



“Mother'son Sumi Wiring India Limited

Q3 FY'25 Results Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY '25 Earnings Conference Call of MotherSON Sumi Wiring India 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 touch-tone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. V.C. Sehgal for his opening comments. Thank you.

V.C. Sehgal: Thank you. Good evening, ladies and gentlemen. Thank you for joining the results conference call of MSWIL.

I am pleased to announce that the Board has approved the Results for Quarter 3 of Financial Year ‘2025. This year is turning out to be a very exciting one for the Indian automotive industry, with the OEMs launching a slew of new models across EV and ICE platforms. With feature-rich content, this has augured well for us with the company outpacing the industry by approximately 6% attributed to the favorable product portfolio of increased content with platform mix. The Indian PV industry grew by about 3% year-on-year whilst registering a de-growth of -8% on a sequential basis. Similarly, the two-wheeler industry demonstrated 8% growth year-on-year with a de-growth of 5% sequentially.

While the CV industry specifically for heavy-duty and medium-duty trucks remained weak on a yearly basis, growth of about 4% on a sequential basis. In this context, the company has delivered revenues of 2300 crores for Q3, in which the new Greenfields contributed approximately INR 80 crores. EBITDA remained stable for the quarter ending excluding Greenfields at INR 278 crores representing a 6.1% growth on a year-on-year basis. This shows an improved profitability of the business excluding the Greenfields. The three Greenfields are progressing in different stages, Pune ramping up while Navagam and Kharkhoda are set to be on stream H2 2026. These are new facilities and will cumulatively drive an annual revenue boost of approximately 2,100 crores marking approximately 25% growth over Financial Year ‘24 revenues on a baseline. The team has done well to secure businesses with marquee OEMs like Maruti Suzuki, Mahindra, Tata Motors across EV and ICE platforms exclusively for new models. I would like to reiterate that these are not just replacements or mid-cycle updates but absolutely new models. MSWIL remains the preferred supplier for the new age vehicles by OEMs. The team has worked hard in developing these solutions for the customers, and along with the robust localisation plan. Since new facilities are in different stages of completion, certain costs have been expensed upfront. There is a negative net Greenfield startup cost impact of about 40 crores on EBITDA and 32 crores on the PAT which is expected to be to stabilise as production comes on stream with the new plants. We continue to have conversations with our customers for some of the pain sharing on some of the costs associated with expansions.

Our CAPEX guidance for the year remains at approximately 200 crores, have expensed about 133 in 9 months and MSWIL continues to be a debt-free company.

With this, I would like to conclude my remarks. I have Vaaman, Pankaj, Anurag, Mahender with me to answer any questions that you might have. Thank you and over to you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press “*” and “1” on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press “*” and “2”. Participants are requested to use a handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.

Jinesh Gandhi: A couple of questions from my side. One is you talked about 40 crore impact at EBITDA level from the greenfield. Just to clarify, this is for 3rd Quarter and not quarterly basis or for the full year.

Mahender Chhabra: So, this 40 crore EBITDA impact is for the 3rd Quarter from the 3 new Greenfields that we mentioned.

Jinesh Gandhi: Okay and what would be revenue contribution from these 3 Greenfields? You mentioned EBITDA of 80 crore. What would be the revenue contribution from these 3 plants?

Mahender Chhabra: So, as of now, where the ramp up has already started, the revenue is about 80 crores and all, I mean, a number of these plants are still in the ramp up phase and we have given the SOP schedule when the commercial production would start. So, wherever there is a revenue, the revenue is about 80 crores. But the cost is there for the other plants as well. So, the revenue is yet to come. Got it.

Jinesh Gandhi: And the third question pertains to we have seen some of the new age competitors, new age OEMs talking about the advanced technologies including cables instead of wires on the wiring harness side. Any views we have on those technologies on that I mean, we have seen even two-wheeler OEM, new age OEM and showcased that product, any views on that? Yesterday, one of the new age two-wheeler OEM has showcased advanced wiring harness, where it was based on cables which are much smaller in length and lighter in weight versus a normal electric wiring harness, which would have weighed about 4 kgs. This was about 800 grams. Any views on such emerging technologies? I am sure they are also working on it, but any sense on how does it influences our business?

Pankaj Mital: You are talking about the new age cars which are being launched in India, or this is about some presentation?

Jinesh Gandhi: Primarily, EV two wheelers. Ola yesterday showcased their motorcycles and that they showcased these cables instead of wiring harnesses.

- Pankaj Mital:** You are talking about the two wheelers. These three plants which we explained are about the new age cars which are coming in. We have given an entire schedule about these launches. They are from Maruti Suzuki, Mahindra and Mahindra and Tata Motors in particular.
- V.C. Sehgal:** Also, Jinesh, I think new things cannot be experimented and all that. They try and showcase all the new technologies, but this is product liability and all that is huge in this business. So, it is not a telephone that they are doing, this is a car or two wheelers. These are human life dependent. So, there is always a lot of research which has gone into this, but I think as Pankaj said, we will come back if there is a situation. If it is, we are also in the same boat.
- Moderator:** Thank you. The next question is from the line of Siddhartha Bera from Nomura. Please go ahead.
- Siddhartha Bera:** Sir my first question is on growth. We have seen revenue growth, which has been much higher than industry volume growth in the past. That gap seems to have come down quite a lot in the last couple of quarters. So, is this more reflective of the current content increase being lesser than in the past and is there any changes in market share also in the industry or we are largely seeing similar market share?
- V.C. Sehgal:** Normally we do not guide on market share. We think market share is for being changed, but look, this is a rapidly changing scenario and it is really very difficult to come up with some credible numbers and all that, because it is changing very fast. Pankaj, you want to add something more on that?
- Pankaj Mital:** Basically, it is also the model mixes which happen and as you would see from our presentation, the new plants which we are launching, as per the customer volumes, these are all New Age Vehicles. They should contribute significantly to the revenue up around 2000 plus crores, 2100 crores annually. Also, Hyundai and Kia group volumes are taken care of by the joint venture company. So, if you look at it from the India perspective, MSWIL has been very well entrenched and we are grateful to our customers for partnership in the new vehicles which are being launched in the market.
- Siddhartha Bera:** Will it be possible to share the EV segment high voltage wiring harness contribution in the current quarter's revenues or probably in the last 9 months?
- Pankaj Mital:** See, generally the revenue coming from EV vehicles have been in between 3% to 4% approximately, I mean ballpark.
- Siddhartha Bera:** Understood and these three Greenfields which are starting now, what will be the peak revenue potential from these plants going ahead?
- Pankaj Mital:** It is about 2100 crores as per the forecasts which were given by the customers. If they increase further, then it could be more.
- Siddhartha Bera:** Okay and it will be a mix of both high and low voltage wiring harness?

- Pankaj Mital:** Yes.
- Siddhartha Bera:** Okay. So, this ramp-up, so start-up costs we should expect should start normalising from quarter four onwards, or do you think the start-up costs may continue for some more time before this ramp-up plays out?
- Pankaj Mital:** See, there is a presentation on which we have given when our SOPs are happening. So, start-up costs will start to – there are some plants in – some launches are happening now, and in Gujarat it will be in Q1 of FY26 and some launches are happening – SOPs are happening in Q2 of FY26. So, around that period, Q2 of FY26, Q2-Q3, that is the time when it should get normalised completely over a period of time.
- Siddhartha Bera:** Got it, sir. Sir, you have said for the 3rd Quarter it is 40 crores. Will it be available for the last 9 months? Because in the 1st and 2nd Quarters also we had some start-up costs. So, for the 9 months, will you have the impact in EBITDA?
- Pankaj Mital:** It's also given in the presentation, Mr. Mahender Chhabra.
- Mahender Chhabra:** Yes, so for the 9 months, it is about 95 crores.
- Moderator:** The next question is from the line of Gunjan Prithyani from Bank of America. Please go ahead.
- Gunjan Prithyani:** Thank you for taking my question. I just had a follow-up on the three new plants that you mentioned. Now, these are all in newer locations, right? Like Pune, Gujarat, all these locations are new. I just wanted to get a sense that when you are expanding into these new geographies, is the profitability or margin going to be very similar to what our core business has had in the past? The reason I ask is because it is a labor-intensive industry, and there may be labor laws which are different expense, which is different on discount. So, I just want to get a color on whether the profitability remains the same when you get into newer locations.
- Pankaj Mital:** Ma'am for us, we have been in Pune for a very long time. So, initially, there have been Brownfield expansions and greenfield expansions in Pune. So, Pune has been since 1997 or something we have been there. So, in Gujarat also, we have been there in Sanand. So, this is an expansion in a new land because the volumes are growing. So, we are setting up more facilities. Similarly, if you look at Kharkhoda, it is not very far from within the NCR region where we have been there since the beginning, since the foundation of the company and when we go to new regions also, we take care because every time we have been expanding, the company has more than 30 manufacturing sites today. It has expanded very well and having a concept of a mother plant which supports any new plant which comes in with people getting trained and people being treated respectfully in every geography where we are. So, MSWIL operates its plants in every region of the country wherever the carmakers are there, whether it be in Chennai or Bangalore or Gujarat, Pune, NCR region, everywhere. So, with its good practices and human practices, it has been operating the plants efficiently in all the regions.

- Gunjan Prithyani:** Okay, I understand that and the other thing that you mentioned that we are in conversations with the OEMs to share the pain on the startup cost. Is that a practice which is usual? I would expect that these contracts are only when the revenue starts to accrue. So, is there something that we can expect that these cost hit could come down before the plant ramp-up happens? I am not quite sure of the comment that you made initially.
- Pankaj Mital:** Ma'am, there are certain costs which get incurred during the development period. There are certain changes which happen during the development period. So, that is why that comment is there. So, there are things which get discussed with the customers and they get shared.
- Moderator:** The next question is from the line of Raghunandan from Nuvama Research. Please go ahead.
- Raghunandan:** Thank you, sir, for the opportunity and also, thank you for sharing the details of the upcoming plants and customers, very helpful. Sir, 2 questions. Firstly, on the high voltage wiring harness with the new plants coming in that should also indicate a higher focus on localisation and if you can talk a little bit about how the efforts have been in terms of reducing the input content, increasing localisation, and would there be any targets you would like to share going forward?
- Pankaj Mital:** Well, there are localisations which have happened in terms of the cables for high voltage harnesses and as far as the connectors are concerned, some of them have also been localised already. Still, there are a few which are imported and as we see newer models coming in, especially coming from global car makers, there may be still some more import contents as they have been designed outside, but they all have a direction that over a period of time, they would want to localise or as they launch more models, they would like to localise.
- Raghunandan:** Thank you, sir and imports, the currency movement of late is turning their rupee depreciating continuously. On the USD/INR movement, would we have arrangements with customers to pass on the impact?
- Pankaj Mital:** Yes, sir.
- V.C. Sehgal:** We have almost every customer. Pankaj, am I right?
- Pankaj Mital:** Yes, sir, that is right.
- Moderator:** The next question is from the line of Avish Bhansali from Chanakya Capital Services. Please go ahead.
- Avish Bhansali:** Would it be possible to give the breakup of revenue as per vehicle in categories like commercial, passenger, and two-wheelers?
- Anurag Gahlot:** Yes, sir. We provide this data once in a year on an annual basis and this was in the last annual report. You can go through that passenger vehicle is approximately 59% approximately, and

two-wheeler is 10 to 12%, and then commercial vehicle is also 10 to 12%. So, bifurcation is given on the annual report. You can refer that, please.

- Avish Bhansali:** It is the same for this quarter also or are there any changes?
- Anurag Gahlot:** No, there is once in a year only. Thank you.
- Moderator:** Thank you. The next question is from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.
- Jinesh Gandhi:** For these 3 plants, what would be the total CAPEX invested for these 3 plants and what kind of manpower addition would be happening for these 3 plants?
- Mahender Chhabra:** So, in terms of CAPEX, depending on the size, it is about 40 to 60 crores that we spend on one plant. And this does not include land and building, which we take only from SAMIL.
- Jinesh Gandhi:** Okay. So, it should be roughly about 150 to 180 crores for the 3 plants put together. Got it. And total manpower addition would be what, roughly about 15000 to 16000 people or less than that between the 3 plants?
- Anurag Gahlot:** I think, these plants are, as the volumes are given and for the product we are making, these are sort of little large plants. So, between 2000 to 2500 manpower will be involved in these 3 plants individually, each of them.
- Moderator:** Thank you. Participants who wish to ask a question may press “*” and “1” at this time. Ladies and gentlemen, if you wish to ask a question to the management, you may press “*” and “1.” The next question is from the line of Shirish from Nippon India Mutual Funds. Please go ahead.
- Shirish:** I am trying to understand the correlation between copper prices and if I look at industry growth and add it up with the copper prices, somehow your growth seems much lower than the number which I was looking at. So, can you explain why really is there a difference because why copper prices are up 12% plus the growth also not too bad. So, our growth in that context looks a little low. If you can elaborate on that, sir, please.
- V.C. Sehgal:** Look, your calculations are based on what? On your calculations or it is some kind of a standard or something?
- Shirish:** Sir, just looking at the copper prices, there was a fair bit of inflation. So, I just want to understand if, like, how are you looking at market shares? Are the market shares stable or was there a difference between the production and the wholesale numbers that we are looking at for the industry?

- V.C. Sehgal:** I think we have already said that our growth is higher than that of the market. But we cannot just answer on speculation that it looks lower, it looks higher. It is very difficult for us to quantify what you are saying and what basis you are comparing.
- Shirish:** Copper price inflation was 12% and the industry growth would have been close to... So, if I draw a parallel from that 59% comes from PV, 12% from MHC, on that basis, the industry would have grown at least like a double-digit kind of a number, close to like a low double-digit. So, based on that...
- Pankaj Mital:** Sir, the industry growth, if you will see, is about 3%, sir.
- Moderator:** Thank you. A reminder to all participants that you may press “*” and “1” to ask a question. Participants who wish to ask a question to the management may press “*” and “1.” As there are no further questions from the participants, I now hand the conference over to Mr. V.C. Sehgal for his closing comments.
- V.C. Sehgal:** Yes, I think the board congratulated the team. I think they have done a phenomenal job, including the marketing people and all that. Three new plants in 3 new geographies. Even though we are present there, it is still a huge mammoth task, but the company has done that. The prospects look phenomenal, even in the coming months and all that. We will keep you informed and thank you very much, and wish you all a very good week ahead. Thank you.
- Moderator:** Ladies and gentlemen, that concludes the conference call. Thank you for joining us and you may now disconnect your lines. Thank you.

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