Ref. No.: Z-IV/R-39/D-2/NSE/207 & 174
Date: 13/02/2024

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NSE Scrip: UNOMINDA	**BSE Scrip: 532539**

Sub: Transcript of the Earnings Conference Call held on Wednesday, February 07, 2024 on the Unaudited Financial Results for the Q-3 and Nine Months ended on December 31, 2023

Dear Sir(s),

Pursuant to **Regulation 30** of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call held on Wednesday, February 07, 2024 on the Un-audited Financial Results of the company for the Quarter and Nine Months ended on December 31, 2023.

A copy of the said transcript is also uploaded on the website of the Company www.unominda.com.

Please take the same on records.

Thanking you.

Yours faithfully,
For Uno Minda Limited
(Formerly known as Minda Industries Limited)

TKRivastava

Uno Minda Limited

Tarun Kumar Srivastava
Digitally signed by Tarun Kumar Srivastava
Date: 2024.02.13 20:52:03 +05'30'

Tarun Kumar Srivastava
Company Secretary & Compliance Officer
Encl: As above.

"Uno Minda Limited

Q3 and 9M FY24 Earnings Conference Call"

February 07, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 7th February 2024 will prevail.

Management:
Mr. Sunil Bohra – Group Chief Financial Officer
Mr. Ankur Modi – Head Corporate Finance and Communication

Moderator: Ladies and gentlemen, good day, and welcome to the Uno Minda Limited Q3 and Nine Months FY24 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 the 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 the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

Now I hand the conference over to Mr. Sunil Bohra, Group Chief Financial Officer. Thank you, and over to you, sir.

Sunil Bohra: Thanks, Zico. Good evening, everyone, and a warm welcome to all the participants. On the earnings call today, I'm joined by my colleague, Ankur Modi. We have uploaded our financial results and investor presentation for Q3 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 Q3 and nine months FY24. Post that, we will open the floor for Q&A.

Against the backdrop of global economic uncertainty, the Indian economy remains resilient. A significant catalyst for India's growth has been its strategic focus on developing niche and complex manufacturing sectors. Notably, in January of '24, India's manufacturing index surged to 56.9% from 54.9% in December '23, marking the strongest growth in the factory sector in four months.

Moreover, the growth of India's GDP has exceeded expectations, driven by robust consumption demand, increased public investment and a strong government emphasis on infrastructure development. Government policies, including the PLI scheme aimed at employment generation, a concerted push for the accelerated adoption of green mobility, shifting customer needs towards premiumization and a strong emphasis on infrastructure development have played pivotal roles in volume growth in the sector.

Speaking of the auto industry performance for this quarter, domestically the volumes grew by 16% on a year-on-year basis in Q3 FY24, driven by positive demand across all categories, while volumes were marginally down quarter-on-quarter basis, which is somewhat expected as Q3 typically sees a dip in production and sales due to the festive season and due to annual maintenance shutdowns and consumers delaying purchases until the new calendar year.

In the PV segment, SUV saw a strong demand. Production volumes for passenger vehicles for quarter three FY24 stood at 11.41 lakhs, reflecting a year-over-year growth of 5%. Notably, a significant milestone was achieved during the quarter with passenger vehicle segment registering its highest-ever sales in November reaching 3.34 lakh units. This surge in demand was driven by festive season demand, year-end promotions and new product launches.

The 2-wheeler segment staged a noteworthy rebound in the last quarter, driven by festive demand. This growth momentum persisted in the quarter ending December '23, with production volumes for Q3, reaching 54.8 lakh units, reflecting a robust year-on-year growth of approximately 19%.

The surge in demand was attributed to various factors, including festive demand, heightened rural sentiments, the wedding season, increased marketing efforts by OEMs and anticipation of price hikes in January '24. Continued with the growth momentum, the 2-wheeler volumes in last two months, that is, December and January have shown significant growth of over 20%.

On the CV front, the production volume for the quarter ended December '23 stood at 2.5 lakh units as compared to 2.37 lakh units in the same quarter last year. This demand is primarily fueled by heightened industrial activity and ongoing infrastructure development initiatives. With healthy order bookings and a positive market sentiment prevailing, the growth trajectory for this segment remains strong.

With increasing reliance on the renewable and clean mobility, the shift to EV is catching pace. For the third quarter of this fiscal year, total EV registrations stood at 4 lakhs when compared with 3.7 lakhs in Q2 of the fiscal year. Despite the sharp slashing of FAME II subsidy in June, electric 2-wheeler sales have rallied back to 2.43 lakhs in Q3 FY24, registering 34% growth quarter-on-quarter at the same time achieving highest quarterly sales. While government slashed subsidies under the FAME II scheme, it also significantly increased the allocation for the PLI scheme.

The PLI scheme received a major boost with its budget allocation jumping from INR 438 crores in FY23 to a whopping INR 3,500 crores in FY25. This indicates a strong focus on domestic EV manufacturing. The government has finally extended the PLI scheme period since industry was not able to utilize the PLI funds in FY23 due to various operational reasons. Now it will be applicable from FY24 to FY28, offering a longer window for manufacturers to benefit.

In a separate move aimed at boosting domestic production and protecting local manufacturers from dumping of cheaper import products, the government extended antidumping duty on alloy wheel imports from China to protect domestic industry.

Coming to financial and operational performance, you can refer to Slide 7 and 8 of the presentation.

At a consolidated level, revenue from operations for the quarter ending December '23 increased by 21% year-on-year to INR 3,523 crores from INR 2,915 crores in Q3 of FY23. This is attributed to the company's strategic focus on multiple areas. I'll try and list out some of these key areas. First, expansion of capacities and capabilities wherein the company has been actively investing and expanding its production capacities and technological capabilities to cater to growing demand for its products. Second, market share expansion, wherein Uno Minda has successfully captured a larger market share across various segments solidifying its position as a leading automotive component supplier.

Third, enhanced kit value and complete system solutions wherein the company has been able to offer more comprehensive solutions to its customers, leading to an increase in average value per unit sold. Fourth, focus on exports to support the vision of stronger vertical growth in existing businesses.

As you would note, the growth was evident across all product lines with particularly strong performances from EV products, lighting, switch, sensors, controllers and alloy wheel business.

EBITDA for the quarter reached INR 380 crores, reflecting a 12% year-on-year improvement from INR 338 crores. EBITDA margin for the quarter stood at 10.8%.

We are on track to deliver on our stated guidance of full year EBITDA margins at around 11%. Finance costs have increased to INR 29 crores in comparison to corresponding quarter last year on account of incremental borrowings for capex and working capital. The share of profit loss of associate, joint ventures for Q3 jumped to INR 44 crores against INR 25 crores in Q3 of last year as some of our JVs like Denso Ten, Roki, TG, etcetera, witnessed strong growth. The profit after tax, which is Uno Minda's share for the quarter was at INR 193 crores as against INR 162 crores in Q3 registering a growth of 19.4%.

Moving to financials for nine months. We have achieved consolidated revenues of INR 10,237 crores for the nine months ending December, registering a growth of 23% on a year-on-year basis. The EBITDA for the period grew by 20% at INR 1,111 crores, registering EBITDA margin of 10.9%. The profit after tax, which is Uno Minda's share for the period was at INR 591 crores as against INR 471 crores in the corresponding period last year, reporting a growth of 26%.

Moving to the business segment-wise performance, starting with switches, you can refer to slide number 12. Our Switching Systems segment performed exceptionally generating INR 928 crores in revenue for Q3, representing a significant 26% of our consolidated revenues. This growth can be attributed to key factors.

Firstly, smarter switches and increased penetration wherein we witnessed a rise in kit value driven by adoption of smarter switches and increased number of switches per vehicle. Secondly, strategic expansion and market capture, having successfully expanded our reach by securing business from previously less-served customers, further solidifying our market position.

Additionally, exports in the 2-wheeler segment emerged as a major growth driver, signifying our global competitiveness. Looking ahead, we are excited about the recent commissioning lines of our four-wheeler switch plant in Chennai, which is ramping up production steadily. Lighting, moving to the lighting business, it continues to be a beacon of growth for Uno Minda, generating impressive revenues of INR 852 crores in Q3, representing significant 24% contribution to our consolidated revenues. This success is driven by our relentless pursuit of innovative lighting solutions that empower OEMs to differentiate their offerings in the marketplace.

Following strategic order wins secured over the past two years, we are witnessing the gradual commencement of production which is significantly propelling the growth trajectory of the lighting businesses, particularly in the 4-wheeler segment. We anticipate this positive momentum to continue, fuelled by an increase in kit value and continuous expansion of our market share.

Moving to casting business. We've delivered robust revenues of INR 686 crores in Q3, accounting for substantial 20% of our consolidated revenues. This year-on-year growth is primarily driven by the 2-wheeler alloy wheel segment, which successfully commissioned all lines related to 2 million capacity expansion. This expansion brings the total installed capacity for 2-wheeler alloy wheels an impressive 5.4 to 6 million units per year, depending on the weight of the wheel. The casting revenues have declined quarter-on-quarter driven by PV industry volume drop as well as a reduction in the aluminium prices.

While the plant's 60,000 capacity expansion portfolio alloy wheel at Bawal, Haryana is facing delay due to land acquisition. We have proactively accommodated an additional 30,000 capacity within the existing available land. This new capacity is expected to be operational in H2 FY25. We are actively pursuing the necessary approvals from authorities for the remaining expansion.

Moving to the Seating business, you can refer to Slide 13. our seating business, a key contributor to our overall performance generated at INR 274 crores in revenue for Q3 FY24, representing 8% of our consolidated revenues. This segment has witnessed consistent growth through strategic customer acquisitions in both 2-wheeler and off-road segments.

Exports have also played a crucial role in driving this growth trajectory. In the last few quarters, we won orders from at least three new-age EV 2-wheeler OEMs and 1 incumbent 2-wheeler OEM. We have become a global supplier of American commercial vehicle and heavy equipment manufacturer.

Looking ahead, we anticipate the seating business to maintain a healthy growth momentum fuelled by new order confirmations and the upcoming execution of new orders. This provides a significant opportunity for further expansion and market penetration.

Moving to acoustic business. This segment generated INR 202 crores of revenue in Q3, representing a stable 6% contribution to our consolidated revenues, while the Indian business continues to demonstrate encouraging growth.

The European subsidiary Clarton Horn continues to experience volume headwinds compared to the pre-pandemic levels, impacting overall margins.

Moving to other product businesses, which have achieved revenues of INR 580-odd crores for Q3 FY24 contributing 16% of overall top line. The growth in other product business is mainly on account of EV products, controllers, sensors and blow and injection moulding business.

Our controller business has experienced a remarkable growth in recent years, nearly doubling its revenue in Q3 FY24 compared to the same period last year. This momentum is expected to continue with new orders for wireless charges from 4-wheeler OEMs secured in the current quarter.

Moving to Slide number 14 and 15 to our aftermarket and international revenue slide, in terms of our revenue pie for the quarter ended December '23, OEM business accounted for 92% and aftermarket accounted for 8%. Our aftermarket division's revenues stood at INR 273 crores during the quarter.

Our international sales currently represent approximately 14% of total revenues, demonstrating steady growth in this segment, while the international market holds strategic importance for our future expenses, it is worth noting that our domestic business has been experiencing more pronounced growth.

Moving to Slide 15 and 16. Revenues from EV 2-wheeler OEMs increased to INR 164 crores in Q3 as against INR 143 crores in last quarter. We witnessed growth in EV specific as well as traditional product sales to 2-wheeler EV OEM. The revenues from EV 2-wheeler OEM is expected to continue to increase with SOP of various orders.

During the quarter, we have received new orders having annual peak revenue of around INR 250 crores from EV OEMs. Out of this, INR 200 crores pertains to EV-specific products comprising of off-board chargers, motors and motor controllers. Notable orders include off-board charges from 3-wheeler OEMs, EV motors orders from two more new-age EV OEMs. Uno Minda in JV with Buehler Motors have high-quality electric drive technology. Capitalizing on the same, we have now further diversified our customer orders. We are confident that with our cutting-edge technology and years of expertise, we will continue to win more orders and help in establishing our market leadership.

Moving to cash flow and debt levels. Our net debt as of December 31 was at INR 1,296 crores compared to INR 1,078 crores as of March 31, '23. The net debt has increased primarily on account of land bank at Pune and Hosur of around INR 140 crores, while sustaining and growth capex has been financed largely from business cash flows. Our net debt to equity as of 31st December stands healthy at 0.26. We have achieved ROCE of 18.9%, which is annualizing profits of nine months of '24.

Kindly note that capital employed considered for calculation includes the capex for land bank as well as CWIP which is currently not generating returns. ROCE would be around 19.3% if we were to exclude only the strategic land bank.

Our annualized return on equity for nine months of FY24 stood at 17.9%.

The Board has also approved and declared interim dividend of INR 0.65 per share, which is 32.5% of face value, reflecting commitment from the company to return value to shareholders on a consistent basis. The interim dividend for FY24 is 30% higher as compared to last year's interim dividend.

Moving to Slide 18 on the strategic business update. We would like to inform you that merger of Minda iConnect with Uno Minda Limited has been completed. Last quarter, we had informed the merger of Minda TG Rubber Pvt. Limited with TG Minda was also completed. With respect to merger of Kosei entity with Uno Minda, we had received NOC from exchanges and had filed the scheme with NCLT. NCLT in its hearing has reserved the order for convening the meeting of shareholder of Uno Minda Limited and that of unsecured creditors.

We expect that it will take around four to five months for merger process to get completed. In terms of our land bank acquisition strategy, Uno Minda has been proactively securing land parcels in all major auto hubs to be ready to meet the growing demand from OEMs. Uno Minda had acquired 86 acres of land at Khed City Industrial Park, Pune and is in process of acquiring 37 acres of land parcel in Krishnagiri district, Tamil Nadu.

We are also at very advanced stage for getting allotment of plant of around 95 acres in North upcoming auto hub. This strategy offers multiple advantages, a couple of them being -- Uno Minda can avoid delays associated with land acquisition by having readily available land, enabling quicker response to growth opportunities. Second, larger plots allow building bigger plants and consolidating existing ones, leading to improved operational management and economics of scale.

Moving to some recognitions and accolades on Slide 20. At Uno Minda, we strive to be leaders in three key areas, pioneering technology, fostering entrepreneurship and fulfilling our social responsibility. Our dedication to these values has recently been recognized with prestigious awards. For the second year in a row, the CII has recognized Uno Minda as Top 50 innovative company, acknowledging our ground-breaking work in automotive technologies.

This achievement reinforces our commitment to pushing boundaries and developing solutions that drive the future of the industry. Furthermore, Mr. Nirmal Minda, our Chairman and Managing Director, has been awarded by the esteemed Hurun India self-made Entrepreneur of the year 2023. This award recognizes his inspiring leadership and vision, which have guided Uno Minda to its current success.

Uno Minda has also been recognized as great place to work by Great Place to Work Institute, India for the third consecutive year, appreciating of our people-centric approach. Beyond innovation and business leadership, we prioritized giving back to society. Dr. Suman Minda, Chairperson of our CSR wing has been honoured with the Golden Peacock Award for social leadership by Institute of Directors India.

This prestigious recognition reflects her impactful work in the social welfare and community development showcased at the 18th International Conference on Corporate Social

Responsibility. Under her leadership, we empower communities and create sustainable solutions for a brighter future. These awards serve as a testament to Uno Minda's commitment to comprehensive excellence. We remain dedicated to driving innovation, nurturing entrepreneurship and making a positive impact on the world around us.

Moving forward, we witnessed the best ever monthly sales for PV in January '24 with 2-wheeler also posting decent growth. The outlook continues to be promising with supporting industry volume guidance, ramp-up of multiple new expansions namely EV plants, 2-wheeler alloy wheel expansion, 4-wheeler switch plants in Farukhnagar and Chennai, EV motor plants, etcetera. With our existing diversified product portfolio and new product and technologies, we are confident of sustained outperformance.

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

Moderator: Thank you very much. We will now begin the question and answer session. The First question is from the line of Aashin Modi from Equirus Securities.

Aashin Modi: So, my first question is regarding the lighting business. So, we are seeing good ramp-up in terms of orders over there. So, what kind of peak revenue do we see in our lighting business by FY26 as per our current order book?

Sunil Bohra: Any other question you have, Aashin?

Aashin Modi: Yes. So, the second question was regarding the EV-specific components, we now have around INR 1,900-odd crores of order book. So, could you please provide more colour on that? Which are the segments? And by when do we see peak revenue from this EV-specific orders?

Sunil Bohra: That's it?

Aashin Modi: Yes. My last question was regarding the alloy wheel business. So could you please provide the revenue from alloy wheels and if you could further break it down into 2-wheeler and 4-wheeler alloy wheels.

Sunil Bohra: Thanks, Aashin. So, in terms of lighting, as we have shared, we are continuously seeing a very, very good traction in the lighting business. So, our endeavour is how do we first move our lighting business share of business from 14%, 15% range to 19%, 20% in the near future, maybe next four to five years. We have commissioned last year, the lighting plant in Gujarat.

We are currently constructing a new lighting plant in Pune, and that also the business capex is spread out over the next four to five years in order to meet our revenue growth and linked with the capex investment, we don't want to upfront all the capex. So, the investment is spread out over four to five years of almost INR 500 crores.

So, in terms of peak revenues, it's -- as of now it's a blue sky, we are already, this year, almost like INR 1,000 crores run rate, and we expect these revenues to double in the next few years as immediate target. In terms of EV specific by when we see peak revenue, as of now, as you also know, that the EV business is something which is consistently growing, and we are adding new business every quarter.

So, I'm not sure when do we see peak revenues because for next 10 years, the expectation or the projection from various agencies is that the business will continue to grow, the penetration will continue to grow and 2-wheelers are expected to be almost like 40% penetration in the next 8 to 10 years.

So, it's very, very difficult at this stage to say when will be the peak revenue because today, whatever business we have secured, as you see in the slide, while that peak revenue is expected to achieve in '26, '27, we will continue to see the new highs being made as we move forward. So, I think that's the answer on the peak revenue. In terms of casting business, you asked for the revenues for 2-wheeler and 4-wheelers.

So, our 2-wheeler revenue is somewhere around INR 170 crores for the quarter and 4-wheeler was almost INR 317 crores.

Moderator: Our next question is from the line of Ajox Frederick from Sundaram Mutual Fund.

Ajox Frederick: Sir, my question is on castings. You mentioned that the Q-o-Q slowness was due to RM and volume. Can you help me with the split, sir, how much of this business was due to RM being lower Q-o-Q, and the volume basically for the quarter?

Sunil Bohra: Yes, Ajox. So, in terms of volume, it is largely dropped at the 4-wheeler volumes because 2-wheeler has -- because of the addition capacity has done relatively well. So, 2-wheeler, there is not much of a drop in terms of volume. It's actually better. In 4-wheeler, there is a significant drop because of volumes. In terms of the split, maybe you can take it offline, if you don't mind, Ajox.

Ajox Frederick: Sure, sir. Sure. Okay. Okay. And sir, how do you see this business going forward, let's say, two, three years, some way, because we have -- of course, building capacity in the space. So, what is your vision...

Sunil Bohra: Yes. So, this business, we are very, very bullish, Ajox. In fact, we have been consistently investing in, specifically, 4-wheeler business almost every year. The Board has just approved setting up of another plant in North by investing almost INR 540-odd crores. This business, we are very optimistic in a way if you have to see the alloy wheel penetration.

So, when we entered this business six, seven years back, the alloy wheel penetration was 13%, 14%, when I say penetration, which is application, alloy versus steel wheel, today, it is almost 40%, 45%. And globally, it is somewhere around 90%, 95%. So, a) India has to catch up this growth of application of alloy wheel versus steel wheel, which we expect to continue over the next 8 to 10 years.

This is not something which can happen in a very, very short frame of one or two years because you also need that capacity to deliver those volumes. So that's number one. And number two, over the same period, we also expect that the volumes to double, right? On top of it, what is happening is the size of the wheel has been increasing from like 14-inch wheel, 15-inch wheel to almost like 18, 19, 20-inch wheels.

So that also increases the kit value per car because as you move from sedan to an SUV, right! So, over the next few years, we'll consistently see this business to grow, and we're pretty optimistic, you will see almost 4x kind of a growth over the next 8, 10 years.

Ajox Frederick: All right, sir. That's very promising.

Moderator: Our next question is from the line of Mumuksh Mandlesha from Anand Rathi.

Mumuksh Mandlesha: Congratulations on the continuing EV order win, sir. On a year-to-date basis, EBITDA margins are slightly lower despite the robust revenue growth we have seen. Can you indicate which segments on a year-to-date basis have seen lower margins and reasons for the lower margins, sir?

Sunil Bohra: So Mumuksh, while you appreciate that we have stopped giving the segment-wise margins, I think three, four years back based on some feedback from various stakeholders. But I can tell you that the margins are not significantly off. If you see the beginning of the year itself, we have guided our margin range of around 11% for next year or a couple of years, at least. Because we know that while the top line is improving significantly, there is also a significant growth, which is coming from the new businesses and the new plants which are getting commissioned.

So, what happens is that the all these new businesses or new plants, plants initially for two to three years, they don't deliver the kind of return you expect. In fact, in the first year, we are actually negative first or second year if you see from profitably perspective and even when we approve investment, we approve on the third full year of production to achieve our normal profitability.

So that has been a little bit of a drain plus on top of it, we have been investing heavily in terms of our R&D and other expenditures. So that also is fully charged off to revenue. So, we are not capitalizing any sort of R&D engineering spend. So overall, I think this is in line with the expectations, yes, year-on-year, maybe marginally less. But if you see on a full year basis, maybe we'll try and catch up in the future.

Mumuksh Mandlesha: Got it, sir. Sir, in the Seating segment, year-to-date growth is about just 6%, which is broadly in line with the industry. Any reason for where we have not seen much outperformance this year?

Sunil Bohra: So, seating business, we have actually got a lot of new businesses recently in the last 6 to nine months. But you will appreciate that all the new businesses what we've secured is linked to the new model launched by the customer. So, a lot of this business, what we have secured, you will see that coming in the next few quarters, not immediate future as you go and link with your customers' volume, right! So that's number one.

Number two, we have tried to maintain our SOP and we've been focusing a lot on exports. We continue to do very well on exports. Last year, we did a record export. So, this year, obviously, because the global situation, there is a little bit of impact because of export, which is, we believe, is temporary. Our exports primarily to the North American market this year has been a bit lower compared to last year.

This is what is a little bit pulling down. But overall, we are optimistic that, that will also catch up from the next year onwards. And also, we added a lot of new customers, as I said, from EV perspective or be it from the existing 2-wheeler player perspective or maybe adding export customer for the suspending seats which were not there earlier. So, a lot of action is happening. And just to reflect, if you remember, when we acquired the company, the revenue was INR 630 crores in 2021, but pre-COVID it was INR 750 crores.

And our target was to double the revenue in five years. Where we stand today, we are pretty confident that the target we can achieve in actually four years, a year before the targets, we are expecting that INR 1,500 crores of revenue to deliver even ahead of timeline. So yes, this quarter-on-quarter might be a temporary dip, but we are pretty confident that we'll be able to do better than what we have added.

Mumuksh Mandlesha: Lastly, can you talk about the current size of the wireless charger revenues? And also based on the new order wins, what is the revenue expected from this product line over the next two years?

Sunil Bohra: Mumuksh, I request modelling questions, if you can take it separately, please?

Moderator: The next question is from the line of Siddhartha Bera from Nomura.

Siddhartha Bera: Yes, sir. Sir, first question, again, is on the lights. I mean, in the past few quarters, if I remember, we have continued to indicate that multiple new order wins we have received from various customers. That probably has been slightly missing in the last -- this quarter or probably the last quarter.

So just wanted to understand, I mean, should we expect some moderation in the growth trends? Because this quarter also, the growth has been quite healthy. Now if those orders only mature and no new orders kick in the next couple of quarters, should we expect some of these growth trends to normalize?

Sunil Bohra: Siddhartha, this growth trend will not normalize. It will continue to grow. In fact, just to put things in perspective, Q3 of FY23, our lighting revenues was INR 178 crores and 4-wheeler, you are talking about, right! And this Q3, we have done INR 340 crores, it is 2x of last year. So, I'm not sure from where you are getting this perception of moderate growth.

Siddhartha Bera: No, I'm talking about next year, sir, because I understand this year, this quarter growth has been quite strong. But if the industry, say, for example, 4-wheeler industry grows at 5%, 6% in terms of volumes. So, can we do this 30% growth even next year? Or I mean it will need more order wins to probably get that growth?

Sunil Bohra: Siddhartha Ji, with your blessings, we would endeavour to work to deliver similar growth. But you know that we normally don't comment on the revenue growth because it is large part also is linked to the OEM growth, right! So, if industry grows, definitely we'll grow. But be rest assured, whatever we've guided in terms of our outperformance, we are working to deliver better than what we have assured.

Siddhartha Bera: Got it, sir. Second question is on the seating side. We have done a couple of PLAs in the past and also a couple of orders on the recliners. And also, can you just throw some colour if we have won any orders there? Or what is the progress so that which can lead to a better growth momentum in the business?

Sunil Bohra: Yes. So seating, as I said, we have added 2-wheeler customer -- existing 2-wheeler OEM, among the larger ones in the country, which was not as part of the seating business that supplies we are expecting to start by end of this quarter, which is not yet in the revenues. We have also been getting a lot of traction in terms of suspended seats. You know when you look at suspended seats, these are like almost INR 18,000-INR 20,000.

We have secured an export order on the seats and we are working aggressively on that front, and we are hopeful that in this quarter also, we'll be able to secure once which we'll be able to announce in the next quarter. There's a lot of traction happening from the seating and also in terms of actually higher kit value via these suspended seats. So, there is a lot of steam ahead be rest assured.

Siddhartha Bera: Got it, sir. Sir, lastly, if you can share the sensor and controller revenues for the quarter?

Sunil Bohra: Sensor and controller, I think it's a favourite question. So, sensor and controller put together, we have done actually almost INR 194 crores of revenue in last quarter.

Moderator: Our next question is from the line of Raghunandhan NL. from Nuvama Research.

Raghunandhan NL: Congratulations for another quarter of 20% growth. Sir, firstly, you indicated the market share gains in various segments. And on Lighting, thanks for sharing details. I remember it was 13% share in FY21, currently 14%, 15% and target is 19%, 20%. Any other segments where you can call out where company has seen market share gains? And what kind of targets are you pursuing?

Sunil Bohra: Yes. So, in Lighting, we are working in terms of gaining market share, not only in 4-wheeler, but also 2-wheeler, even though we are already at 24%, 25%, we are working to see how do we get closer to our target of getting 28%, 30% share in the business. Switching we are already 60%-plus market share in 2-wheeler and 50% in 4-wheeler. So there, we are focusing a lot on exports. So, we'll not be able to convert that into market share.

As you know, we have added a major customer -- export customer North American in 2-wheeler segment, which has been doing really good in terms of new business, though volumes have been impacted because of the global headwinds this year. But overall, we are getting more and more inquiries from the export segment. So, as I said, you might not see the SOP gain domestically, but exports will definitely add. Same goes for the seating.

So, we are adding more customers there and also adding export customers. So, you'll see that the gains there also.

EV segment continues to do very well. So there, you will see a lot of uptick as we have been guiding. Acoustics, we are -- as you know, we are only 60%-plus kind of market share. And there, we are trying working to hold on to our market share and see how we can sort of what you call, inch up to the extent possible.

Casting is another segment, as you know, that we have been working very aggressively, both 2-wheeler and 4-wheeler alloy wheels have been doing phenomenally good. 4-wheeler, we continue to gain our market share, which is more than 45% now. And 2-wheeler, as you know, we just started 1.5 years back, and we just commissioned our capacity for 2-wheeler alloy wheel this year.

So, I'm sure this is not something which we are going to stop at because still there are a lot of imports into the country. So, we're trying to see what opportunity we can capture. So, there are a lot of businesses where we are working to consistently and continuously see how we gain market share. On top of it, we are also working to improve our kit value because it is not only market share, the kit value also makes a big difference.

So, all this put together, I think we are very optimistic and aggressively working on growth for the next decade.

Raghunandhan NL: Thank you, sir, for the detailed answer. One clarification. Within the switches space, how big would be exports, sir? And a couple of years ago, I remember it was below 10% of the switch revenue. How would it have trended now?

Sunil Bohra: Yes. So, in terms of 2-wheeler switching, it is almost, I would say, close to 15% of the revenue, which is export. Final details maybe Ankur can share offline, but that is at a very high level. We have a JV for PV switching. So, there's a very small export in PV switches.

Raghunandhan NL: Sir, on the EV side, INR 3,300 crores is a big number on the order. On an annual revenue basis, would you be confident of crossing INR 1,000 crores for FY25? And within this revenue, how would you see the breakup between the EV specific parts and engine-agnostic part?

Sunil Bohra: So definitely, Raghu, we are actually working to see how do we cross the number do you have said, but as you know, a lot also depends on the industry penetration. If you see from our readiness perspective, I think we are all geared up to deliver the kind of numbers you just spoke about, right! And in fact, we are gearing ourselves to do even better than that in '25. But it all depends on the industry penetration because we are still close to 4% penetration in the 2-wheeler segment. So, I think that's only, I would say, the moving post. Otherwise, we are all geared up.

In terms of the split of EV specific and engine-agnostic components, we do expect it to broadly in the ratio of what we have just shared in terms of our order book, which is 60, 40 in terms of EV specific versus engine-agnostic components because the key reason being the EV-specific components also the kit value is much more than the engine-agnostic component. So that's why the proportion is expected to be more than the engine-agnostic components.

Raghunandhan NL: And sir, you also alluded to PLI incentives. Any progress there by when should we start receiving incentives? And the amount allocated in the budget has been small, given the kind of EV sales, which is happening. So, do you expect pro rata kind of allocation?

Sunil Bohra: So, Raghu, to be honest, as you know, that the PLI incentive for auto has been for advanced technology, AAT as we call it. So, the products which are -- which qualifies into Uno Minda products are sensors, some controllers, some telematics and the EV-specific components. So, they are also working to see how do we make sure that we meet that 50% EV target because electronics is still where a large part of which is imports in terms of semiconductor and chips.

So there, I think they are still in the works. As of now, I won't bank on significant PLI income in the current year or the next year.

Raghunandhan NL: And sir, on the tax rate, the rate was on the higher side for the quarter, and notes to accounts also indicated that it includes taxes for earlier periods. On a sustainable basis, would 24%, 25% be a right number going forward?

Sunil Bohra: Yes, you are right, Raghu, that's what the number 24%, 25% we are targeting, but what happens there are some businesses, specifically our Clarton Horn which are into losses, and we don't recognize the DTA on that losses. That's why the effective rate actually goes up. Otherwise, on a normal steady-state basis, yes, that's the kind of number we are working on.

Moderator: Our next question is from the line of Mukesh Saraf from Avendus Spark.

Mukesh Saraf: First question is, when I look at the potential kit value on the EV business, I realize that we kind of reduced it as in the product under development, we have removed now, INR 26,000. So, is that battery packs which we no longer want to target?

Sunil Bohra: You are exactly right, Mukesh.

Mukesh Saraf: Okay. Okay. So, we're not targeting this because we have done our study and we realized that we don't want to kind of go into that area because of competition, profitability? Or is it just a capability and you don't want -- like you don't want to have another JV...

Sunil Bohra: So, we do have capability and competence, Mukesh. So, our JV partner has the battery pack, they are making in Germany. But we have been having discussions about re-evaluating this because of very low value add. Why we have removed from the chart is because we didn't want to have any expectations build in that this is a significant value because even if it happens, the profitability is going to be very, very less.

Although we have removed from the presentation, but we continue to look at engage -- there is a possibility of getting a customer with some decent margins. So, we are working on it, and we thought it's better to sort of communicate once we see the business visibility keeping that expectations on the kit value.

Mukesh Saraf: Right. Right. Got that. And secondly, on the capex update as well, and there are two facilities that we have added on airbags and the seatbelt/smart systems. Could you kind of give some context because I think the airbag business, we're saying will start in F '25 itself.

Sunil Bohra: So, what was happening -- sorry, Mukesh, your voice went off in between. I thought you have completed.

Mukesh Saraf: No, sorry, what I was asking is in airbags, as an industry, where do we stand now in terms of market shares and what our targets?

Sunil Bohra: So, airbag, in terms of market share, we are roughly around 18%, 20%, and we are working to see how do we go closer to 24%, 25%, but that will take some time. In terms of this capex, gradually businesses have been -- OEMs have been moving towards the increasing number of airbags. Even though the regulation now is not there, it is now moved to the star rating system versus the number of airbags being mandated.

It is left to the consumer to decide based on your star ratings whatever you prefer. So, the maximum airbag gets the 5-star things like that. But because of that, I think a lot of OEMs have started to work on increasing airbag. In fact, nowadays we are seeing minimum 4-airbags are there anyway. So that has necessitated this plant expansion, which was started in the last quarter.

And we are expecting it to commission in next eight to 10 months. That's terms of airbags. Did you ask anything on the seatbelt and smart system?

Mukesh Saraf: Yes. I mean that also seems to be a new area and at the smart systems, if you could explain sir what exactly is that?

Sunil Bohra: Yes. So, we have a JV with Tokai Rika in South which is into seatbelt, gear shifters, locks, keys, etcetera. So there, we are putting a new plant in Neemrana to cater to the north market. As of now, that business was limited to south, we have a plant in Bangalore. So that's about this business.

Mukesh Saraf: Got it. Got it. And just sir, last thing, I know there have been a couple of questions on seating, but I was just wondering, we had this tie up or a JV with TACHI-S 4-wheeler seating systems, reclining systems, etcetera, any kind of a development there on 4-wheeler seats? You have commented about orders on 2-wheeler seats, but any development on 4-wheeler...

Sunil Bohra: Yes. So, Mukesh, you know that we have been consistently, I think, saying that 4-wheeler seat is something which will take some time to sort of build because we know that the industry where we are in terms of PV seating. There are a lot of, what you call, OEMs who also have equity in their 4-wheeler seat providers.

So, it's a little difficult to enter into that. So, we also said we are having the JV. The JV partner has 65 plants across the globe and got best of the PV customers and PV seating technologies. But in India, we wanted to go a little slow and step by step. So, we just inaugurated the plant, which will manufacture the mechanism for seat recliners. So, it is only mechanism, a small part of the recliner.

In Phase 2, we will work to see how do we make the recliner, then move to frames and then move to seats. So, it's going to be a painful journey, something which will take time, and that's how we are also trying to see that we put investment once we have visibility of a business. There is no point of putting investment and then scouting for business. So, I think that's the approach we have adopted for PV seating.

We are already in discussion with some of our customers for PV seating. We have given them our value proposition. So, it is more at a discussion and engineering technical evaluation stage.

Moderator: Our next question is from the line of Rishi Vora from Kotak Securities.

Rishi Vora: Three questions. First, on the alloy wheel business. Can you roughly tell us what is the split between -- for the industry, what is the split between GDC and LPDC wheels? And how do you think this mix will shift over the coming years? Is one technology better than other -- one type of wheel better than other? Or do you think that whatever the current mix is, it will sustain? Secondly, on the Lighting segment, what would be the current LED penetration both in PVs and 2-wheelers?

And how do you expect it to, let's say, inch up over the coming years? And lastly, on the EV business, on the 2-wheeler, 3-wheeler side, we have a good EV-specific portfolio as well. So, when do we start looking at the passenger vehicles? Like are we looking at any specific penetration numbers for the industry to reach before we start looking aggressively into, let's say, developing products for the EV passenger vehicle segment as well?

Sunil Bohra: Thanks, Rishi. I think very, very important points. So, your first question was on alloy wheel, any split on GDC, LPDC. So -- and also, is there any technology difference, etcetera, and do we see any shifts? So just to give some background. So, if you see the technology-wise, in one stronger the rim is stronger, in other technology, the centre part is stronger. So, in terms of performance, there is zero impact. But in terms of ideology, different OEMs have different ideology.

So, if you see the customers, primarily the Japanese customers would have been using GDC technologies. And if you see the Korean and the European customers have primarily been using LPDC technology. So once a customer uses GDC, you rarely would find him moving to LPDC or vice versa. Now in terms of ratio, it all depends on the way the industry grows. So, if a customer or OE, who is using GDC grows more, then obviously GDC will grow or somebody's -- LPDC will grow.

I think that was the reason why we also gradually started wanting to get into LPDC. And while we still are primarily the GDC wheel manufacturers, LPDC the perspective, we have put a 25 kt per month line in Gujarat, which is running very fine but in terms of new business, we have been obviously getting some inquiries for LPDC. But they have not been remunerative enough to justify capex.

So, from that perspective, I think we are all geared up to serve both the customers and it's very difficult to comment what will grow more, what will not grow more. Moving to the lighting...

Rishi Vora: Just a follow-up, sir, but there is no shift that is happening within the OEM, right? Whoever is following the GDC, they want the GDC technology, etcetera?

Sunil Bohra: That's what we have been experiencing currently. We can't say about future, but that's what currently it is.

Rishi Vora: Understood.

Sunil Bohra: In terms of lighting LED penetration, so LED penetration, in 2-wheeler is significantly higher than 4-wheeler because of sheer kit value. As you know, the kit value is more than 3x to 4x of Halogen versus LED lamp. So, 2-wheeler, the penetration is significantly has almost 25%, 26% penetration versus the 4-wheeler. So, 4-wheeler, what is happening is you would have seen that mostly the vehicles come up with a DRL, daytime running lamp with LED.

The lamp Itself is not a LED, it's halogen lamp. So, while the DRL in terms of LED penetration is there across. But in terms of LED lamps, it's still catching up. And mostly, if you see, it is catching up in the taillamps. So taillamps actually are becoming more and more complex. You would have seen the taillamp of 4, 4.5 feet, it's a complete LED lamp. and LED taillamp are actually getting more complex than a headlamp. So, penetration of headlamp and taillamp LED, I don't have readily handy available. Maybe we can work to see if we can give you off-line, but that's where we are.

In terms of EV business, are we looking at any industry penetration before we start, it's not like that. So, while partly you're right, the industry penetration is very less, it is roughly 70,000, 80,000 cars a year in terms of EV and that also components are largely imported. So, we have been working on our 4-wheeler EV strategy. And hopefully, in next one or two quarters, we will be able to come out in terms of our EV strategy for PV specifically because, you are right, you need certain volumes to sort of start investing. So, we are working to see how we can balance in terms of capex and the revenue.

And before that, what kind of products we will have in terms of EV. We have been working in a lot of them. You would have seen us in the expo also be it auto expo or he mobility expo, we have deployed -- displayed a lot of products from the EV PV perspective. But in terms of coming up with a comprehensive slide of the product portfolio, like we have for 2 and 3-wheeler on the presentation, maybe in a couple of quarters will come back with the PV side as well.

Moderator: The next question is from the line of Shashank Kanodia from ICICI Securities.

Shashank Kanodia: Just wanted to check on the EBITDA margin trend. So, we have been clocking this 11% kind of place for quite some time. So, at the company level, is there any endeavour to improve it by, let's say, 50 basis points or 100 basis points each year going forward? Or how do we should look it?

Sunil Bohra: Absolutely, Shashank, I think that has been our endeavour. So, a large part of our business growth, even though we've been delivering 25% kind of growth. We've not been able to get advantage of operating leverage because of the reasons we just spoke about a little while back in terms of new plants, new capacities or some new business like electronics, which is at a little lesser margin than the average margin.

But it compensates in terms of ROCE. So, our endeavour is how do we deliver return on capital of 20% and then see that whatever margins are required we deliver in that line. Yes, in terms of near future, our endeavour is to grow the margin from 11% range to 11.50% and then 12% as we move along. But immediately, in the next year, we hopefully should be around and consolidating at this time before we move forward.

Shashank Kanodia: Sir, does the increasing share of business from lighting and light metal technology helping in the margin front, given that you're doing a lot of value additions there?

Sunil Bohra: Actually, one is productive, one is counterproductive. So, it all depends on asset turn. So, you know that the casting, the asset turn is very less, but margins are better, which is a reverse for lighting. So actually, one compensates for others. So, I think that's where we are.

Shashank Kanodia: And sir, secondly, for next fiscal year, what is the kind of volume growth assumptions or indications are you getting from the OEM? So, some of the PV guys have been mentioning about less than 5% kind of industry volume growth. PV pace is someway declined. So, your assessment of this demand, especially for the 2-wheeler segment?

Sunil Bohra: So, Shashank, I think we normally don't comment on industry numbers. I think our customers are at the best place to respond to that, and we don't want to second guess them.

Shashank Kanodia: Okay. But sir, are endeavour is to outperform them, right by what margins? Or any particular ratio that you're thinking about?

Sunil Bohra: So, our communication has been very clear, Shashank, that over a long term, I'm not saying one quarter, two quarter, over eight to 10 years, I think we've been working to see how do we consistently deliver at least 1.5x of industry growth. Yes, in past, we have delivered much more than 1.5x. But when you talk of much longer term, our endeavour is to deliver consistently at least 1.5x. And maybe we'll do better than that.

Moderator: Ladies and gentlemen, the last question for today is from the line of Nikhil Kale from Invesco.

Nikhil Kale: So, I had just one question, which is regarding the exports part, specifically in alloy wheels. So just wanted to understand your views on, do you see a big opportunity on alloy wheel, sir, because I think a couple of your peers are looking at this in a big way. And again, maybe just the technology aspect of it is that even that you would do majority GDC, does that kind of limit the export opportunity for you...

Sunil Bohra: So, Nikhil, honestly, we have been actually working very, very aggressively in the past to see how do we serve the export market. In fact, in past, we had business also which we could not deliver. It's just a good problem to have, but the problem is that the domestic market has been growing at a pace much faster than what we were increasing capacity.

In fact, the last capacity which we were to expand at Bawal which we could not do that, has become little bit counterproductive. So, we are working to see that we have a dedicated export sort of capacity available in the next capacity expansion, whatever we do. Because in the export market, once you get into, it is not something you can do up and down.

You have to be consistent in terms of supplies. So, since our hands are all full in terms of domestic demand and consistently our customers have been increasing their indents. We have not been able to sort of support our export market. But that remains a big area of focus. And hopefully, in our next leg of expansion, we will come up with some capacity which will be dedicated to serve the export and aftermarket segment.

Moderator: Thank you. Ladies and gentlemen, that brings us to the end of the question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Sunil Bohra: So, I would like to thank everyone for joining on the call. I hope we have been able to respond to all your queries adequately. For any further information, we request you to please get in touch with us. Stay safe, stay healthy. And thank you once again for joining.

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