherever there is volatility that is not in our control, those conversations will continue. And I think the customers also appreciate that and acknowledge it.

Moderator: Thank you. Next question is from the line of Pramod from InCred Capital, please go ahead.

Pramod Amthe: Sure, So I was saying the wiring and modules both the divisions seems to be scaling a new high in terms of EBIT margins in recent quarters. As your disclosures have improved on this divisional side, would you be able to give more color where it is coming from, what parameters are leading to this? So that we can try to predict them and try to build them in a part of our projection, or can you just give us some what is happening there which is driving this EBITDA scaling new highs in these two?

Kunal Malani: Understand. Look, I think first of all, it is not only wiring and module & polymer division, but I think all our divisions have done well and the themes are actually commonly playing out for all the divisions. There is a piece of operating leverage that is playing out given the expansion in the order book and the execution of some of the earlier contracted orders. Vaaman spoken enough about I guess premiumisation and value content etc. that is all getting embedded in there. So that is adding on the operating leverage side. There is a tailwind on account of some of the commodity prices etc., especially when you start looking at it from previous year to current year perspective, which again aids the profitability**.** There are headwinds, however, that still remains on the inflationary side, both on supply chain as well as on the wage side, so some pluses and minuses as the case is. But as we have been saying now, things are looking relatively more stable. There are obviously still works to be done on many of the red units that are there. Those conversations are ongoing as some of the variables change, we need to be continuously discussing with the customers to figure out ways of getting those compensations in place. So that is now pretty much business as usual construct now as the way we see it. And hence we should be seeing again improvement as I said on a year-on-year basis as we move ahead as well. So the trends are clearly favourable in that direction. We were at a pure volume construct perspective, I think the industry is, in spite of all the recessionary talk around, still continues to showcase growth. So I think we are looking at better times ahead.

Pramod Amthe: Sure, And the second one is the September quarter seems to be bulky with two large acquisitions to be part of the revenues if I see your SMRPBV presentation right? So can you indicate, have you decided where you will place these two large acquisitions in terms of divisional disclosure and any impact we need to see on the margin profile, if that is the case for those division?

Laksh Vaaman Sehgal: Kunal, can you take this? I am not sure how much we can speak about these acquisitions at the moment.

Kunal Malani: Look, I think, SAS which we have closed will is a relatively newer line of business in the sense that it has a much larger assembly component to it and hence we will likely classify this as a separate division. Along with some of the other similar kind of businesses that might be lying in some of our existing divisions. So that is the most likely outcome. We are obviously still looking through some of these aspects and then take a call around it. I think the other large one, if you are referring to the Yachiyo one that is still some time away, so we really have not given it a thought around that construct. And if you are thinking about Dr. Schneider, that will be part of the module and polymer business.

Pramod Amthe: And the last one is with regard to the M&A wins, the speed at which you are closing the deals, it looks impressive. So at the same time if I have to look at your PPT when you are talking about global growth and as you refer to the even though recession fears are there, but the actual volume momentum seems to be steady double digit. So wanted to know your thoughts, is these discussions were always on and is there a change in fund availability for these entities which is making you to get the deals at your valuation or terms and hence you are able to close it or what is happening in the environment which is turning favourable to you?

Laksh Vaaman Sehgal: Kunal, I can start and you can add in. Look, I think we have always told you that we stay true to our vision to be a globally preferred solution provider and I think we have really focused on making sure that wherever the customers have issues we are really the people there to be able to give them lasting sustainable solutions to these things. And our track record is speaking for itself. So whenever there has been acquisition that Motherson has done in the past, we have solved those problems, we continue to hold those assets, we invest in those assets, we are growing together with the customer and our track record really speaks for itself. So, I really cannot comment on the others, but I can tell you that definitely we are extremely focused on the customer and working together with them, finding sustainable solutions and trying to get out of the mess that we have seen in the last few years with all these impacts that have come and hit on all sides and finding good solutions to these companies, which have good technology or have strategic location advantage or many things that could be working for it which the customer wants to preserve and make sure that when a company like Motherson comes in not only do we preserve that but we enhance it and that is why the trust is there and I think that is all I can say. Of course, extreme hard work done by the teams, the board really appreciated. This is a large number of acquisitions that have happened in a short period of time. The entire Motherson team has been working round-the-clock to make sure that the customers' requests have been answered and we have given it our best shots to come up for lasting solutions for these companies and we are really quite proud of our efforts and we have been patient in the last few years waiting for the right moment to really go out there and do acquisitions. So that is a culmination of all these things coming together and definitely very, very hard work done by the teams to get us here and to make sure that the customers trust is kept full in us.

Kunal Malani: And if I might just add in spite of all this, our leverage is still going to be below 2x. That highlights how our existing business is performing as well as the comfort we have on some of the newer assets that will come on board. And if things are, where they are, we will probably be give or take in and around where we are today on the leverage as well. So, this is not coming without much expansion on the leverage ratio side.

Moderator: Next question is from the line of Nishit Jalan from Axis Capital, please go ahead.

Nishit Jalan: Just two clarifications. Vaaman, in your opening remarks, you mentioned that there are few M&As which are pending and which will lead to, which will add $1.4 billion of revenues next year. Just wanted to understand which three acquisitions you are talking about? Because if I understand correctly there are more than three acquisitions which are pending closure. And secondly, you also mentioned that a part increase in debt from Q4 to Q1 is also because of payment for the acquisitions. Is it possible to quantify how much did you pay in Q1 to complete all the acquisitions, just wanted to understand how much is seasonal and because of increase in engineering inventory and how much is because of M&A?

Laksh Vaaman Sehgal: Second one, I will request Kunal to go to. But look, what we were saying was that the three acquisitions that are still to happen are Cirma which is the aerospace one, the Yachiyo which is the Honda San one that we that we announced and Dr. Schneider. So, there are antitrust approvals that need to happen, there are closing things that need to happen. So, all these are moving parts and as they close, that is when they start to get added. When I said that they will add USD 1.4 billion, that is the proforma for the full year that will come. So obviously as every quarter comes, depending on which quarter of the seasonality as well, that will get added to the topline of the company and of course the ones that are profitable that will add there as well. And we believe like we said that they are all EPS accretive, I believe that we have structured them well to get off the ground running with these things and they will immediately add to both topline and bottomline of Motherson. So, that just depending on the closing times for these acquisitions, as you know these are all regulatory things that happen, but couple of them have already closed. So you will see some of them already kick-in in the next quarter. Some of them will kick-in, definitely Yachiyo will be more towards the next year somewhere around March we believe the closing will be. But the work does not stop for us. I think obviously once we announce the acquisition, we already start working together with the customers, together with the teams as much as are allowed to do in a legal manner to start preparing ourselves so that as soon as it closes, the impact is immediate. So that is what I meant in the first part, I hope I am able to answer that. If you want further clarification, please let me know.

Nishit Jalan: No, I think it is clear. I just wanted to, just one doubt, SAS acquisition is being closed now and it will be part of revenues in Q2?

Laksh Vaaman Sehgal: Which one?

Nishit Jalan: SAS, auto system technique which we announced in February.

Laksh Vaaman Sehgal: Yes, from next quarter onwards. So Kunal, correct me.

Kunal Malani: Yes, it will be part of Q2.

Nishit Jalan: And Kunal, if you can just answer that debt part it will be very helpful.

Kunal Malani: I think this quarter, basically closed YMAT and Bolta and Prysm as well. Altogether, I think the payout would be somewhere in the Rs 150 crore region.

Moderator: Thank you. Next question is from the line of Rajesh Kothari from AlfAccurate Advisors. Please go ahead.

Rajesh Kothari: So, I have just one question, I actually missed the opening remark, if any by the management. Just wanted to know in your view, how you think the capacity utilisation from here on, do you see significant improvement in capacity utilisation based on the key customers outlook on the industry?

Laksh Vaaman Sehgal: Yes, thanks, look, capacity utilisation is a broad term for us. We have been doing thousands of products and we also, if you have been following us that we did a significant part of the CAPEX for the order book that we announced in the last quarter was already done. So all that you are seeing where we are investing now is for future growth in taking due for of course the new orders that we are getting and also of course the new acquisitions that are coming in, which will add on their own CAPEX there. But on the capacity utilization bit, I think for the order book that we have, we are substantially covered. We are only getting ourselves for future growth that is coming and happy to answer any more around that if you have further questions.

Rajesh Kothari: No, basically my question is a little bit different. What I am saying is, over the next say, 12 to 24 months, do you see significant improvement in capacity utilization from current levels based on the outlook from your customers?

Vivek Chaand Sehgal: Rajesh, this Chaand here. Just wanted to tell you that if capacity utilization if you imagine that if we are working on 100%, then we will always fall short and stop the customer line. So, we do not want our capacity to be utilized more than 75%. If it goes to 75% immediately, we start to make it half, because that means the models are doing very well and we have to have another plant on the ground because one month to another the capacity sometimes needs tremendous amount of growth. So it is not, we are not a cement producing company that the capacity utilization 100%-120% is great. In the component car production, we do not want to go beyond 80%. So the whole planning of setting up a Greenfield happens when the plant has already hit 80% capacity.

Rajesh Kothari: No, so, you are absolutely right. So, my point is basically currently where are we and of course we are putting up CAPEX and the capacity based on the customers outlook and the guidance. So currently where are you?

Vivek Chaand Sehgal: We have 32,000 parts here. Which capacity are you worried about?

Rajesh Kothari: See, overall generally, because I am sure you cannot give me product wise and plan..

Vivek Chaand Sehgal: We do not make one part, so we have wiring harness, polymer, so many parts, I mean we do not sell in the open market anyway.

Laksh Vaaman Sehgal: And we are still below the COVID levels of the automotive industry. So there are still, we believe 15%-20% to go at for the highest that we have reached and we are slowly creeping back. But I think the outperformance that you are seeing by Motherson is because we grow faster than the market, we grow more value than the market and the premiumisation and these trends that we have talked about are really playing out in our favor, which helps our products which are directly impacted as the numbers grow. So look, no one really knows the 12 to 24 month thing. I think we are still grappling with quarter-on-quarter with the last couple of years being with multiple different issues that have been hitting us. But we are optimists, we are die hard optimists and we believe the next 12 to 24 months will be much better.

Vivek Chaand Sehgal: We have grown 27% in this quarter also, anyway year-on-year.

Moderator: Thank you. As there are no further questions, I will now hand the conference over to the management for closing comments.

Vivek Chaand Sehgal: Thank you. I think it is important for you to understand that we are very customer focused and when we are growing it is automatically means that the customer is growing. We do not sell anything in the open market. We have never done that before also neither are we doing it now. So capacity utilisation and all that for us is to some extent is irrelevant. But if it helps you, moment we will touch 80%, we will try to bring it down by a new plant and tried to bring it to 40%. So that is the way we have to be because in the automotive business it is required, but I think the board again congratulated that under such tough circumstances, the companies have done such a good job, all the engines are firing. We also would like to say that in the first quarter, we have just in March-April, we have actually just closed all the past years, whatever increases and decreases had to happen, we have done that. And first quarter, we are waiting for whatever is going to play out then it has to be applied and put pressure back on the customer or on the other forces to make sure that the price is paid. I hope and wish all of you a good weekend tomorrow later. Thank you very much for the all the questions. Bye-bye.

Moderator: Thank you very much. On behalf of Samvardhana Motherson International Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.