



“Samvardhana Motherson International Limited Q2 FY'26 Results Conference Call”

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Management:

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Chairman

Mr. Laksh Vaaman Sehgal,
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Chief Financial Officer

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Chief Operating Officer, Vision Systems Business Division

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY'26 results conference call hosted by Samvardhana Motherson International Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded.

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

Vivek Chaand Sehgal: Thank you. Good evening, ladies and gentlemen. Thank you for joining the SAMIL results conference call.

I am pleased to announce that the board has approved the results for the second quarter of the financial year 2026. The company has delivered a strong operating performance across all business divisions. The teams have worked very hard to ensure bottom-line growth and realise the benefits of some of the transformative measures undertaken.

Vaaman will talk more about this. I am very happy to see that the early milestone, we have achieved our industry agnostic capabilities built on a strong platform as we start the journey of the seventh five-year plan. We are seeing strong momentum in our aerospace and consumer electronic businesses. Our 3C strategy continues to augur well for us. Further, our book business stands at \$87.2 billion as of September 2025. We are thankful to our customers for their continued trust in us. We also appreciate your continued support and confidence in Motherson.

I would like to hand over to Vaaman and the team to provide a walkthrough and business insights. Over to you, Vaaman.

Laksh Vaaman Sehgal: Thank you, Papa. Good evening, ladies and gentlemen, and thank you for joining the Q2 Earnings Call for FY2026.

As Papa was saying, SAMIL has delivered a very strong performance reflecting solid operational momentum and financial discipline. The Company reported revenues of Rs. 30,173 crores, EBITDA of Rs. 2,719 crores and a normalised PAT of Rs. 856 crores. SAMIL has outperformed the industry during the quarter with a 8.5% growth on revenue on a year-on-year basis. The growth was contributed by volume and content and as well, addition of an acquired asset Atsumitec, which we informed you all earlier. I am pleased to share that we have delivered double-digit growth across normalised EBITDA and PAT over the same period last year. Our performance is particularly noteworthy when viewed against the

backdrop of an evolving production landscape and bouts of volatility in the broader external environment.

I would like now to provide a brief walkthrough on the profitability side. As trade dynamics continue to evolve, a greater degree of clarity and stability is now emerging within the manufacturing ecosystem. We continue to engage in constructive discussions with our OEMs, and as of this quarter, there is about \$10 million of tariff-related costs on our P&L, which will flow, albeit with a lead-lag effect.

The transformative measures for Western and Central Europe announced earlier this year are beginning to bear fruit, especially in the polymer business. The profitability of the polymer business moved from 6.4% to 7.4% on a sequential basis, demonstrating these improvements despite the quarter being a seasonally weak quarter for Europe with the holidays.

During the quarter, we have booked provisions of approximately Rs. 36 crores as an exceptional item in addition to approximately Rs. 136 crores that we booked in the first quarter. The majority of the transformative actions are in place with some bids to follow in the second half of the year. We do anticipate further acceleration of improvements in performance during the second half of this year, especially in the modules in polymer business division. If you look at the production scenario, the global light vehicles industry grew by approximately 3% year-on-year, reaching a production volume of 22.2 million vehicles. This growth was largely driven by emerging markets, particularly India and China, while Europe remained broadly stable and North America witnessed modest incremental gains. You can look at this on slide 7 in our presentation.

Looking ahead, we expect production momentum to strengthen as most premium automakers are nearing completion of their platform transitions and are all set to roll out a series of new models. This optimism is also reflected in the upwardly revisioned global production forecast for the full year, now converging around the 90 million plus mark. We continue to invest to support our growth ambitions with a large part of our CAPEX going towards setting up avenues for growth. Two new green fields have been operationalized during the quarter and 10 more are at various stages of completion, with the majority expected to come on stream in FY'27. You can see this on slide 11.

We have also spent approximately Rs. 2,600 crores of total CAPEX in the first half and for the full year would still be within our annual guidance that we provided earlier, although we would be on the upper end of the scale, Rs. 6,000 crores plus 10%. More details on this are on slide 10. Despite the large growth capital, inflated working capital and transitory impacts on profitability in the first quarter of the fiscal year, our leverage at the end of the second quarter remains stable at 1.1x net effective debt to EBITDA. We expect the leverage ratio to be around 0.9 by the end of the year, contributed by improvement in the

business profile, better free cash flows and reduction on the working capital front. You can look at this on slide 12.

On ROCE, we are at 14.2% as at the end of September 2025, impacted by the transitional impact on profitability in the first quarter, early stage ramp ups of all the new green fields as well as the inflated working capital. This should creep up again as performance normalizes in the second half of the year.

In our investor day on the 5th of September, we spoke about our future and evolution as a design, engineering, manufacturing and assembly powerhouse. I am pleased to report significant strides we are making on this demo journey. Consumer electronics business continues its sharp growth trajectory, having operationalized one of the facilities in this quarter. Total two plants are operational now. The largest one is left to come on stream in the latter half of FY'27. Based on the September run rate revenue, Q2 demonstrated a 36% growth over the first quarter. This will further pick up pace in the second half of the year. We also expect this business to be positive in profit in the first full year of operations. That itself speaks a lot about the operation excellence that the teams have been able to deliver on this very significant project for us.

Aerospace business delivered a 37% revenue growth in the first half of FY'26 on a year-on-year basis. We became Tier 1 to Airbus earlier this year and that is already giving us desired results. We are in advanced discussions for complex and high-value large packages. Booked business between consumer electronics and aerospace is already now at a whopping 3 billion up from 2.7 billion in March 2025 and is further expected to see a sharp ramp-up by the time we next report this figure to you. We are also further enhancing our capabilities on the technology front. We are wanting to add more than 5,000 engineers in the next five years, building and bolstering our competency with global business services that we have built in-house and our AI platform. A new building will be coming up in the latter half of the year to support this growth. You can look at more information on this on slide 15 and 16 in our presentation.

I am extremely excited about the journey ahead of us and we have entered into our next five-year plan and next five-year chapter with momentum, opportunity, and strength of our DEMA capabilities that we have built as a platform. We are really geared up now to seize these opportunities and push the boundaries as we move forward.

With this, I would like to conclude my remarks and open the floor for questions.

Moderator:

Thank you very much. We will now begin with the question-and-answer session. Our first question comes from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh:

Good evening, team. A pretty solid quarter. I wanted to understand on the modules and polymer division, we have seen a pretty good step up during this quarter, probably a little ahead of expectations. If you could articulate what are the, just this journey, what exactly are you doing? What are the steps? Where are we in this journey? How much has happened and how much more is left? Just some color there would be helpful.

Laksh Vaaman Sehgal:

I can take this question. Look, in the last couple of years, we have been on a transformative journey. Apart from the large number of acquisitions, you've seen that the European zone has been reeling from the EV not being as successful as anticipated. So a lot of extra capacity, a lot of things were built up for that reason. While Motherson had a balanced approach, we were asked by the customers to take over a lot of these troubled suppliers. And we have done so. And we have had a plan of reorganising ourselves so that, of course, even our capacities can be further orchestrated by this addition that we have, for example, companies like Dr Schneider, etc. And I really look to combine forces to see where we can be operationally more efficient and drive some of the changes. We also had a complete management team change over there. And that management team is now fully in grip of the complete operation. We will have Christophe in the subsequent calls coming up, because now he has completely taken control of the modules and polymer division as the new Head over there. And together with him, and the new people that we brought on board, including engineering, HR, etc. We have really built a very strong team over there that is looking at all the plants and making sure that, again, we convert all those red units that we had and those underutilised units to combine with all the acquisitions and have a very, very efficient operation going forward. We also restructured some of the operation. We have relocated our business from different plants to again drive more synergies. And just overall bring a lot more focus on the shop for delivering these programs with low levels of scrap and high levels of quality. And also invested in our plants by redoing, like paint shops, etc. To make sure that we are again relevant and some of these assets that had not been invested in the past from the prior ownerships, we have done all of that. And that's what you are seeing is taking fruit. Of course, some of the older programs are still in the system as they wean off, and the newer programs, which have been won at better margins and with a better grip on the launch of the program, should continue. And we believe that a large part of the restructuring is behind us, and the performance should only improve from here, as long as the numbers, of course, hold up. And we are very excited about the new programs that are going to be launched from these facilities. And if we do a good job there, we definitely will see much better performance coming up. So the transitory work is done. And I think now from, from quarters on from here, you should you should see improvement.

Kapil Singh:

Okay, that's, that's great to hear. So a large part of the transport transformative work is done, can we say about maybe what 75%-80% of that is done?

Laksh Vaaman Sehgal: It's a continual process. It's not that we will do it and stop, we will continue to look at ways that we can, still be more and more efficient in those in those countries. There's a lot of pressure from the customers who are looking at sourcing from Eastern Europe, North Africa, I am just talking about the Europe zone in general. So we have to be really on top of things. And continue to focus on the AI automation, GBS, which we spoke about, that should deliver, again, more efficient operations for us. So it's not something that we will stop. I think the first plan that we had, yes, is 75%-80% done. But next year, we are going to think of how we can continue to push even more and build a completely new plan and continue to drive efficiencies in the operation.

Kapil Singh: Okay, great. Again question I had, you talked about hiring 5,000 engineers and also expanding capabilities in GenAI. Can you articulate a bit more what exactly is the vision here? Or what is what is your thought? What are the opportunities here from your perspective that you are trying to tap?

Laksh Vaaman Sehgal: Look, of course, we are seeing a lot of progress that has happened in the last few years, in terms of automation, in terms of software, having intelligent capability, and we are ourselves having a lot of strength. We already have about 5,000 design and software engineers in the group that are able to again, give us our information systems. That's one of the key strengths for when we do acquisitions, that we can get access to relevant data and create strategies of how we can improve the operations of the plants that we acquired etc. So we think that's a huge strength. And now, we want to double down on that. So with partnerships as well, external partnerships, build out ourselves and our own capability in the strong foothold. From the India side, where we have strength, that's something that we are really wanting to, let's say, double down on. So we will give you more and more information as we develop on this journey. But the first few results are very promising. We are looking at very, very interesting software that can make the workloads that much more efficient and faster to respond. And it's also about communication and how quickly that we can get some of these things on our response time to our customers, engineering lead time. So there's a whole bunch of things that are to happen. Each of the different verticals and the plants are focusing on that. So please do give us some time. This was announced as part of this five-year journey. So we do have five years to get there. But we will be giving you regular updates. But it's extremely exciting. And our vision is to eventually be able to do a lot of the production in a very good, automated way, and use our people to value and skill them up to do even more things for the group. And going from 27 to 108, that's a lot of growth. So there'll be a lot of things for people to do. And we want to be efficient while we grow and use our existing people for the growth.

Kapil Singh: Thank you, sir. Just one last one. You mentioned that premium car makers, they are going to come up with a significant launch plan. By when can we expect a ramp-up of this plan?

- Laksh Vaaman Sehgal:** I think you have to see the car makers' results for that and their commentary on that. I think the second range of EVs, I think the first range of EVs, of course, really came up in a very fast way because of the entire environment pushing EVs to come. But the next rung of EVs which are coming now have had a lot of time for development. And they really stand apart from the first time that they tried their hand at EVs. So I think that the new range that's coming up will be significantly better. Of course, we have always said that, look, EV will take its time and we will have a balanced approach. And our exposure to the engine or the EV is still in a very balanced way. We are not taking large bets on EV or something like that. But what we are seeing is that the capability of the car makers, as they're getting more experience with the EVs, is coming out with products that are more relevant, cost-effective and attractive to the customers. While we still believe there will be a healthy mix, there will always be ICE, there will be hybrids, there will be EVs, and there will be a mix of all of this. And I think our portfolio is totally geared to take advantage of all the different types of vehicles that will be over there. And we won't be hurt by one or the other being more. What I was trying to say is that there are a lot of exciting new models that are coming up. And you can look at any of the car makers' commentaries, whether it's the German ones or the Japanese ones and even the American ones, everyone, including the new-age ones, which are anyway launching a lot of platforms. And we are pretty much partnering with all of them. So it's a very exciting time for us. And you can see a lot of their products in the auto shows.
- Kapil Singh:** Sure, sir. Look forward to that and best wishes.
- Moderator:** Thank you. Our next question comes from the line of Raghunandhan NL from Nuvama Research. Please go ahead.
- Raghunandhan NL:** Good evening, sir. Congratulations on extremely strong numbers. First question is on the order book. Order book is large at 87 billion for the next five, six years. Within this order book, would it be possible to indicate how would be the breakup between all new orders and replacement orders? And how much is the current EV share in your revenue? Would you see EV share also reach over 20% of revenue in 5-6 years, similar to the order book share of 22%?
- Laksh Vaaman Sehgal:** Kunal could support me on that. But definitely, look, we want to keep a balanced approach and definitely whatever is there in the market, I think that will reflect in some of our businesses compared to the others. But we do see that the EV in the middle had tapered off; we have significant wins in the new platform. So I do see that growing as the market grows. What's interesting for you to see is that a lot of the new platforms are being offered by the carmaker in EV and non-EV and or ICE variants as well. So regardless of which one really takes off, they're kind of also hedging their bets by offering it and seeing what the consumers want. Well, of course, there are, of course, some EVs that are being launched as well, but a lot of the platforms are also coming in both variants. And I think we will really

win from that because our content will go on both the platform. But Kunal, maybe you can add on.

Kunal Malani:

Yes. So just to give you a context from number perspective, the 87.2, we don't have the breakdown right now between new and this, but needless to say, you could take the 5-6 year to get a good sense of what the trajectory is going to look like. Our EV revenues right now is 11%. And in the order book, you see a dip from 24% to 22%, which is largely reflective of what Vaaman was saying in terms of new launches that are happening along with non-EV powertrains as well. And hence, the share has shifted. Plus, the pace of growth anticipated in EVs has ebbed and accordingly recalibrated the volume trajectory associated with it, thereby bringing the 24% down to 22%. Directionally, is this reflective of the industry somewhat? Though obviously, we are one among the industry participants, so I don't know how others are shaping up on this account, but at least the movement from 24% to 22% is largely the nature of the industry that is shaping up now.

Raghunandhan NL:

Very helpful, sir. Secondly, on the emerging business, profitability has improved to 9.5, 110 bps improvement QOQ. Can you indicate what led to this improvement? Was there one-off cost in Q1? And also, please talk about efforts to further expansion of profitability?

Kunal Malani:

Sure, sir. So, in Quarter 1, we had highlighted the fact that we assimilated Atsumitec for the first time in that quarter, which on a relative basis was a lower margin business as one end. Two, we had started ramping up our consumer electronics business, which as you can imagine in the initial space is obviously not profitable. As the ramp-up of the consumer electronic business has happened together with some improvement in the Atsumitec business, you are seeing the trajectory move up. You would see more of this as aerospace is also ramping up, as some of the other Indian businesses that are there with the tailwind now on Indian growth as well. You should see overall this number to move up as we move through H2 as well.

Raghunandhan NL:

Thank you, Kunal, sir. On the aerospace side, 37% growth in H1 is a very strong number. And has there been improvement on the profitability side? There was some pressure on AD profitability. If you can indicate directionally, how is the improvement even on the EBITDA? And if you can share revenue and EBITDA, that would be great.

Laksh Vaaman Sehgal:

I can take this, and Kunal, you can support me here as well. Look, I can tell you from the directional side, we are definitely making huge amounts of progress, which the customer is also recognising. And I think again, we have taken a bold step by increasing the CAPEX in that facility, because in the past, it really was not invested on something that I was telling you for our CAPEX numbers in my opening notes, that we have to make some of these CAPEX that will upgrade the facility and make us future ready for the next 20 years of orders that we can get from these facilities. These are extremely critical parts. These are propulsion parts, engine parts, and the customer only trusts very few suppliers with things

like this. So I think the transition journey is on. We are obviously pushing the teams to do more and more and are never satisfied in a normal way, but the teams are working extremely hard and the direction is one of constant improvement. Last couple of months, we have been seeing that. And of course, in the next quarter, I hope that will come up even stronger. But most importantly, like I said, we have the customer's trust. We are winning orders, as you saw, and the customer really does have confidence in our capability. We have to continue this momentum. But overall, it's a very, very good picture. And we believe we are going to grow even further with this and have even more opportunities. So overall, very pleased with the performance, but we need to keep pushing from here.

Raghunandhan NL: Thank you very much. Wishing all the best.

Moderator: Thank you. Our next question comes from the line of Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani: Hi, thanks for taking my question. My first question is on the order book that you mentioned of 3 billion for consumer electronics and energy. Can you share a little bit more on how is the split between the two businesses and what sort of conversion timeline should we be looking at for this order book?

Laksh Vaaman Sehgal: We can't give you specific breakups. We are tied by confidentiality norms. But what I can tell you is that, of course, on the consumer electronics side, a lot of that is wrapping up already in the next year for that order, since their order books are much shorter. And the aerospace business is obviously more long-term. So we take your direction and we will see if you can come back next quarter and try to come up with some more details around it. But at the moment, we are not able to disclose more details. But like I said, it will ramp up quite fast next year for the consumer electronics side. And the aerospace industry is a more consistent order build-out for the next decade.

Gunjan Prithyani: Sure. I appreciate that. I mean, the reason I asked that is as an analyst, I am honestly grappling with how I think of the revenue ramp-up in this business. In consumer electronics, specifically, I mean, of course, profitability and all are something which will follow through. So I am just looking for a little bit of direction from you on how we think about the revenue line of this segment.

Laksh Vaaman Sehgal: Sure, I appreciate what you are saying. Please allow us some time, and we will come back to you and see how we could show you more colour on that in the next quarter. Like I said, the ramp-up is still coming next year. So we have some time, but we will see how we can give you some more information. Right now, we will have to make sure again that from all our contracts and everything that we are what we are allowed to say and what we are not, we have to make sure that we are in line with what we have contractually signed. So please bear with us.

- Gunjan Prithyani:** Sure, no problem. My second question is on the commentary that you sort of called out second half will be better. I am just trying to understand when you think about second half, is it acceleration both in terms of revenues as well as margin improvements on the transformation program? And the reason I ask that is there's a little bit of uncertainty around this whole Nexperia impact on the production of the European OEM. So in that context, how do we think about the revenues in the second half? And the profitability, of course, is covered from the transformation program.
- Vivek Chaand Sehgal:** This is up to September; the real change has happened in the festive season. So even that itself is a big push.
- Laksh Vaaman Sehgal:** Yes, you are absolutely right. I think, look, we are very hard to have a fortune ball, a crystal ball to tell us what's going to happen. But the commentary that's coming from the again, the chip shortage is kind of mixed. Some places where you are hearing that it's getting better, some places we are hearing it's not. All of our talk that we are seeing is with the view that this issue is not something that's going to linger for a long period of time and should be solved. Already, we do see that some of the commentary that's floating and reading is saying that it's not going to be such a big issue. And we hope it stays that way. Of course, if there is something like that, then we will come back next quarter and tell you about it. But I can tell you that the customers are very proactively working. And everybody is really on top of the situation right now. And we are hopeful that a solution will come out of that. So that's one side of it. I think on the other side, like you rightfully picked up from my speech that look, the operational improvement targets have been given and the restructuring a lot of has been done. So we see a lot more efficient operations coming in the second half of the year. And of course, post the second quarter, which is weak, the third and fourth quarters sequentially are some of the strongest quarters. So the sales growth momentum, the launch of some new programs that we are also seeing, and the overall attempts to make the operation leaner and drive through these efficiencies with the changes that we have made, we are extremely, let's say, positive and optimistic that the worst is behind us and the next few quarters should be stronger. And we will come back to you in the next quarter and show you how some of these things are panned out. But we are, like I said, extremely optimistic that next few quarters should be in the right direction.
- Gunjan Prithyani:** Sure, that's quite good to hear. Just one last question from my side, I think the tariff impact, which you called out as \$10 million. Now, is it that we are in the phase of conversations with the customers and this will eventually be passed through? And what segment is this tariff impact really reflecting in, if you can give some insight on that?
- Laksh Vaaman Sehgal:** So ma'am, I can start that, and of course, maybe Kunal can add on. Look Papa always had the strategy of Motherson to be a local company. So the majority of our operations source locally, produce locally, and supply locally. And that's been the biggest strength of

Motherson that we do complex parts because the customer always prefers a supplier to be in the same time zone, speaking the same language, not having large logistics costs, not being in the volatility of foreign currency. There are always translation issues. So we have always prided ourselves on being able to drive factories and keep our operations and our factories open globally and supply to the customer their needs and be competitive. And that's the reason that you are seeing the impact for such a large group of Rs. 30,000 crores of revenue, and we are still less than \$10 million of impact that has already hit us in the last few months. But again, a lot of that is going to be discussed with the customer. I do think that we will find a good solution. It's a small number compared to the overall size of what could have happened to us. So I am grateful that the impact is only 10 million. But yes, even this 10 million is important to us. And we will go to the customer and find ways and means that we can, how do we share this pain? And if it was not our fault, then it was customer-directed. And that's something that we will ask the customers to give us direction on. But it's a relationship business, as you can imagine. We all have to work together. And I am sure the customers are also finding it difficult in these kinds of uncertain times. So we have to do the best we can together with them and make sure that the relationship is something that holds strong. And I am sure that we will find ways and means to recover this 10 million down the line.

Gunjan Prithyani:

Sure. All right. Thank you so much.

Moderator:

Thank you. Our next question comes from the line of Jyoti Singh from Arihant Capital Markets Limited.

Jyoti Singh:

Thank you, sir, for the opportunity and congratulations on the good set of numbers. So I just wanted to understand our acquisition of Yutaka, which we have done for the thermal management and rotor stator portfolio for hybrid opportunities globally. Can you guide us more on that? And I also wanted to understand our consumer electronics in terms of revenue contribution. Can this business, what if you can guide us, what is our target for the next few years, 3 to 5 years?

Laksh Vaaman Sehgal:

Sure, I can talk about the consumer electronics. Would you like to take the Yutaka question?

Vivek Chaand Sehgal:

Yutaka, I think at this moment, we made an offer. We can't really talk too much about it, but there's a lot of information on the listed company. And it's a single-source supplier to Honda Worldwide. So I think all the information is there. Is there anything, Kunal, that you would like to add? Or, Vaaman, if you would like to add to that, or is that about it?

Kunal Malani:

I mean, if it helps, Jyoti, I think the revenue is 1.2 billion. The open offer remains pending. It is a likely closure somewhere around Q1 of FY'27. So Yutaka is still not in the numbers that you are seeing right now.

Laksh Vaaman Sehgal: Atsumitec is reflected. Maybe you were wanting to ask of Atsumitec.

Jyoti Singh: Yes, sir.

Laksh Vaaman Sehgal: Look, again, I think these acquisitions that we are doing in Japan is just a testament to the confidence that the Japanese customers, especially Honda san has on Motherson capability. I think it's very early to tell you a lot of our plans with Atsumitec, of course, the idea is to diversify, bring in a global customer base, allow them to piggyback on the good network that Motherson has and show them the ability of growth. I think that's the purpose of partnering with our customer to be able to take some of these acquisitions. And it's been a huge success, even with Yachiyo, which was the first acquisition that we got through Honda-san. This was already showing colours with new businesses being awarded, new opportunities and full integration of Yachiyo into Motherson, which has really done well. And that's why these follow-on opportunities are also coming. We will come back to you with more colour on what we are doing with Atsumitec and when the other acquisitions finally close, what is going to happen there. But a bit too short because that has just happened. But again, very exciting plans for having these companies as part of Motherson. They're so technologically strong, their engineering capability is really unbelievable. And not only that, they also bring a lot of competence in automation and efficiency driving, because in Japan, that is a given with the shortage in land and people, they are really highly automated. And I think that's something that we can use for a lot of our group. So a lot of those synergies will also be realised as we go through, and something that we are already doing. So it's been a wonderful fit for us and something that you will continue to see be more and more integrated in the Motherson family. On the electronics side, look, we are doing a whole bunch of things. Of course, one was this joint venture with BIEL for the glass products, but we are not stopping there. We are also looking at SMT lines. We have a lot of requirements for that internally. We will be doing PCBA work as we get the right opportunities. And we are also making parts for the semiconductor companies that want to set up base in India. We are helping their supply chain. So this consumer electronics is really going to grow at a rapid pace. As you are seeing, the order books are swelling. Motherson is in a unique position because we have the global trust of a lot of top brand customers. So a lot of these new industries automatically have the confidence because if we could make a name for us in an industry like the automotive where the quality is global, no matter where they are sourcing from, I think a lot of the customers have seen that Motherson has the ability to expand and to drive growth in a fast manner and give them solutions for the supply chain that they need, obviously in India and abroad. So that's something that's really working in our favour. I think the teams are extremely charged up. There are lots of opportunities, and this will be one of the sectors that will continue to grow at a very, very fast pace. And eventually, we will start showing you the difference between the different verticals, and we will only show you consumer electronics once it reaches the scale next year that we envisage with the new facility coming up.

- Jyoti Singh:** Thank you, sir. Just wanted to understand a few more points. As you have already discussed on the EV point, I wanted to understand this reduction from 24% to 22% on the EV side. So if you can guide us globally, how is the situation on the European side and what kind of fraction we are seeing and also what is your conversion ratio of RFQ to SOPs across major regions?
- Laksh Vaaman Sehgal:** Ma'am, the conversion ratios differentiate for different companies. It's very hard to tell you that, but the order book is only growing for Motherson. So, of course, we are defending programs, we are growing programs. Sometimes, there is a reshuffling of programs that happens from the customer side. But like Papa had guided us to not take a very overly approach with investing too much into the EV side. So we have a balanced approach. Can you hear me? I was saying, the first slew of EVs that came out from the automakers who were doing it for the first time, the European EVs, they were not up to the expectation of the volumes that the OEMs had themselves. So that is why you see some of that EV share has come down, and the ICE programs have been prolonged, and that has had that impact. But I think, again, you will see this EV piece continue to grow, albeit slowly, I think, as the customers get used to these kinds of products. But we don't envisage or we don't think that it's going to take over the entire market. There will be enough play for ICE, enough play for hybrids, and EVs will also command their space in the market. And we are having that balanced approach. Our portfolio is not geared towards any one type of a drivetrain. We are engine agnostic. And in that way, I think we will continue to grow and have this balanced approach.
- Jyoti Singh:** Thank you so much, sir.
- Moderator:** Thank you. Our next question comes from the line of Joseph George from IIFL. Please go ahead.
- Joseph George:** Thank you. I am trying to figure out the organic growth in the overall business. So when I look at the consolidated revenues, that's up about 8.5% year-on-year. But there are two factors. One is Euro-INR moved from, I think, 94 to 104. That would have contributed maybe 3%, 4% to growth. And then you have the acquisition of Atsumitec, which is another maybe 3% or 4%. So question number one, on an organic basis, like-to-like currency without acquisitions, what is your estimate of year-on-year growth? And second, when I look at it in the context of 3% growth in production volumes of light vehicles and 8% growth in commercial vehicles, how do you see that? Is it that the regional mix or the customer mix has hurt you adversely? Some comments on all of this?
- Vivek Chaand Sehgal:** Vaaman, Kunal, Pankaj, if you can take it together.
- Kunal Malani:** Sure. Maybe I will give you a little bit of colour, Joseph, on the growth itself. So while it is 8.5%, if you were to exclude Atsumitec, it would look closer to the 6% or 8% levels. So

that's the organic growth. Yes, there is a forex impact as much. I think that should be around 2.5% of the forex impact. While the Euro, you are right, has moved from 97 to 102 on an average basis. That is what matters from a P&L perspective and not the year-end basis. And the entire business is not Euro. So hence the impact is not 6%-7% there. Secondly, I think from the perspective of the growth that you are talking about, LV volumes and the commercial vehicle side, the LV volumes of 3% has come on account of Europe stabilizing and growth in India and China, where we have all participated. On the commercial vehicle side, however, we have been hit with the 25% decline in the North American market, which has been a sizable portion of our commercial vehicle space. And that has eaten away some of the revenue growth, if I were to put it. So when you aggregate this picture, we would have still outperformed the industry as it stands, in spite of taking all the other variables that you just spoke about.

Joseph George: Understood. That's clear. Thank you.

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

Vivek Chaand Sehgal: Thanks very much. Thank you all very much. The board congratulated all the people and the circumstances of an amazing quarter. I would also like Vaaman, if you want to add something to what we have achieved. And I know they have a lot of questions on electronics and electric and all these particular things. But I would just say, have trust in Motherson. We know what we are doing. And we are taking advantage of all the things that are happening out there, uncertainty, and yet we are totally covered with our customers right behind us. So, I wish you all the best. And Vaaman, would you want to add something else?

Laksh Vaaman Sehgal: No, Papa, I think you covered it. I think the best is yet to come. And I think we are all excited about the next few quarters and we will take all the feedback from the investors and continue to show more and more color as things develop. So nothing more to add.

Vivek Chaand Sehgal: Good. Thanks. Wish you all the best and have a great weekend up ahead. Thank you.

Laksh Vaaman Sehgal: Thank you.

Kunal Malani: Thank you.

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

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