



**SONA COMSTAR**

# **Q1 FY22 Earnings Presentation**

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**6 August 2021**

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# Today's Speakers



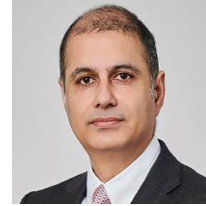
**Mr. V. Vikram Verma**  
*CEO, Driveline Business*



**Mr. Kiran Manohar  
Deshmukh**  
*Group CTO*



**Mr. Sat Mohan Gupta**  
*CEO, Motor Business*



**Mr. Rohit Nanda**  
*Group CFO*



**Mr. Vivek Vikram Singh**  
*MD & Group CEO*

# Contents

Introduction	<b>05</b>
Our Strategic Priorities	<b>13</b>
Q1 FY22 Financial Update	<b>31</b>
Appendix	<b>37</b>



# Introduction

Inside view of our manufacturing plant at Manesar, Haryana

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# One Vision

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To become one of India's most  
**Respected and Valuable**  
**Auto Technology** companies  
for our  
Customers, Employees &  
Shareholders

# Our story so far...

## Phase - 1

- 18 Customers
- 2 Plants
- 1 Product

## Phase - 2

- 22 Customers
- 2 Plants
- 2 Products

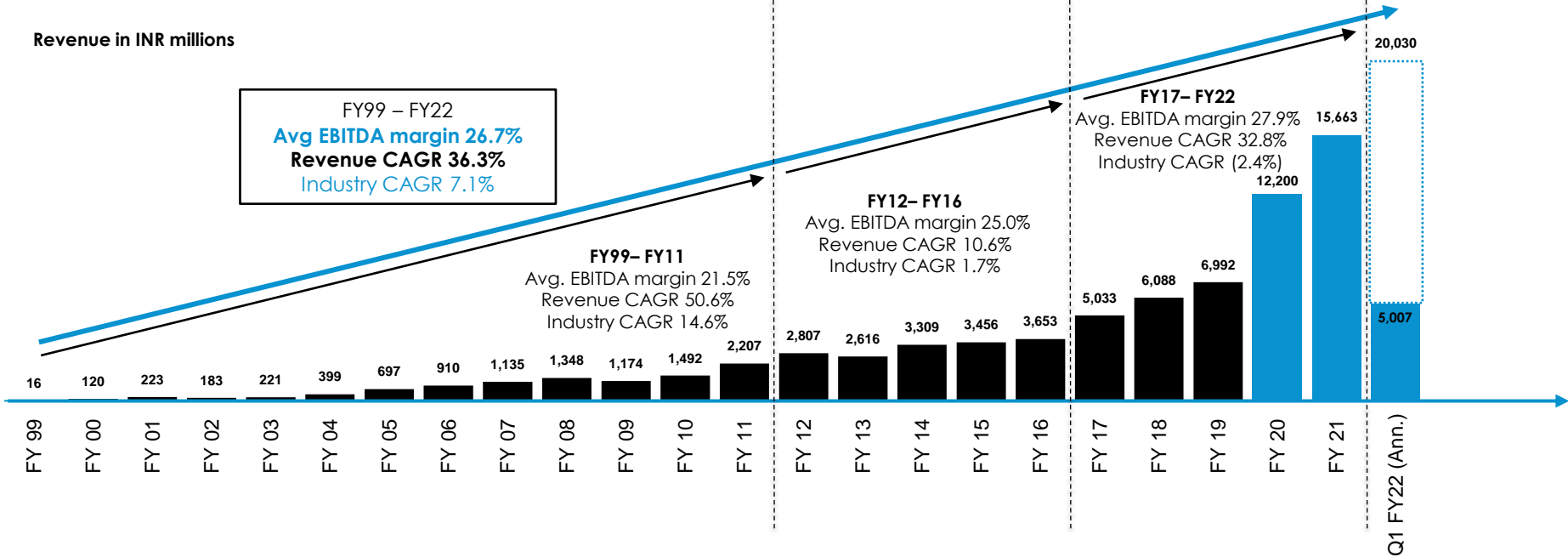
## Phase - 3

- Acquisition of Comstar
- 47 Customers (37+10)
- 8 Plants (4+4)
- 10 Products (5+5)

## Phase - 4

- Started journey as public company

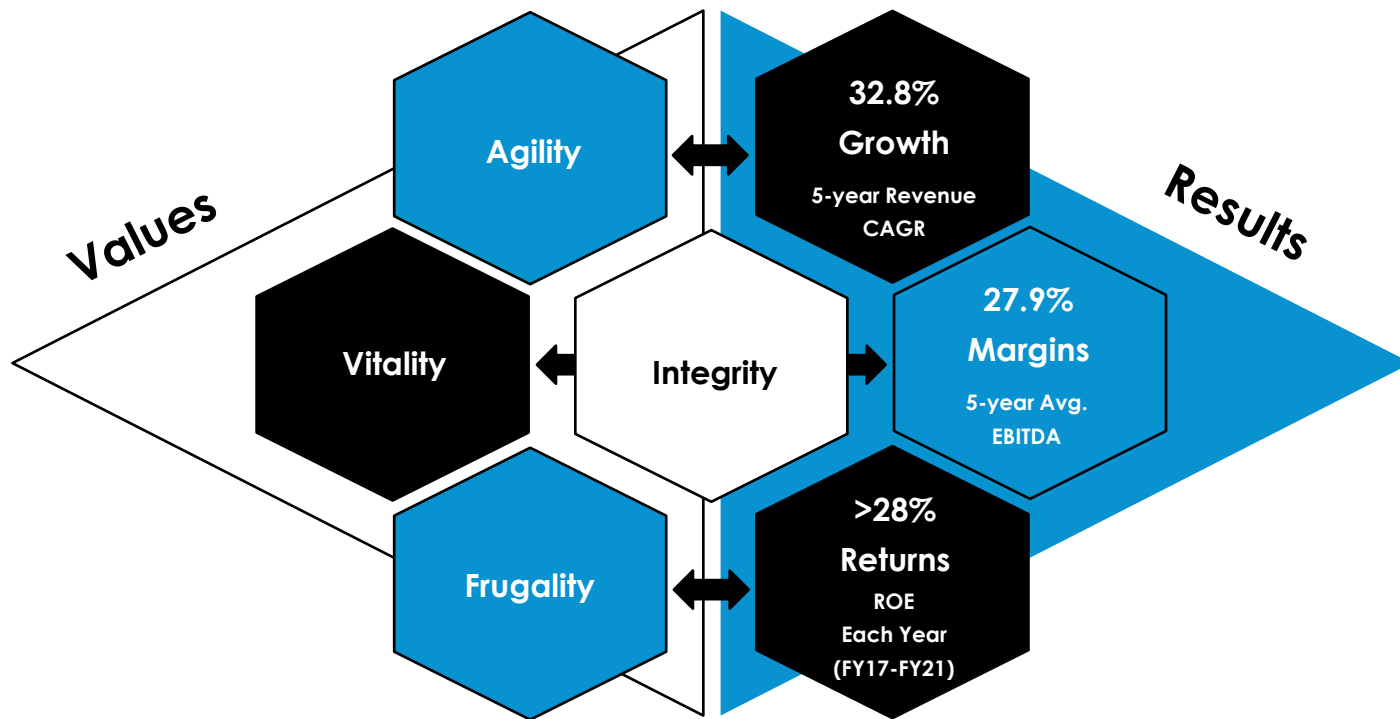
Revenue in INR millions



### Notes:

1. FY20, FY21 and Q1 FY22 include Comstar
2. Industry data source: SIAM

# Guided by Values





# Our Value Proposition

We are one of India's leading automotive technology companies, designing, manufacturing and supplying mission-critical complex systems and components for both **electrified** and non-electrified powertrain segments



# Sizeable and Increasing Presence in EVs

**20%**

Revenue Share from BEV

**967 mn**

Q1 FY22 BEV segment revenue

**33%**

BEV revenue QoQ growth

**1 of every 8**

BEV Differential Assemblies  
sold globally<sup>1</sup>

**17**

BEV Programs awarded across  
10 customers<sup>2</sup>

**36% CAGR**

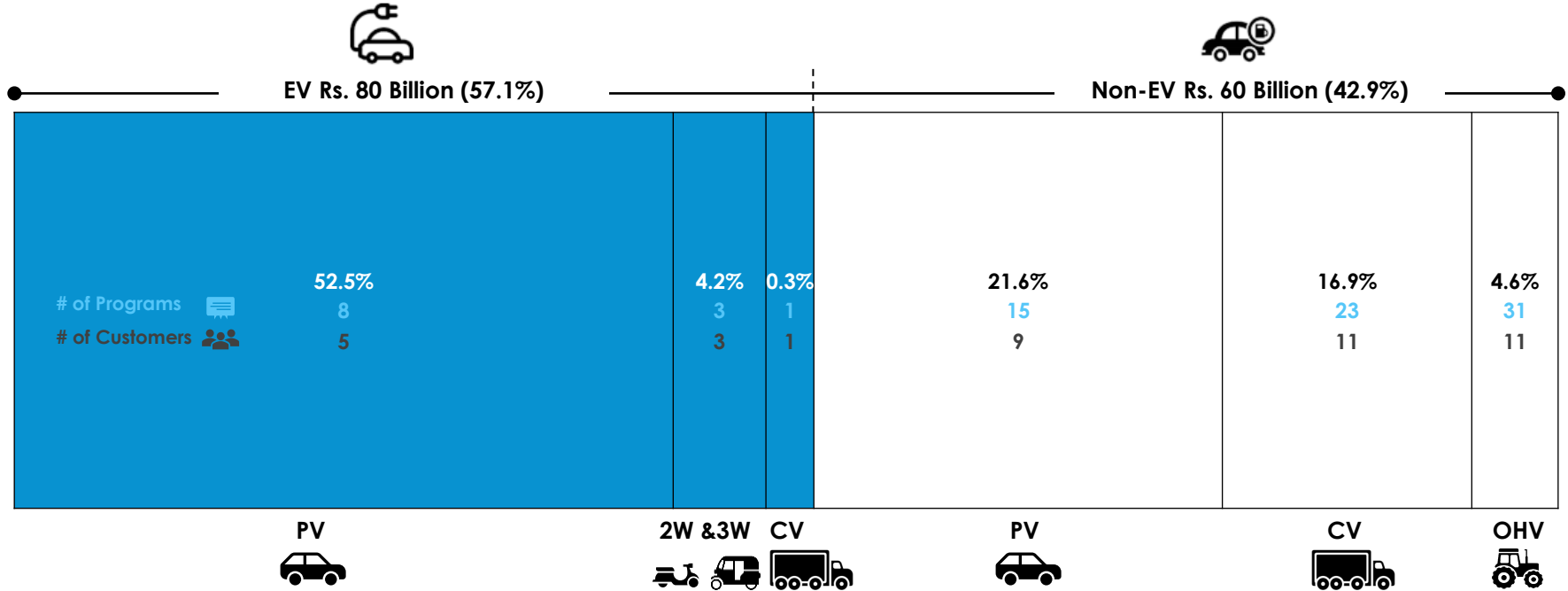
Global BEV Market expected  
growth CY20-CY25<sup>3</sup>

**Notes:**

1. As on H1 CY21
2. Includes programs currently in production as well those which are awarded and yet to commence serial production
3. As per Ricardo report

# Scaled Player with High and Profitable Growth Outlook

Our net order book at Rs. 140 billion is 9.1x FY21 revenue



**Note:** net order book means the aggregate revenue from awarded programs which are either yet to start production or are yet to fully ramp up, in the next 10 years, after adjusting for the negative impact of all programs that are expected to reach end of life or be phased out. We have also applied a discount to accommodate any unforeseen delays or changes in program launches that may happen in the future.

# Best-in-Class Financial Performance: Q1 FY22 Highlights

**5,007 mn | 226%**

Revenue | YoY Growth

**1,387 mn | 27.7%**

EBITDA | Margin

**822 mn | 16.4%**

PAT | Margin

**6.0%**

Global Market Share  
of Differential Gears<sup>1</sup>

**4.6%**

Global Market Share  
of Starter Motors<sup>2</sup>

**35.3%**

RoCE<sup>3</sup>

## Notes:

1. As per Ricardo report
2. Across light vehicles; as per Ricardo report
3. Q1 FY22 annualised



# Our Strategic Priorities

Our net formed differential gears

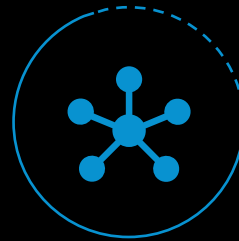
# Our Strategic Priorities



**Electrification**



**Global Market  
Significance**



**Diversification**



**Technology**

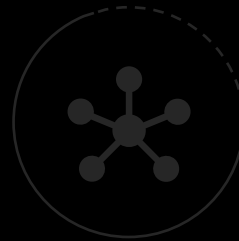
# Our Strategic Priorities



**Electrification**



**Global Market  
Significance**

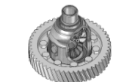
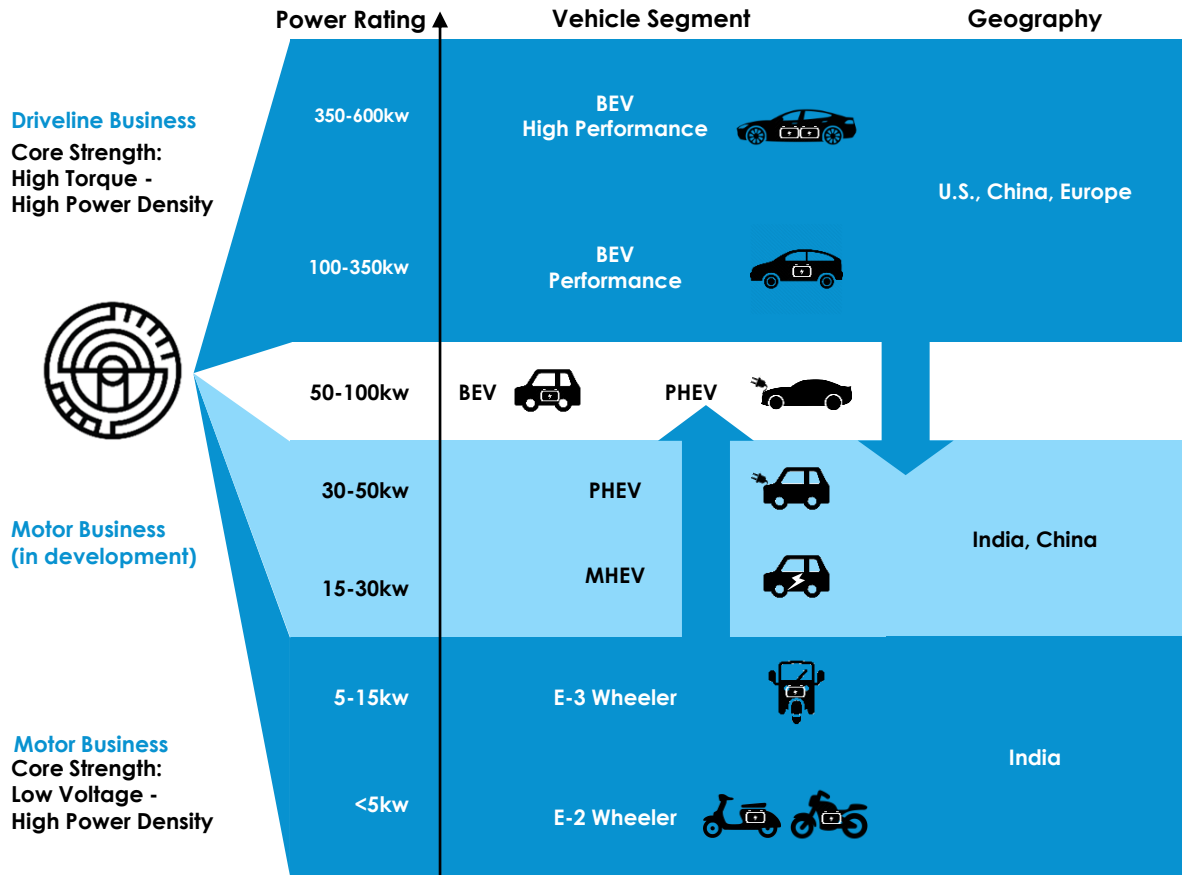


**Diversification**



**Technology**

# Electrification: Our Approach to Market



Final Drive assembly



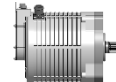
Differential assemblies



Differential gears



BSG



PMSM motors



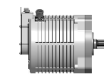
Motor controllers



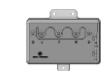
BLDC drive motors



Wheel hub BLDC motor



PMSM motors



Motor controllers



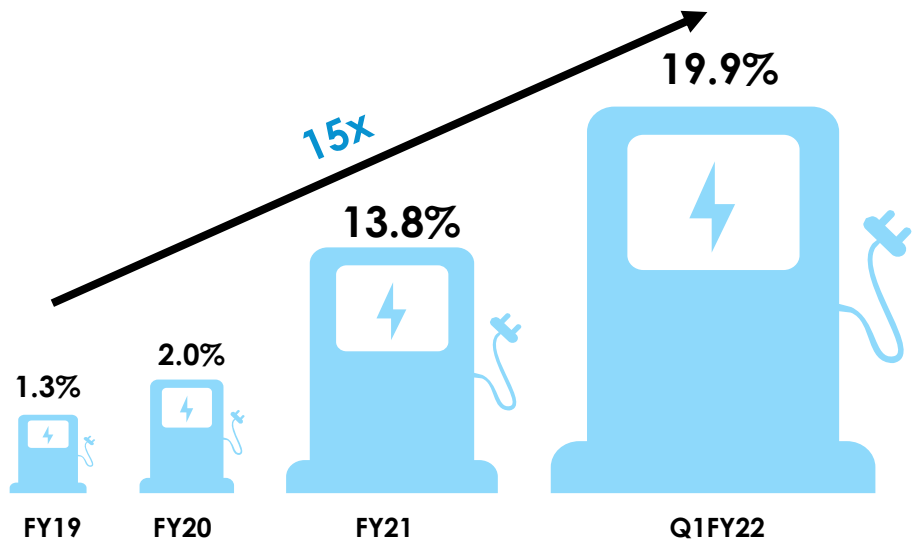
e-Axle



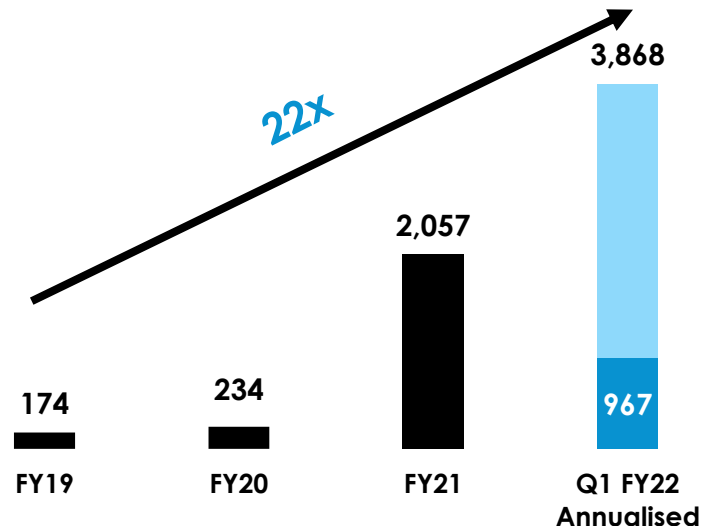
# Revenue share from BEV has grown 15x over 3 years, with absolute BEV revenue growth at 22x



### Revenue from BEV (%)



### BEV Segment Revenue (Rs. mn)



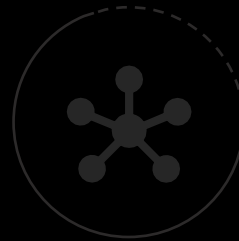
# Our Strategic Priorities



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Technology

# Our Global market share continues to increase across Differential Gears & Starter Motors



## Differential Gears<sup>1</sup>

CY19 4.5%

CY20 5.0%

H1 CY21 6.0%

## Starter Motors<sup>1</sup>

CY19 2.5%

CY20 3.0%

H1 CY21 4.6%

While we continue to dominate the Indian market for Differential Gears

### Passenger Vehicles



55-60%<sup>2</sup>

### Commercial Vehicles



80-90%<sup>2</sup>

### Tractors



75-85%<sup>2</sup>

#### Notes:

1. As per Ricardo report; starter motor market share across light vehicles
2. As per CRISIL report

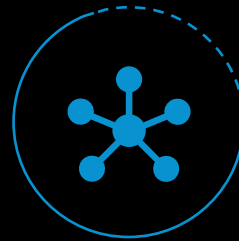
# Our Strategic Priorities



Electrification



Global Market  
Significance



Diversification



Technology

## Well diversified across categories

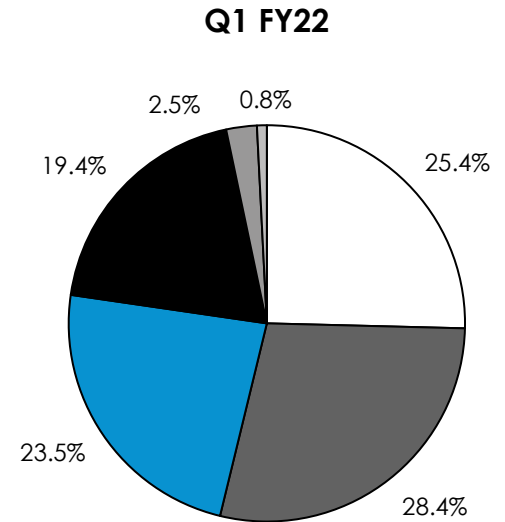
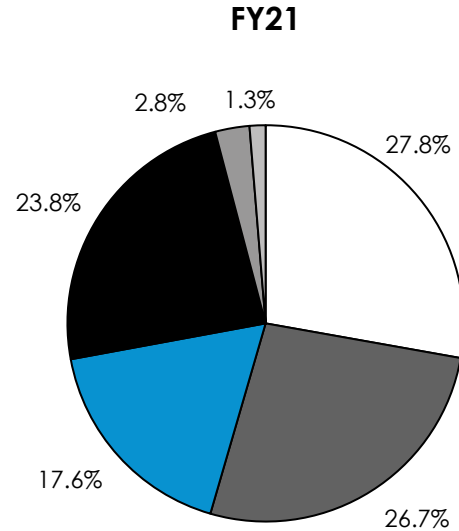
Products, Powertrain, Geographies, and Vehicle segments



# Diversified revenue mix – Product wise

Our journey from components to sub-systems in driveline is proceeding well with revenue share of differential assemblies increasing from 5.6% in FY20 to 23.5% in Q1 FY22

Our traditional ICE starter motor dependence has reduced with the revenue share declining from 39.5% in FY18 to 19.4% in Q1 FY22



- Differential Gears
- Differential Assembly
- Others Gears

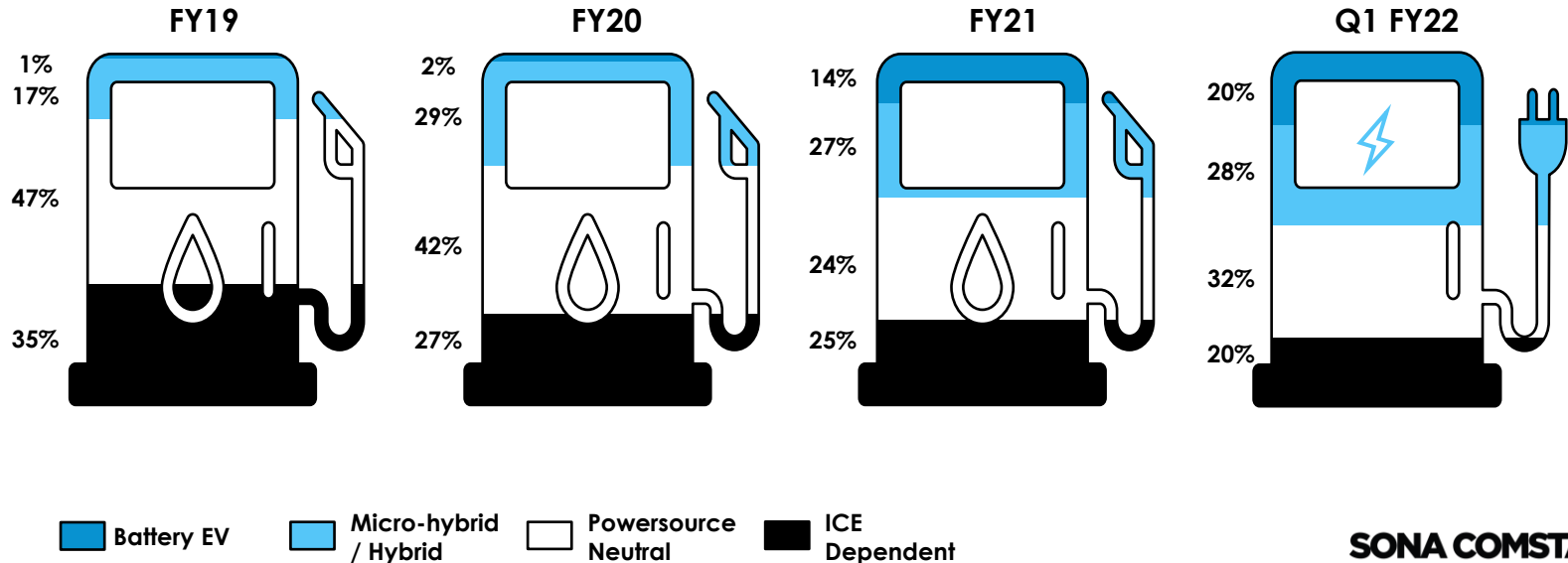
- Micro-Hybrid Starter Motors
- Conventional Starter Motors
- Others



# Diversified revenue mix – Powertrain wise

Battery EV increasing as a % of our revenue continues to be our dominant and secular theme

Our pure ICE dependence continues to reduce steadily going from 25.1% in FY21 to 20.0% in Q1 FY22



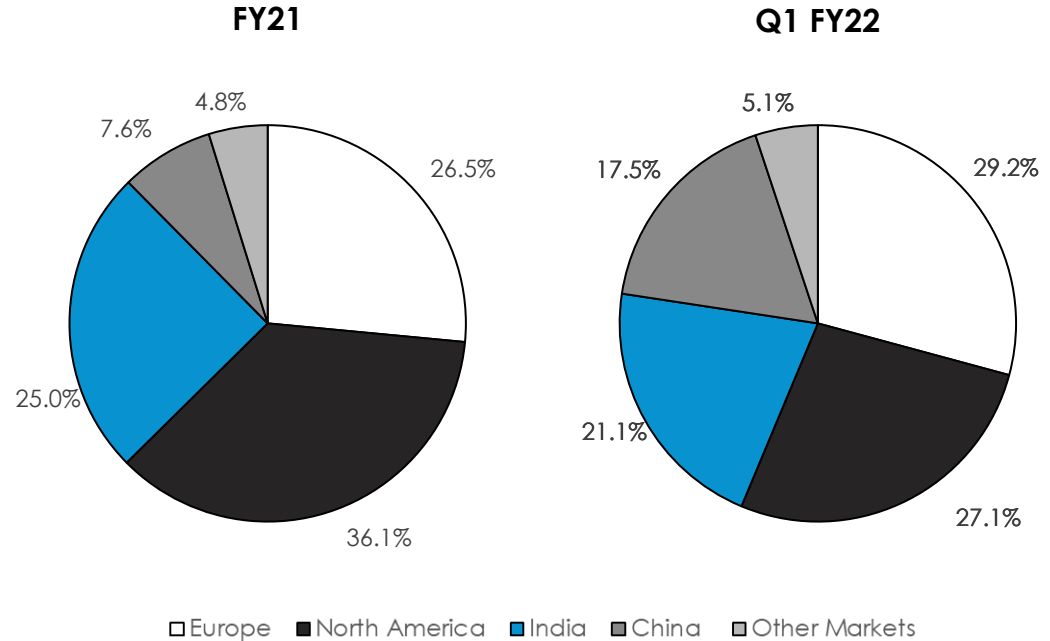


# Diversified revenue mix – Geography wise

Our efforts to increase revenue share from China and Europe are showing visible results, however it is more pronounced this quarter since

- 1) Chip shortage has impacted our US customers relatively much more than in other geographies and
- 2) Second wave of Covid has caused a disproportionate temporary demand reduction in India

We will continue strengthening our business development efforts in China as it is the world's largest and also the most EV centric car market

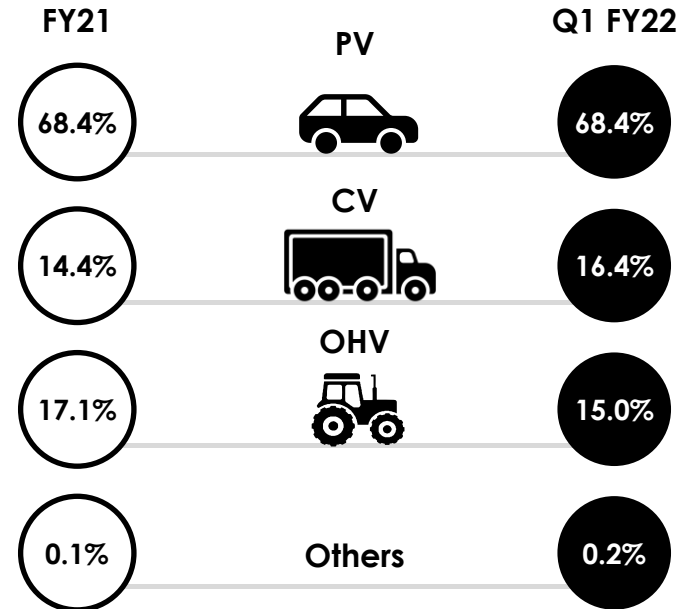


# Diversified revenue mix – Vehicle segment wise



Our diversification across vehicle segments is a source of great strength

Recovery in domestic CV demand, when it revives, will provide an additional lever for growth in the medium term





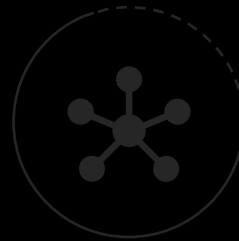
# Our Strategic Priorities



Electrification



Global Market  
Significance



Diversification



Technology



# The Two Revolutions in Mobility

## Convenience

- Horses needed time to prepare
- Space for stable

## Safety

- Frightened and out-of-control horse could create havoc
- Overturning of carriages used to be common

## Convenience

- Need for more personal time
- Mobility as an end rather than a means

## Safety

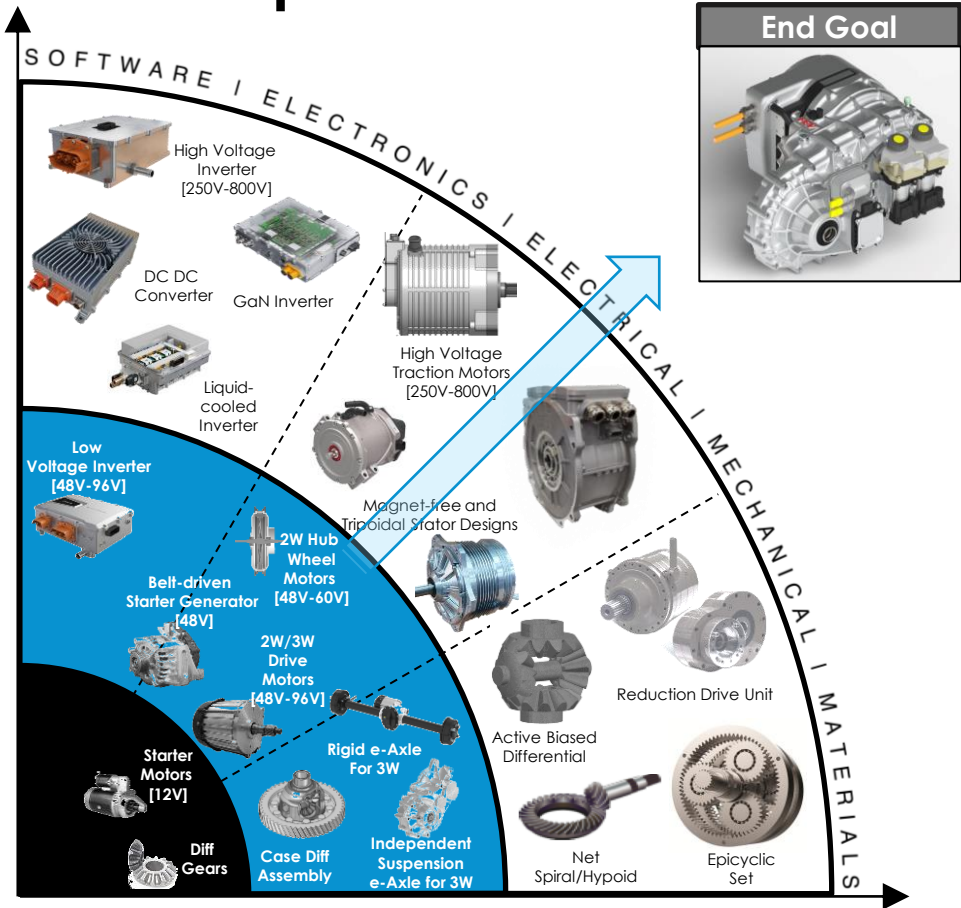
- Per capita deaths due to road traffic have remained stagnant for over two decades



# Technology Roadmap



- Future Products
- Current Products
- Legacy Products



**Integrated System**  
**[Mix and match components;**  
**Family of P4 e-Axle Units]**

*Note: The product images shown are for illustration purposes only and may not be an exact representation of the products.*

# Development of Magnet-less Motors with IRP of Israel

Creating an #AatmaNirbharBharat Story



- **Target:** Powertrain system of 2W/3W EVs for the global markets.
- **USP:** Drive motor without permanent magnets.
- **Rights:** Exclusive rights to manufacture the system in India.

**The absence of rare earth magnets in motors will give the Company:**

1. Supply security: World's 95% of rare earth metals and 75% of neodymium magnets come from China.
2. Cost reduction: Neodymium magnets constitute over 25% of the total material cost. These prices fluctuate abnormally due to the dynamic geopolitical situations.
3. Recyclability of its products: Less than 1% of world's permanent magnets are recycled.

# Our commitment towards ESG will continue increasing

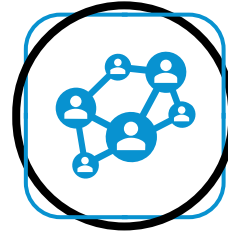
We are defining an ESG framework with Deloitte and will commence formal reporting next year

## Environmental



- We have built strong in-house capabilities to deliver evolving green technologies for future mobility
- 20% of our revenue is from Battery EV - a segment which has been contributing immensely to decreasing CO<sub>2</sub> emissions
- 3% of power used in our plants is generated from solar panels installed in our factories
- We are a zero-water-discharge company and 100% of the water used in our plants is recycled and reused
- 90% of steel procured in our Driveline business as the input raw material is produced from scrap and recycled material

## Social



- Partnered with IIM Ahmedabad to build new incubation space for innovators/entrepreneurs and provide mentorship to early-stage start-ups developing innovative solutions for Industry 4.0 Tech, Agri-Tech, Clean Tech and Civic Tech
- Launched an innovative mobility program with IIT Delhi to drive safe and green mobility
- Partnered with CERCA (IIT Delhi) for promoting clean air initiatives

## Governance



- Focused on sustaining high standards of corporate governance to protect interests of all stakeholders
- Comprehensive policies in place and periodic reviews undertaken to ensure that standards are adhered to
- Diverse Board with distinguished and accomplished members with rich experience in their fields

# During the deadliest phase of Covid, our foremost priority has been to ensure the health & safety of our employees & the community



## Free Vaccination

We provided free vaccination for all permanent and contractual employees as well as their family members

**100% of all eligible employees are vaccinated**



## Medical equipment

We supplied 20 ventilators (BiPAPs) and 6 oxygen concentrators to hospitals in proximity to our facilities

We are also building a pediatric ICU in collaboration with a hospital



## Food distribution

We distributed 1,000,000+ meals to the needy during the pandemic



## Support

We extended our support to not just our employees but also their families

We provided special Covid insurance cover and setup a task force to help with hospital beds, medicines and ambulance support



# Q1 FY22 Financial Update

Our armature used in starter motors

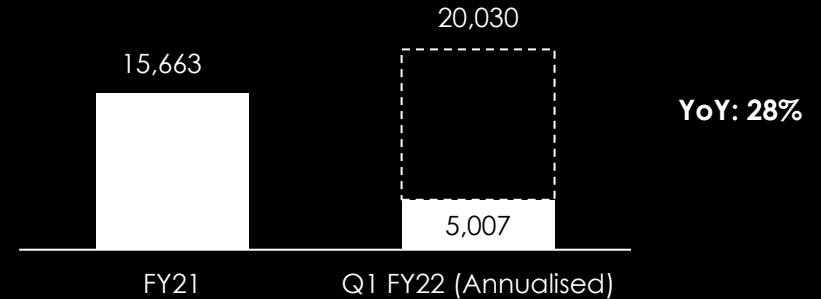
# Q1 FY22 Financial Update

## Revenue (Rs. million)

- Q1 FY22 revenue higher by 226% YoY due to:
  - Growth of 565% in EV revenue
  - Lockdown impact in the comparable quarter last year



- Q1 FY22 annualised revenue higher by 28% over full year revenue for FY21

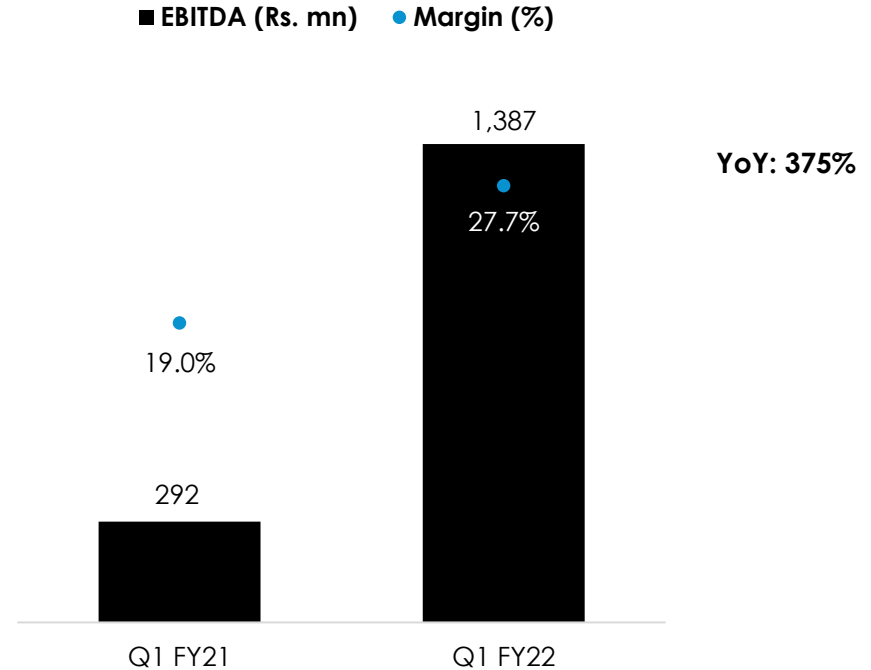




# Q1 FY22 Financial Update

## Earnings Before Interest, Tax, Depreciation and Amortizations (EBITDA)

- Q1 FY22 EBITDA higher by 375% YoY due to:
  - Growth of 565% in EV revenue
  - Lockdown impact in comparable quarter last year
- EBITDA margin also improved YoY from 19.0% to 27.7% in Q1 FY22 due to:
  - Better product mix
  - Operating leverage



# Q1 FY22 Financial Update

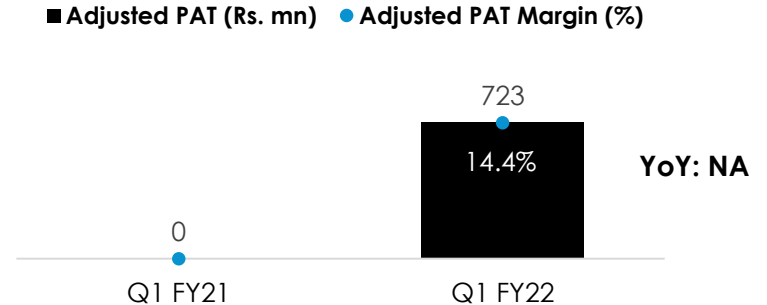
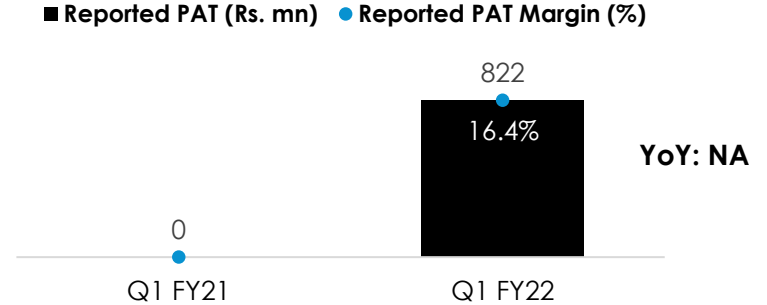
## Profit After Tax (PAT)

### Reported PAT

- Q1 FY22 PAT higher at Rs. 822 mn compared to nil in comparable quarter last year because of lockdown impact
- In Q1 FY22 there is Rs. 132 mn of exceptional gain related to reversal of IPO related expenses

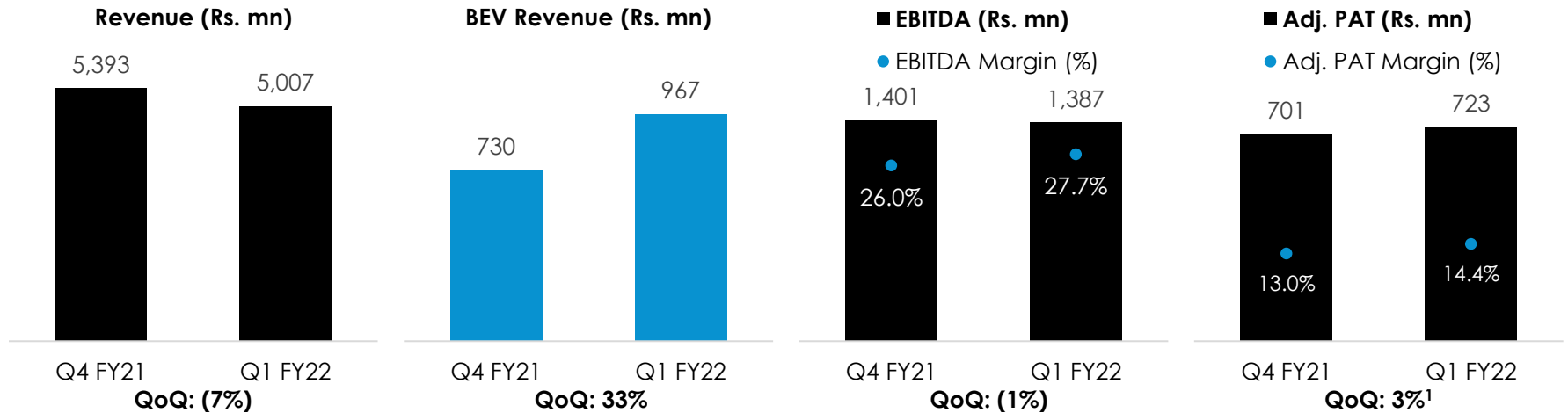
### Adjusted PAT

- Q1 FY22 adjusted PAT higher at Rs. 723 mn compared to nil in comparable quarter last year because of lockdown impact



# Q1 FY22 Financial Update

## Q4 FY21 Vs. Q1 FY22



- Q1 FY22 Revenue lower by 7% QoQ
  - BEV Revenue higher by 33%
  - India revenue lower by 24% due to Covid impact
  - North America revenue down by 11% due to semi-conductor chip shortage
  - Europe, China and other geographies revenue higher by 5%

- Q1 FY22 EBITDA margin higher at 27.7% due to product mix
- Q1 FY22 absolute EBITDA lower by 1% QoQ due to lower revenue

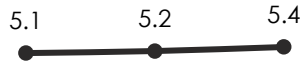
- Q1 FY22 adj. PAT margin higher at 14.4% due to product mix
- In Q4 FY21 there is an exceptional expense of Rs. 139 mn related to IPO and in Q1 FY22 Rs. 132 mn of the same got reversed as exceptional income

1) 38% QoQ growth in Reported PAT

# Q1 FY22 Financial Update

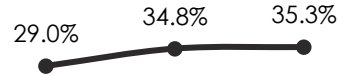
## Key Ratios

**VA/Employee cost**



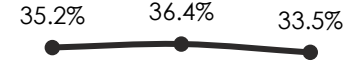
FY20 FY21 Q1 FY22

**RoCE (%)**



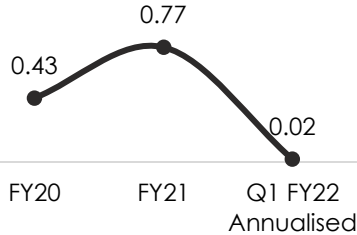
FY20 FY21 Q1 FY22  
Annualised

**RoE (%)**



FY20 FY21 Q1 FY22  
Annualised

**Net Debt to EBITDA**



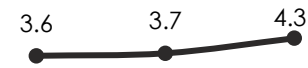
FY20 FY21 Q1 FY22  
Annualised

**Working Capital Turnover**



FY20 FY21 Q1 FY22  
Annualised

**Fixed Asset Turnover**



FY20 FY21 Q1 FY22  
Annualised

**Note:**

- 1) VA/Employee Cost = Material margin/ (Employee cost + Manpower cost on hiring)
- 2) ROCE = EBIT/ Closing tangible capital employed
- 3) ROE = Reported PAT/ Closing tangible net worth
- 4) Net Debt = Short-term & long-term debt less Cash & bank balances
- 5) Working Capital Turnover = Revenue/ Closing net working capital
- 6) Fixed asset turnover = Revenue/ (Tangible net block + CWIP)
- 7) FY20 numbers are based on pro-forma financials

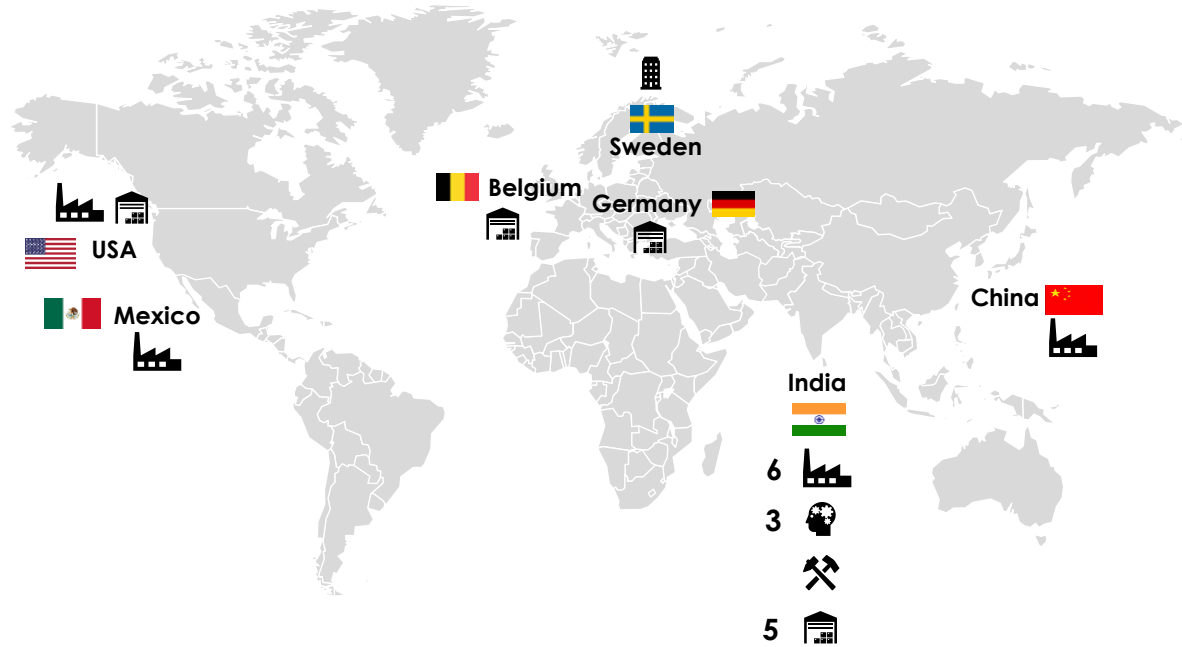
# Appendix

The image shows a clean, well-lit industrial workshop. In the foreground on the left, a large, white, cylindrical machine with a dark window is partially visible. In the center and background, there are several large, dark-colored industrial machines, likely CNC mills or lathes, each equipped with a control panel and a monitor. The floor is light-colored with yellow safety lines. The ceiling has a grid of recessed square lights. The overall atmosphere is professional and high-tech.

State-of-the-art in-house tool and die shop at Gurugram, Haryana

# Established Global Presence to Serve Customers Locally

-  6 of the world's top 10 PV OEMs
-  3 of the world's top 10 CV OEMs
-  7 of the world's top 8 tractor OEMs



**9**   
Manufacturing Plant

**3**   
R&D Centre

**1**   
Tool & Die Shop

**8**   
Warehouse

**1**   
Sales Office

**6**   
**3**   
  
**5** 

# Q&A

Net formed differential gears coming out of our forging press





**Thank you**

Our final drive gears