



February 5, 2024

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

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

Scrip Code : MSUMI

Scrip Code : 543498

Ref.: Transcript of the Investor call

Dear Sir (s)/ Madam(s),

This is with reference to our letter dated January 31, 2024, for Audio of Conference Call with the investors on the financial results for the third quarter and nine months ended December 31, 2023, in this connection please find enclosed herewith the transcript of the aforesaid conference call.

The above information has also been made available on the website of the company www.mswil.motherson.com at <https://www.mswil.motherson.com/storage/Analyst-Call-Transcripts/2023-24/Q3/Transcript-of-the-MSWIL-Q3FY2023-24-Investor-Call.pdf>

This is for your information and records.

Thanking You,

Yours truly
For Motherson Sumi Wiring India Limited

POOJA Digitally signed
by POOJA
MEHRA
MEHRA Date: 2024.02.05
18:30:42 +05'30'

Pooja Mehra
Company Secretary

Encl:a/a

Regd. Office:

Motherson Sumi Wiring India Limited
Unit – 705, C Wing, ONE BKC, G Block Bandra Kurla Complex,
Bandra East Mumbai – 400051, Maharashtra (India)
Tel: 022-61354800, Fax: 022-61354801
CIN No.: L29306MH2020PLC341326
E-mail: investorrelations@mswil.motherson.com
website: www.mswil.motherson.com

Proud to be part of samvardhana 



“Motherson Sumi Wiring India Limited

Q3 FY'24 Results Conference Call”

January 31, 2024



MANAGEMENT:

MR. VIVEK CHAAND SEHGAL

CHAIRMAN,
MOTHERSON SUMI WIRING INDIA LIMITED (MSWIL)

MR. LAKSH VAAMAN SEHGAL

DIRECTOR,
MOTHERSON SUMI WIRING INDIA LIMITED (MSWIL)

MR. ANURAG GAHLOT

COO AND WHOLE TIME-DIRECTOR,
MOTHERSON SUMI WIRING INDIA LIMITED (MSWIL)

MR. MAHENDER CHHABRA

CFO,
MOTHERSON SUMI WIRING INDIA LIMITED (MSWIL)

MR. PANKAJ MITAL

COO AND WHOLE-TIME DIRECTOR,
SAMVARDHANA MOTHERSON INTERNATIONAL LIMITED (SAMIL)

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY24 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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

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

V.C. Sehgal: Thank you very much. Good day, everybody. Welcome you to the conference call of MotherSON Sumi Wiring Limited. I'm pleased to deliver the results, the hard-work of our team members. And the highest ever quarterly revenue has been achieved. Our EBITDA also is the highest ever. We are still debt-free company and I'm sure you would have a lot of questions.

So I would hand it back to the moderator to facilitate the same. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is in the line of Jinesh Gandhi from Ambit Capital. Please go ahead.

Jinesh Gandhi: Hi, sir. Congrats on a good set of numbers, a couple of questions from my side. One is, would you be able to share more details with respect to what has led to such a strong top-line growth, especially considering a weaker operating industry that way? So in that context is there any boost of copper price pass-through, which would have come through or there is anything more beyond that? So that is the first question.

And the second question is on capex as well. If you can talk about what kind of capex are we looking for FY25 as well, considering that you have commented about expanding capacities to support customer expansion plan. So these are my two questions. Thanks.

V.C. Sehgal: Thanks, Jinesh. Anurag, can you take the two questions, please?

Anurag Gahlot: Right, sir. Jineshji, regarding the strong revenues you are talking about, we have to understand one thing that our customers – customers are choosing feature-rich models and hence the upgrade is happening. And this means more content of wiring harness in the car, which is good for us.

So MSWIL always get benefited as costs of the sales are dependent on these feature-rich models. So hence higher the model, the higher the sales for MSWIL. So that's what you are seeing that growth is substantial and promising.

On your second question on capex, in this financial year, as we already explained that it is approximately INR125 crores plus/minus and for next financial year, still the working is going

on. But yes, there are a few expansion plan also, which will be a part of the next year's capex. And we can discuss this maybe in our next quarterly update.

Jinesh Gandhi: Sure. Just to follow up on the revenue growth, so there is not material benefit of higher earning cost pass-through in this quarter. Is that a fair understanding?

Anurag Gahlot: Sorry, can you repeat the question, Jinesh ji, please?

Jinesh Gandhi: So, considering that there is usually a lag pass-through of copper prices, and copper prices were higher in previous quarters. So is there any benefit of copper price pass-through, which also supported revenue growth? Is that the material factor?

Anurag Gahlot: There is no as such impact of that, because it's a clear pass-through of copper. So, there is no impact of that to all of these numbers.

Jinesh Gandhi: Got it, got it. Thanks and all the best.

Moderator: Thank you. The next question is in the line of Raghunandhan NL from Nuvama Research. Please go ahead.

Raghunandhan NL: Thank you, sir, for the opportunity. Congratulations on stellar numbers. Sir, on my questions, firstly, continuing on the revenue growth compared to single-digit growth of industry Y-o-Y, we have done 26% growth. In terms of revenue, there are three parts. One is the underlying industry growth. Second would be the market share gains, if at all. Third would be the content per vehicle increasing.

So, any colour you can give in terms of whether this entire outperformance versus the industry was mainly due to content per vehicle, and would it be possible to break the revenue growth into volume growth and value growth?

V.C. Sehgal: Pankaj, I think you and Anurag should answer this question. It is very difficult to explain that we don't supply parts at a fixed price rate or something. As the requirements of the customers go up, the value goes up of the wiring harnesses also because more features are requested. Maybe you can help in Raghunandan on understanding.

Pankaj Mital: So, well, we don't have this kind of split, but as Anurag explained, that as we would have seen in the market, that the kind of vehicles which are selling today, they have more features. Apart from that, also it showcases that the customer has seen, has made MSWIL a partner to progress with and consider it as the most preferred partner with them.

So, in all segments in which the company has been working together with the customers after developing new products and bringing in solutions, so it's a reflection of that proximity and working together with the customers.

Raghunandhan NL: Understood. Thank you, sir. The new capacities which company had put up at Chennai, Pune, for wiring harnesses and including high voltage, would the utilisation levels be high at those facilities? The press release indicates that additional capacities are required to meet customer

requirements. So, just a sense in terms of how that ramp-up is happening and what are the additional expansion plans?

Anurag Gahlot: Okay, Raghunandhan ji, obviously, these capacities on the new plants, they are already reaching to a level. And these are also capacities that are taking care for the future order as well. And on discussing that matter also, we are saying that whatever the future expansions or future orders are coming up, we are also having the expansion further also in other places also as well.

So, as you know that we have a rule of as soon as we are touching to the 80% of our capacity, we started doing the expansion. So, it's already on the cards.

Raghunandhan NL: Got it, sir. This is helpful. And, sir, like in earlier quarter, you had indicated that share of electric vehicle in revenue was around 3-4%. Considering ramp-up in your high-voltage harness capacities, would the contribution in revenues have gone up now? How do you see the expectations ahead?

Anurag Gahlot: If you see the overall, the revenue has also increased. And so the EV ratio what you're talking about has also increased in the same way. So, what you have suggested. So, it's in the same numbers. And I think we are expecting because a lot of new models are also coming in the market. So, we are seeing a positive response there.

Raghunandhan NL: And lastly, sir, on the EV wiring harness, given that it's a newer category, how would be the level of imports or bought-out components? And can you provide some colour on your localisation efforts?

V.C. Sehgal: We don't normally give this thing, but Anurag, can you and Pankaj, can you give some kind of color on this?

Pankaj Mital: Well, see, as the time is passing and more progression is happening and the stabilisation of the designs is taking place, the local content is getting increased. So, that's what I would say. So, we have localised a lot of parts, but yet still there are import content as well.

Because on some of the connections, the import content is still there. And with the customers, we have a plan in place as to how we work together to find solutions on localisation as the designs get more and more stabilised.

V.C. Sehgal: Pankaj I think if you advise them on the new wire plant for electric vehicles and high voltage harness, it might...

Pankaj Mital: The company has already localised in providing solutions on the CCS2 connectors also, the charging connectors. It's also setting up a new facility as a group to support on the new range of electric wires, which are as per the global standards. Because as the customers move on towards that, both the shielded and non-shielded, XLP and silicon cables.

So, all those kinds of things are in place together with the customers to take care of the ongoing requirements and the launch of the new models. Thank you, Chaand Sahab, for reminding us on that.

- Raghunandhan NL:** Thank you, sir. That was very helpful. That's all from my side.
- Moderator:** Thank you. The next question is from the line of Kapil Singh from Nomura. Please go ahead.
- Kapil Singh:** Good evening, sir. Congratulations on a strong performance. Firstly, I wanted to check, when you look at the new orders that are coming for the next one or two years, there will be good visibility.
- Is the content for vehicles still continuing to rise at the same pace? More of a qualitative kind of view you can give and some of the features, etcetera, which you are seeing, could build upon where we are today?
- V.C. Sehgal:** I think this company is going to be focused on wiring harnesses and all that. But I can't talk about the other companies. So, Pankaj, I think we will stay focused on wiring harnesses and taking care of the needs of the customers.
- As far as that, for that, whatever we have to do, we will do. MotherSON, as you might have already seen, is a debt free company. We have all the technologies available through Sumitomo San. So, I'm sure we won't be bereft of any need. And really, we have the land, we have the money, we have everything. And the collaborators are very keen also. Our customers are talking about big numbers. So, definitely, we will be spending our time and working together with the customers, as Pankaj said.
- Kapil Singh:** Sure, sir. The question was from a wiring harness perspective only, you know, in terms of feature addition, that, if you are seeing continuous, when you look at the model cycles for the next one or two years. That is what I was actually asking?
- V.C. Sehgal:** Okay. Pankaj, did you hear it? Yes, we can talk about it.
- Pankaj Mital:** Yes, Kapilji, the answer is yes. That we do see this direction is still ongoing of features addition.
- Kapil Singh:** Okay, great. And just one more question. We have seen sequentially good margin expansion as well, whereas revenue level, if you see Q2 and Q3, fairly similar. So, could you talk through the factors, what has helped this quarter?
- V.C. Sehgal:** Anurag, Mahinderji, or...
- Anurag Gahlot:** Right, sir. Kapilji, when you are talking about the EBITDA or you are talking about the revenue figures, you will see that in the quarter three also, we have the customer closure, block closure. On top of that, you will see that instead of only doing this closure, still we are able to beat, our Q2 revenue figures. So, Q3 is generally remain weak as we have seen in the past, but this time, as I explained to the earlier question also, that because of these, feature-rich models which are selling and which is a very benefit for MSWIL, is helping us to bring us to that level.
- Kapil Singh:** So, Anurag, sir, this improvement in raw material sales is largely a reflection of better mix of models selling. Is that the right way to understand?

- Anurag Gahlot:** Sorry.
- V.C. Sehgal:** Go ahead, go ahead.
- Anurag Gahlot:** Yes, RMC is a directly, Kapilji, is a product mix and it's difficult to compare it from one quarter to another quarter. So, as you rightly said, it's because of the product mix only.
- Kapil Singh:** Okay, great. Thank you, sir. That's all from my side.
- V.C. Sehgal:** I'll just add one thing that, you know, nowadays, guys who are buying the cars are really looking for feature-rich. You see, the more the features, the more the wiring harness price goes up because that means more facilities have to be added in the car and the wiring harness. Sorry, go ahead, please.
- Moderator:** Thank you. The next question is in the line of Nishant Vass from 360 ONE Asset Management. Please go ahead.
- Nishant Vass:** Yes, hi, sir. Congratulations on good numbers. So, just one a directional standpoint, to pick your brains on, in terms of the new programs and you guys had indicated early part of this year in terms of your new programming on both traditional vehicles as well as the new energy vehicles.
- But are you guys happy with your progress just to understand an update from how customers are reacting to your localisation plans on the new energy vehicle side as well as the newer, let's say the newer content increases vis-a-vis, let's say, relative competitive positioning. Are you guys happy in terms of how you're progressing? What's the landscape? Just to give a get some update on that.
- V.C. Sehgal:** Well, it's rather my view. In Europe and in US, we are seeing the electric vehicles are not doing so well, but it's very good that in India, they're doing very well. So, I think it's a matter of the cars and, car makers and how they're performing it over there. But I think there's been a clear thinking in MotherSON that we have to perform exactly as how the customers want us to.
- So, if the customers are going more for electric producing, we are absolutely ready for that. And for ICE engines, or for the existing engines which are available on the cars, we are absolutely ready. In fact, we are seeing a lot of thing in the customers. They want us to be ready for both the things. And as and when a company's model does well, we go holistic on that. And if for any reason we do well, we are ready for the alternate also. Because car makers definitely want that flexibility with their suppliers. So, I think the key to seeing this from our side is we are ready for either way. But take it for whatever it's worth.
- Pankaj, do you want to add something? Or Vaaman? Or Anurag, do you want to add something?
- Pankaj Mital:** That's right, sir. That's the kind of trends which we are seeing. And as of now, this is how it's operating in the Indian market. And the pull has been there for the electric vehicles. Of course, the intensity could have been even higher. But slowly inching up.

So, we are exactly working with the customers, both on the EV, non-EV, and any kind of fuels which they want to use. So, all kinds of powertrains. And we are fully embedded with them. And working very closely for all kinds of developments.

Nishant Vass: Thanks so much for your response. That's all.

Moderator: Thank you. The next question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Yes, thanks. Just one follow-up. If you could also talk about what kind of progress are we seeing in segments other than passenger vehicles for electric vehicles, for example, commercial vehicles, buses, or two-wheelers? Are we seeing a good progress for the market as well as for the company?

V.C. Sehgal: Anurag?

Anurag Gahlot: Yes, Kapilji, we are already available in all the segments, whether we talk about passenger vehicles, two-wheeler, commercial vehicle, buses. And there are two types of customers also. There are one established customer and a next-gen customer.

So, we are also working with the next-gen customers also. The spread is to complete the whole market. We are supplying to all the segments as well as we are working very closely with the customer on the new upcoming programs.

Kapil Singh: Okay. And are we seeing the same type of pull that you're talking about in case of passenger vehicles in these segments also?

Pankaj Mital: This is Pankaj. I think we would say that it is mixed, of course. There has been a pull in the two-wheeler market to an extent. There has been a pull with the buses. But these are all driven by some of the tenders and some places on their own. You don't see so much of a pull on the heavy-duty trucks, but more on the smaller commercial vehicles.

Kapil Singh: Okay, sir, great. Thank you so much and have a good day.

Pankaj Mital: Thank you.

Moderator: Thank you. The next question is from the line of Joseph George from IIFL. Please go ahead.

Joseph George: Thank you and congratulations on a great quarter. So, I have two questions. One on the two-wheeler industry. So, historically, you've had a much higher market share in passenger car wiring harnesses compared to two-wheeler wiring harnesses. You may correct me if I'm wrong. And as -- the understanding was that with the shift to BS 6, etcetera, there was a strong opportunity for you to increase the two-wheeler market share. So, give some colour on how that has panned out, whether the market share gains in two-wheelers has played out strongly over the last two-three years, and how it's trending.

V.C. Sehgal: I think that needs some correction. I think we never told the market that we are not in any segment. In fact, we are off the highway vehicles, trucks, whether two-wheelers, three-wheelers,

name the particular thing. Motherson has been very, very focused on every segment. So, just thinking that we were only more focused on the car is a big anomaly. I think not just in India, but even outside, we are very strong in the two-wheelers, four-wheelers, six-wheelers, 30-wheelers, whatever-wheelers, we are okay with that. But, Pankaj, Anurag, if you can answer more specifically what he's trying to ask.

Pankaj Mital:

Yes, I think, sir, what -- Mr. George, I think you're referring to the discussions that when Euro 6 happened, the two-wheeler went through a very big change and the value of the or revenue content became bigger. So, that's right. So, today, the content-wise, two-wheeler content has gone up, and it's there like what we talked earlier.

So, of course, we have never looked at the business as a share of the market or something like that, but our closeness with all the customers continue, and we continue to support them in a big way on the two-wheeler side, as well as Mr. Sehgal mentioned that we are supporting our customers on every segment.

Joseph George:

Understood, sir. And the second question that I had was in relation to the factors that impact margins in the form of, say, inflation or JPY, INR exchange rate, etcetera. In the past presentation, you have mentioned a movement in, for example, copper being unfavorable, movement in JPY becoming unfavorable, being unfavorable, etcetera. So, what I wanted to understand was are these two factors, copper and JPY, a pass-through with majority of the customers, or is it not?

Anurag Gahlot:

Anurag this side. Yes, Mr. George, you are right. It's a straight pass-through arraignment with the customers on both.

Joseph George:

Okay, so then why is it that in the past PPTs, I was running through some of the past PPTs, these have been mentioned as, you know, explanations or causes for impact on margins, etcetera. Is it because of a lag impact?

Pankaj Mital:

Yes, yes, that's right. There will always be a lag because with some, it will be a quarterly adjustment of the past or six monthly, so there are different contracts, but they're all pass-throughs.

Joseph George:

Understood.Thank you.

Moderator:

Thank you. The next question is to the line of Avish from Chanakya Capital Services Private Limited. Please go ahead.

Avish:

Thank you and congratulations for the great set of numbers. I just wanted to ask that I recently came across an article in which Tesla has patented a 48-watt architecture cable, which will reduce the wiring by 77% and copper by 50%. So going forward, how do you see this impacting our business and what do we forecast going ahead?

V.C. Sehgal:

Look, these articles, these are interesting things that's happening. You know, when we were starting the wiring harness business way back in 1984, there was a Nissan car that was made in which wiring harness was actually on the doors and the body of the car. And I was thinking, my

God, now I'm just starting the wiring harness business, and here Nissan is going to have laid out cables, printed cables on the body.

And my Japanese guru then told me, he said, no, don't worry, you know, they keep saying all these things, but eventually when it comes to cost, the wiring harness is the cheapest. Because in design change in wiring harnesses, it's a hell of a lot of design changes. New products, new components are coming, new sub-assemblies and things are coming.

And the easiest thing to change is the wiring harness. So, Yes, it's definitely on the cards that people are trying to find somehow that they can automate and they can make it simpler. But believe me, it has not happened up until now.

And very difficult to happen because it's like the nervous system in your human body. Each body is different. But, Yes, people are trying. We are open to that. We have a lot of companies which are looking at ways and means by which even we can, if we can do it, we'll try and do it. So, Yes, you can read articles, but I don't think it will happen to one body.

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

V.C. Sehgal: Thanks a lot. I hope we could answer all your questions. Just to leave you with two thoughts.

One, people are talking about commercial vehicles and all that. I was with a customer who had said that, you know, a full tank of gas, the customer can easily cross about 4,000; 3,500; 4,000 kilometers. But when they come to charging and all that, then they're talking about one-tenth of that.

So be ready for a lot of trucks waiting for charging and all that, or we have to wait until the charging becomes better, battery becomes better, and the range becomes better. So while it is a thing that has been concerning all my friends in the business world that what will happen, but please believe me, change will not be so fast. There's a lot of considerations that we all have to take.

But the good news is the people are going up the value chain. They're getting into better, bigger vehicles. So my faith in automotive stays even more buoyant. So all I can say is we have a great team which has done a great job. So have a good, safe weekend and week ahead. Thank you very much. Bye-bye.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of Motherson Sumi Wiring India Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.

Safe Harbour: The transcript for the Investors' Call has been made for purposes of compliances under SEBI (Listing and Disclosure Requirements) Regulations, 2015 For the transcript, best efforts have been made, while editing translated version of voice file for grammatical, punctuation formatting etc., that it should not result any edit to the content or discussion. The audio recording of transcript is available at website of the company, viz., www.mswil.motherson.com. This discussion contains based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, are reasonable and can may include forward-looking statements. Forward-looking statements involve known and unknown risks, contingencies, uncertainties, market



*Motherson Sumi Wiring India Limited
January 31, 2024*

conditions and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company or industry results, to differ materially from the results, financial condition, performance, or achievements expressed or implied by such forward-looking statements. The Company disclaims any obligation or liability to any person for any loss or damage caused by errors or omissions, whether arising from negligence, accident, or any other cause. Readers of this document should each make their own evaluation and assessment of the Company and of the relevance and adequacy of the information and should make such other investigations as they deem necessary.