



# Samvardhana MotherSON International Limited

(formerly MotherSON Sumi Systems Limited)

Head Office: C-14 A & B, Sector 1, Noida – 201301 Distt. Gautam Budh Nagar, U.P. India

Tel: +91-120-6752100, 6752278, Fax: +91-120-2521866, 2521966, Website: [www.motherSON.com](http://www.motherSON.com)

February 16, 2024

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

National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor  
Plot No. C/1, G-Block  
Bandra-Kurla Complex  
Bandra (E)  
MUMBAI – 400051, India

**Scrip Code: 517334**

**Symbol: MOTHERSON**

**Ref. : Transcript of Investor Call**

Dear Sir / Madam,

This is with reference to our letter dated February 12, 2024, informing about the audio recording of conference call with Investors on the unaudited financial results for the third quarter and nine months ended on December 31, 2023.

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

The above information is also available on the website of the Company: [www.motherSON.com](http://www.motherSON.com)

Thanking you,

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

Alok Goel  
Company Secretary

Regd Office:  
Unit – 705, C Wing, ONE BKC, G Block  
Bandra Kurla Complex, Bandra East  
Mumbai – 400051, Maharashtra (India)  
Tel: 022-61354800, Fax: 022-61354801  
CIN No.: L35106MH1986PLC284510  
Email: [investorrelations@motherSON.com](mailto:investorrelations@motherSON.com)



**“Samvardhana Mother'son International Limited (SAMIL)  
Formerly Mother'son Sumi Systems Limited  
Q3 FY24 Earnings Conference Call”**

**February 12, 2024**



**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. Rajat Jain,**  
COO, Vision Systems Business Division

**Moderator:** Ladies and gentlemen, good day and welcome to Q3 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 the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone.

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

**Vivek Chaand Sehgal:** Thank you. Good evening, ladies and gentlemen. Thank you for joining the Result Conference Call of SAMIL.

I'm pleased to announce that the board had approved the results for quarter three and congratulated the various teams. SAMIL has delivered a strong performance across all business divisions on the back of automotive industry having good growth across regions. The leverage ratio has been reduced to 1.7x from 1.9x. Having accounted for all the closed acquisitions, we are very comfortable with our debt and liquidity profile and the visibility to reduce further by the year end. India is at the center of our expansion plans. We see a lot of traction coming for automotive and non-auto businesses in India. And to support this further growth, we are setting 11 Greenfields in India.

Our focus on operations, proven financial discipline, and continued trust by our customers are demonstrated in our results.

I will now hand over to Vaaman to provide further business insights, and the team is here to answer all your questions. Vaaman!

**Laksh Vaaman Sehgal:** Thank you, Papa. Good evening, ladies and gentlemen. I'm pleased to announce that we have achieved outstanding results in the quarter, showcasing robust revenue growth and a consistent improvement in EBITDA.

SAMIL reported revenue of Rs. 25,700 crores reflecting a Y-on-Y growth of 27% and EBITDA of about Rs. 2,400 crores reflecting a Y-on-Y growth of 42%. Our net profit on a normalised basis is at Rs. 733 crores and has grown by 61% on Y-on-Y basis. The reported PAT has impact of hyperinflation about Rs. 190 crores, particularly in our operations in Argentina, where the currency has significantly devalued from about 200 Pesos to a US dollar in March 23 to about 800 Pesos to a US dollar in December 23, resulting in strict controls by the regulators there. We are in discussion with our customers on the best way forward. There's more information on this on slide nine.

Our performance is to be viewed against a backdrop of stabilizing macro indicators with energy and commodity pricing showing visible signs of improvement. However, inflation and the geopolitical conflicts continue to create headwinds for us. The global automotive production has witnessed good growth on an aggregate basis, 9% year-on-year, 6% quarter-on-quarter, with a quarterly run rate production of 23.9 million cars at par with pre-COVID levels. Whilst developed markets are still behind about 10%-15%, I think emerging markets continue to propel growth. Sequentially, there was a slower ramp up by North American OEMs post the UAW settlement and significant growth in the EU, albeit on a lower base and India coming of peak demand during the festive period.

In the 3rd Quarter, Motherson closed three acquisitions being Dr. Schneider, Deltacarb and SMAST. The M&As that have been closed during the year are contributing meaningfully and are adding revenues of about Rs. 4,000 crores in revenue and EBITDA of about Rs. 410 crores in this quarter. Happy to inform you that the integration for all the closed M&As is going seamlessly and as per plan.

India has always been an important market for Motherson and continues to be a hotbed of new opportunities for auto and non-auto businesses like Papa was saying. Most OEMs are building new capacities and to support this growth and align with the customer requirements, we are building 11 new Greenfields in India which are in different stages of completion and the majority of them will come on stream in FY25. There's more information on this on slide 12.

We are reiterating the CAPEX guidance given in the last quarter of Rs. 4,500 crores plus minus 5% for FY24. Given the substantial inorganic growth, M&A payouts about Rs. 4,550 crores net of cash and CAPEX for future growth, our leverage ratio had ticked up in the last quarter. I am pleased to tell you that there is a reduction in this bringing it down back to 1.7x from 1.9x where we were. We're also fairly confident, as Papa was saying, with the current visibility of this going sub 1.6 by year end. We are quite comfortable with our liquidity position with undrawn committed lines and cash for about Rs. 11,000 crores and incrementally committed financing for pending M&As. This provides us with sufficient firepower to continue to move towards our Vision 2025 targets while maintaining financial prudence. There's more information on this on slide 11.

We continue to monitor the ROCE metric by focusing on improving operating performances across our divisions and the red, yellow, green status of all our plants. ROCE excluding the Greenfields and the M&A's that are done in the current 5-year plan has improved from 16% in the first half of the year to more than 17% in the 9 months. Even on a reported basis, the ROCE is north of 15% as of 9 months FY24. This is short of our target, but will only improve from here as we move.

Our performance is a testament of our hard work and trust by our customers and we will continue to build on this momentum. With this, I would like to conclude and open the floor for any Q&A.

**Moderator:** Thank you very much. We will now begin the question and answer session. First question is from the line of Siddhartha Bera from Nomura. Please proceed.

**Siddhartha Bera:** Thanks for this opportunity and congrats on a good set of numbers. Sir, first on this model mix, which you said has been an issue in terms of the vehicle OE mix being weaker in the quarter. Just wanted to clarify, this impacts only the SMR vision or module segment, or there is an impact which is there in other segments as well?

**Laksh Vaaman Sehgal:** This is Vaaman here. Thanks for that question. Of course the larger impact is on the international business because the share volume is much larger. But just so that you know, I think we still maintain that the long-term trajectory will be more favorable towards these trends that we have spoken about before of premiumisation, the higher level of cars and the transfer that will happen from one type of engine to the other. But it's just happening at a much slower pace and there will be variations in the quarter. So it is dipped a little bit. We still believe that the long-term impact will continue in the trend that we've seen over the last I think couple of years albeit at a smaller slower pace. The good news is that we are fully supplying to all the different models. So where you see one thing go down, we see growth in the other sectors, and that's how you're seeing still growth in the overall performance of the company. I hope I was able to answer your question.

**Siddhartha Bera:** Yes, so follow up on that is that if you look at the profitability, clearly, it has been much ahead of what we would have expected, and given the weaker mix, that was also a surprise. So, can it possible to indicate whether we can see sort of this sustaining or improving going ahead. And does this also factor in some of the cost pressures which you have highlighted on the labor side and other areas in the quarter?

**Laksh Vaaman Sehgal:** Yes, thanks. Look, of course, it's been a challenging quarter. I would say a challenging year, right? I mean, there were multiple impacts that were happening with geopolitical wage increases, commodity moving. So I think one, of course, we are grateful to the customers for their support and help as well as we go through these things and try to discuss with them the different impacts. And of course, the team's hard work to continue to focus on reducing the cost, improving the efficiencies and delivering the performance. So it is a kind of a mixed bag. I think there are new and new challenges that we saw in the last year. But like I said at the start of my speech as well, that we're seeing more stability. I think the worst is behind us. Things are stabilising, and we have reached that new normal that we'd spoken about in the earlier calls and that is again helping us to now build efficiencies and show you improved numbers. I think as this continues to stabilize, we should have even better performance from here.

**Siddhartha Bera:** Sir, one last question is when you have indicated the incremental revenues from the new acquisitions in the quarter than the profitability, the biggest one was Schneider and if I look at the profitability, it is close to 10% probably in the quarter. So, Schneider I remember was acquired at maybe close to 0% margin. So are we already close to double digits for that entity or am I reading it correctly? So just needed your clarification?

**Laksh Vaaman Sehgal:** Yes, I think you are reading into everything, so that's good. But look, that's the part of how we do acquisitions, right? We look to pick up assets that are performing poorly, work together with the customers to create a plan, increase operating efficiencies, and we enter the asset already with a game plan of how to improve it. So that's obviously playing out. Our plan is under execution. The teams are over there that are making sure that this asset continues to grow from here, not be in the in the financial condition that it was and of course it's all part the plan that we had put into place when we were going to acquire that asset and to turn it around and that is playing out. So the teams are doing quite well and ahead of their targets.

**Siddhartha Bera:** Got it sir. So last question, if I may, we have seen interest costs continuously going up. So if you can guide now with the debt levels also coming down like you have guided, what should be the sustainable level of interest cost we can see going ahead?

**Kunal Malani:** Hi Siddhartha, Kunal here. So look, there is a function also of our low cost debt getting refinanced at current rates, which is what is driving this delta that you are seeing. Plus, there is the whole Argentinian net monetary position, which is also lying in the interest cost right now. We hope that the Argentinian piece we are able to solve along with the customer sooner than later and should not be an ongoing feature forever. The rest as I think we de-lever, you should be able to start seeing some of the reductions that will happen on the interest rate side as well. Having said, so do bear in mind that we still have a 300 million bond payout coming due, which is a 1.8% bond that will be coming due in June. So when you adjust these factors against the current rates, obviously you may still see some rise on a quarter basis. But on an average yield on the debt, you should be able to see a reduction.

**Moderator:** Thank you. Next question is from the line of Aryn Pirani from JP Morgan. Please proceed.

**Aryn Pirani:** Thanks for the opportunity and nice to see the ROCE number on a reported basis also starting to improve. My first question is on the wiring harness business, very strong improvement on EBITDA as well. So first, the clarification is a large part of this driven by PKC and the reason why I ask this is because that business also has a lot of volatility because of the exposure to China. So how should we think about this going forward?

**Pankaj Mital:** Hi, this is Pankaj here. Well, this is all around. So this is the total number of the whole wiring piece, including be it India or PKC or MWSI or other subsidiary companies in the

wiring space. So you would have seen that in the wiring space, yes, there have been improvements because the business was hit in the past with the rising costs and also supply chain issues which have been getting normalised and improvement in the performance all across. PKC does have some business in China. I mean, it is not the largest piece of business because our larger pieces are in Europe and in Americas, but we have seen improvement in China as well from the past. So this is all around, all across improvements which have been done.

**Amyr Pirani:** Just on the impact of the Red Sea, you have mentioned as to how things were looking in 3Q. But I'm guessing they have become more problematic as this quarter has gone by. So just for our understanding, in case freight rates were to move up massively because of this, how does the current arrangement with OEMs work in terms of whether it is borne by you or is it a pass-through? And are there discussions because you're already having a lot of discussions with the OEMs on a lot of cost items. Is this something which is an extra thing or is there a pass through here already incorporated?

**Pankaj Mital:** See, generally, freight costs depending on the different contracts with the customers because if we are procuring something which is directed by the customer, of course it's a pass through whereas if we are delivering certain products to them, in many cases customers have an arrangement where they pick up the products and they pay for the freight. So again, in a way it's a pass-through, but where we deliver, it's our cost and these kinds of things get discussed because we work in a transparent and a trustworthy way with our customers. So these are issues which may not be part of the contract, but they come under discussion. So there are two aspects to it. One is that the cost of the shipping goes up as the routing gets changed and also the lead time of the products which are to be delivered or imported into different geographies, they get impacted which were passing through the Red Sea.

**Vivek Chaand Sehgal:** Just one addition, most of our production is taking place close to where the customer is, so it wouldn't be too much really. Pankaj, if you can elaborate.

**Pankaj Mital:** Most of our business is located in the geographies where the customers are. So that's how we have always operated. So it is just a mention that probably that there are issues which can happen because of the Red Sea, but majority, more than 95% businesses very close to the customer's location. So that doesn't get hampered in that sense. But if it leads to on an overall basis, some issues that as of now, we don't see any issues in businesses which we are doing close to the customers.

**Moderator:** Thank you. Next question is from the line of Jinesh Gandhi from Ambit Capital. Please proceed.

**Jinesh Gandhi:** Hi sir. My question pertains to this clarification on revenues of acquired assets in the quarter of close to Rs. 4,000 crores. This includes Dr. Schneider as well as SAS Auto

and other acquisitions done in second quarter, right? That's for all the assets acquired in the current financial year and not just the assets acquired in 3rd Quarter.

**Kunal Malani:** That is right.

**Jinesh Gandhi:** Got it. And secondly, with respect to this Red Sea issue, so while obviously freight rates and those things will be volatile, but are we seeing any impact of this on our efforts to normalise inventories, which has started to show some results over the last few quarters? Are we seeing that getting impacted?

**Kunal Malani:** Look, Jinesh, right now we are not seeing an impact. I think it is still muted. Having said so, obviously if this becomes very volatile, this is the natural impact of saying, then we have to keep a higher inventory level to take care of any supply chain volatility. But as things stand, we should still be deleveraging on the working capital side.

**Moderator:** Thank you. The next question is from the line of Gunjan Prithyani from Bank of America. Please go ahead.

**Gunjan Prithyani:** I have a couple of questions. Firstly, on the comments that you made around the low-cost debt getting refinanced, I think this is something that you will see a lot playing out through the market where everybody is seeing these refinancing happen now. In that context, are you seeing a lot of opportunities of M&A come up in the market and should we expect this momentum that we've seen in the last year or so on acquisitions from your side that should hold up this year as well?

**Laksh Vaaman Sehgal:** Look, fingers crossed. I mean, we will only do acquisitions which the customers really tell us. But if seeing the trend that is happening, I think what you're seeing is fairly accurate. There should be a lot of opportunities coming our way this year. But like I said, we don't wake up in the morning and try to hunt for companies with issues or something like that. We are patient, we will follow the customer's lead. We only do acquisition on the customer's behest. But yes, it looks like there will be a lot of opportunities coming this year.

**Vivek Chaand Sehgal:** We actually guided them at 36 billion for the end of next year, isn't it? We think she's right because there is going to be a lot of pain in the system.

**Gunjan Prithyani:** Sorry, I missed that number, sir. What is the guidance for?

**Laksh Vaaman Sehgal:** That's a 5-year target, which we had said in 2020 that we would like to be a \$36 billion company. So we are hopeful that we get opportunities to get that this year for the remaining bit that's still there.



**Gunjan Prithyani:** Okay, got it. And if you could also talk about this Lumen acquisition that you did in December, I think it's a very different segment than what we've been doing so far. So some color around that will help. Is it like a new segment that we're looking to scale up?

**Rajat Jain:** My name is Rajat Jain. I'm heading the Vision Systems Vertical. So yes, in a way, you are right that it is an expansion into a new segment. So Australia, as you would know, that there is no automotive manufacturing in Australia anymore, but it's a very thriving market for import of cars and then also for the dealer fitments. So this is a company which works very closely with OEMs and creates the kits for dealer fitments. So as the cars get imported, they are all going through these dealer fitments for side conversion, for tailor fitting, for all the accessorisation that happens. So all of that then is coming as a new addition through this company and then they are also going into the same business in other markets. So they are gradually going into South Africa. They're also going into US, American markets. So it is still a very small setup, but yes, holds a very high promise in the future.

**Gunjan Prithyani:** OK, got it. The second question I had was on the SAS. In your presentation, you talked about onboarding of new customers, start of vertical integration. Can you just update us more on what's happening at SAS? And how should we think about both the revenue ramp up that you all had called out and the margins there, how should they improve factoring that vertical integration is happening? A little bit color around now that the company you've integrated the acquisition into, how you've integrated the acquisition, so some color around that?

**Vivek Chaand Sehgal:** Sure. So just want to add that Lumen's acquisition, almost 30% is wiring harness. Right, Pankaj?

**Pankaj Mital:** Yes, sir. So there are a lot of things which come from the group's strength, which we bring into this acquisition as well.

**Laksh Vaaman Sehgal:** So, I'll just take the SAS question on the strategy side and Kunal maybe will add a little bit onto that for the numbers. Look, SAS was very important for us because they're a real tier 0.5, fully managing all the assembly, all the suppliers and delivering the entire cockpit dashboard for customers in global locations. And I think with our footprint manufacturing capability and our customer spread that allows us to really take a full solution to the customers all the way from designing, manufacturing, assembly and supplying just in time, just in sequence, just in line to the customers for that. So, of course, integration was the first step which has been completed. We are pleased to announce that it's gone exactly as per plan. The customers are also quite happy. There were absolutely zero disruptions in supplying to the customers. On top of that, now we can go to the customers with a complete solution of not just obviously the assembly bit that SAS was doing, but also the manufacturing piece, the design and engineering piece, which complements what we are doing together with SAS. So for the new

quotations, we are going to the customers as one unit, giving them the complete solution to be able to do things that they were probably not able to get from Motherson group in a portfolio and that's what's really exciting, that we can take a larger piece of the manufacturing, engineering, and assembly side, and the customers can focus on what they do best is selling their cars and that's already started to play out. We've already going to customers bidding on new programs. So hopefully that should show color in a couple of years once those programs wins happen and the launches happen, but it's a really exciting moment for us to integrate them and add another level of, let's say, offering to our customers and it's really been welcomed by the market. And like I said, SAS has the opportunity to bring in new customers from the Motherson fold. And our Polymer division has now the capability to deliver the just-in-sequence, just-in-line, complete cockpits like we haven't done before. So that's on the strategy side. On the numbers bit?

**Kunal Malani:** Gunjan, I'm presuming that the numbers are clear. On slide 9, we had highlighted what three acquisitions are delivering. All of them are margin accretive and profitable as it stands in Q3.

**Gunjan Prithyani:** Okay, last question if I can squeeze in on the PKC outlook. Given that there is still the exposure to US and Europe truck cycle, is there anything that we are reading from our customers that things may be slowing down for this year on the truck outlook both in US and Europe?

**Pankaj Mital:** See the outlook which we have is that in Europe, there has been some softening of the demand may happen. But in US, at the moment, the demand is quite strong as it was before. So it continues on a strong footing in that sense as of now.

**Moderator:** Thank you. Next question is from the line of Pramod Amthe from Incred Capital. Please proceed.

**Pramod Amthe:** So following up on the same SAS arguments you put out, considering that it's a large piece of your topline, you have achieved in the first quarter itself 11% margin looks like. Is there any one-off you booked here and what's the runway for margin expansion because this looks to be a margin accretive business now versus when you acquired it?

**Kunal Malani:** So look, SAS was always a profitable business. So I am not sure where that comment is coming from. But having said so, yes, I think we've been happy with the performance of the asset and hopefully as it gets transformed under the Motherson scheme, where we can add a lot more components to it, a lot of customers to it, and also learn from it. I think at an aggregate level, we should be able to synergize very well with the asset. The early stages of vertical integration has already kick-started, so it does augur well to how the asset can play out as we move ahead. Having said so, I think the business has

a degree of volatility that will happen, so I would not suggest to start looking at it on a very quarter-on-quarter basis. I think every business has its own nuances and might be better off to view it over a year period or at a few quarter period rather than just look it at one quarter and build things out. There is no one-off that exists in this quarter. The one-off of Argentina that is part of SAS has anyway been called out separately as you would have seen. When it comes down to the other assets, as I said, it's all margin-accretive. When Dr. Schneider was brought in, we had highlighted that it would be profitable from day one and I think the team has done well to deliver that. We continue to work on it to try and build further synergies on this and hopefully improve the performance from here on. So right now, as it stands all the assets that we have assimilated as on date are all profitable.

**Moderator:** Thank you. Next question is from the line of Basudeb Banerjee from ICICI Securities. Please proceed.

**Basudeb Banerjee:** A few questions for Kunal. First, if I look at Q-o-Q interest also increase of almost Rs. 130 crores – Rs. 140 crores. So out of that, 122 crores because of Argentinian adjustment am I right?

**Kunal Malani:** That is right. A large chunk is driven off the Argentinian piece. The Forex loss is associated with that.

**Basudeb Banerjee:** And the rest minor increase is because of the refinancing higher cost, what you expect?

**Kunal Malani:** That's right. So if you remember, we had a Rs. 2000 crore NCD which has been paid down in September. And the new financing is obviously at a much higher cost. So that's the larger piece of the delta.

**Basudeb Banerjee:** The Argentinian devaluation part is one-off. So that quantum of interest payout won't happen from next quarter onwards?

**Kunal Malani:** That's right. Just to be clear, this is still right now non-cash in nature. It's not that there is any payment of Forex loss that has been realized. It's done on a mark-to-market basis and obviously we are working with the customers to try and find a solution for it. Right now, the Argentinian regulations does not allow us to pay the vendors, so no imports are being allowed to be paid and hence that's the reason why the mark-to-market on the payables is causing this Forex loss.

**Basudeb Banerjee:** Sure. Second clarification again reported EBITDA includes Rs. 69 crores impact of Argentina which is almost 3% of EBITDA. So even this reported 9.2% actually EBITDA should have been 3%-4% higher on an adjusted basis. Am I right?

**Kunal Malani:** That is right.

- Basudeb Banerjee:** Third clarification question, revenue due to recent M&As, as you have mentioned that Q-o-Q increased revenue from M&As, Rs. 3000 odd crores from Rs. 1800 crores to Rs. 4800 crores and correspondingly reported depreciation increases around Rs. 150 crore Q-o-Q. So this rise in the pre-reported Q-o-Q is purely driven by this higher inorganic revenue tripling in P&L or is it....
- Kunal Malani:** I could not understand the latter part, Basudeb.
- Basudeb Banerjee:** Rs. 870 crore of reported depreciation last quarter is now 1000 crore plus. So this whole increase is because of the higher inorganic revenue coming into P&L. Is that the way to look at it?
- Kunal Malani:** That's right. That together with some of the, as you understand, there is the whole PPA accounting, the purchase price accounting where some portions of the acquired assets are depreciated, the intangibles, the customer receipts, the contracts etc. So that piece also enhances the depreciation and amortisation piece.
- Basudeb Banerjee:** So any part of this quarter's the depreciation and amortisation is one-off or it will remain at this level?
- Kunal Malani:** No, there is no one-off. This will continue. What would happen is over let's say 3, 4, 5 years, it's depending upon which other asset and you know what the PPA adjustments are over next 3, 4, 5 years, these will all die down and then it becomes normalized to the book value of the asset, so different assets will follow a different trajectory there. So you may see at an aggregate level some change, but there is no one-off.
- Basudeb Banerjee:** And last question is roughly Rs. 4000 crore of incremental inorganic revenue means just some \$2 billion. So, Yachiyo plus Schneider plus SAS altogether, other small ones, how much one can assume the broader incremental inorganic revenue. Basically, wanted to understand how much is left on the recurring basis to come into your quarterly P&L?
- Kunal Malani:** So if you're asking about the acquisitions which haven't been closed, we have Yachiyo, which is the largest one, which is yet to come in. We have CIRMA, AD Industries and Lumen. I think these are the four which are left. If I remember right, I think altogether would be around about 1.2, 1.3 billion, ya 1.1 odd billion. That's the amount that is yet to come in from the acquired assets. Having said so, among the acquired assets, this time around, for the quarter, the full three months of SAS was there. The full three months of Dr. Schneider was there, which are the two large ones. Saddles etc, I think, all has been now there for a few months. Delta is the only one which is there for just a month or so but that's a much smaller asset.

**Basudeb Banerjee:** Understood, that's great. Will it be right to assume this delta 1.2 billion to trickle down fully in fiscal 2025?

**Kunal Malani:** Yes, for the full year, yes, it will start moving in absolutely. Sure.

**Moderator:** Thank you. Next question is from the line of Vivek from JM Financial, please proceed.

**Vivek:** So my question is on the arrangement with BIEL Crystal. If you can share your thought process around this arrangement and what is the potential that lies ahead of this arrangement? Thank you.

**Laksh Vaaman Sehgal:** Thank you for asking this question, Vaaman here. Look, in the last five year plan, we were very clear that while we will continue to focus on the mobility and the automotive business, we will also look to diversify the business and use our strengths in engineering, manufacturing, where we have other opportunities in other industries. That's why we set up complete teams to look at healthcare, again, manufacturing of products, logistics and as we were building up these teams at aerospace and defense, of course. So as we continue to make progress, and you know there is a big push in Make In India and a lot of new customers are coming in, new industries are growing on the manufacturing side and automotive having very strong reputation and capability in delivering highly engineered products, I think this was an opportunity that came to us for a partner in BIEL to make products in the consumer electronics space. We had a meeting of the minds and a good partnership has been started and we're going to obviously also try to grow in the consumer electronics space. So this will continue to diversify the revenue stream, give us opportunities of growth when perhaps there are difficulties in some other industries, this will continue to grow and bring in additional opportunities for our people.

**Vivek:** Thanks, Vaaman. Any timelines for this arrangement to see a movement in terms of product and customers?

**Laksh Vaaman Sehgal:** Look, we will come back to you. We've just signed the deal with the partner over there. As we start to get into that and start putting in the capacities, we will come back to you and tell you a lot more of what we are doing over there. Currently bound by confidentiality contracts and what we are trying to do, but rest assured it's a very positive development. We feel it's an exciting revenue stream for us coming down in the future and definitely we will already start to show in about this in the new year perhaps in a small way but grow up fast as we are successful as a partnership. So please stay tuned and we'll come back with more color on it once I have more stuff to share.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. V. C. Sehgal for the closing comments.

**Vivek Chaand Sehgal:** Thank you. I think a lot has been said. Vaaman, I give it to you to do the closing comments, please.

**Laksh Vaaman Sehgal:** So, once again, thank everybody for their time to come onto the call and ask all the questions. As always, we are always available to answer any follow-up questions. The contacts are there on the website. Please feel free to reach out to any one of us. We look forward to your continued support. It's been a lot of hard work put in by the teams and this being the last quarter of the year, definitely all the teams are focused on finishing strong and entering into the last year of our 5-year plan. So please stay tuned. A lot of exciting updates coming up and look forward to speaking with all of you in the next quarter. Thank you so much. All the best. Bye-bye.

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

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