



NDR AUTO COMPONENTS LIMITED

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9th November, 2024

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Sub: Transcript of the Earning/Quarterly Call of FY 2024-25

Dear Sir/Madam,

Pursuant to the provision of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith the transcript of the earnings/quarterly call Q2 and H1 of FY 2024-25.

The same is also available on the website of the Company.

Kindly take the same on your record.

Thanking You

For NDR Auto Components Limited

Rajat Bhandari

Executive Director and Company Secretary

DIN: 02154950

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NDR Auto Components Limited

Q2 & H1 FY25 Earnings Conference Call

November 07, 2024

Rishab Barar: Good day everyone and a warm welcome to all of you participating in the Q2 and H1 FY25 Earnings Conference Call of NDR Auto Components Limited.

We have with us today on the call. Mr. Pranav Relan – Whole Time Director, Mr. Mohit Kumar Jain – Chief Financial Officer, Mr. Vikram Krishan Rathi – Vice President Finance and Mr. Rajat Bhandari – Executive Director and Company Secretary, along with other members of the senior management team.

Before we begin, I would like to mention that some statements made in today's discussion may be forward-looking in nature and are subject to risks and uncertainties. A statement in this regard is available in Q2 and H1 FY25 earnings presentation shared with you earlier.

We will start this call with opening remarks from the Management, following which we will have an interactive question-and-answer session.

I now request Mr. Pranav Relan to share some perspectives with you with regard to the operations and outlook for the business. Over to you, sir.

Pranav Relan: Good day everyone and a warm welcome to our Q2 and H1 FY25 Conference Call.

Let me start by quickly going through our “Financial Performance” for the quarter under review:

Q2 FY25 total income stood at Rs.175.57 crore, a growth of 10.98%, EBITDA attribute Rs.18.69 crore, growth of 17.39%. EBITDA margins at 10.65% and PAT for Q2 FY25 at Rs.11.94 crore, which is higher by 15.58% as compared to the corresponding quarter last year. H1 FY25 total income stood at Rs.347.67 crore, a growth of 21.09%. EBITDA at Rs.36.18 crore, growth of 26.01%. EBITDA margins at 10.41% and PAT for H1 FY25 at Rs.23.48 crore, which is higher by 26.5% as compared to the corresponding half last year.

Our EBITDA margins and return ratios rather highest in the company's history. EBITDA margin stands at 10.65% in Q2 FY25 and ROCE for the half year standard



at 22.41% and 28.50% excluding non-productive land and surplus cash. This improvement, which is sustainable and we are focused on continuing to grow, is driven by a combination of increasing the proportion of our premium offerings as well as our trust and efficiencies. We are pleased with our performance this quarter, particularly given the overall environment, the current fiscal was expected to be largely flat compared to the previous year. In this backdrop, we are encouraged to note that we continue to outperform our sector. This has been driven by steady execution on behalf of all our customers. Utilization at our facilities across Haryana, Bangalore and Gujarat stood at 80% to 85%.

As you are aware, though the auto sector is facing some near-term headwinds, which are translating to slower order flow from OEMs in the near term. We anticipate this industry slowdown to continue for the next one or two quarters. Our outlook and visibility, however, remain extremely strong for the medium to long term. We have the current order book of Rs.400 to Rs.450 crore. Our thrust continues to be both on expanding our portfolio with the introduction of innovative and disruptive options and expanding our OEM partnerships.

The Board of Directors has approved the proposal to acquire approximately 25 acres of land at MITL AURIC Bidkin, Chhatrapati Sambhajinagar in Maharashtra at an estimated cost of Rs.37.63 crore. This is in addition to the 10 acres of land we acquired at Kharkhoda earlier this year. In addition, we are also exploring land acquisition possibilities at Anantapur, which is in close proximity to KIA's manufacturing facility. All these initiatives will enable us to be more efficiently catered to the requirements of our OEM customers. The potential for the auto component sector continues to be large. There are significant opportunities for the company who are prepared to innovate and deliver value.

We at NDR Auto are excited about the road ahead and are confident of creating value for all our stakeholders. We will now be happy to discuss any thoughts or questions you may have.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Jatin Chawla from RTL Investments. Please go ahead.

Jatin Chawla: My first question is you spoke about having an order book of about Rs.400 to Rs.450 crore. The number that you shared last quarter was about 250 crore. So, what are the incremental orders that have come in, if you could just briefly highlight?

Pranav Relan: So, last quarter we shared something between Rs.250 and Rs.300 crore. In addition to that, we have acquired Rs.50 crore of business for BIW, and we have acquired a new seating program of about Rs.100 crore. So, in the next two years, we should be above that Rs.450-crore mark.

Jatin Chawla: So, this Rs.50 crore BIW order, this is for with customer and similarly for the seating order and what are the timelines as to when these programs go into execution?

Pranav Relan: So, both are for Maruti Suzuki, BIW should come into play within a year, year and a half, and the seating should be within two years.



- Jatin Chawla:** Got it. The second question was on the Aurangabad land acquisition, it's a very sizable land parcel that you have acquired, so what sort of revenue potential are we envisaging from this facility?
- Pranav Relan:** So, we have applied for land from the government. We should acquire it shortly. In terms of revenue potential, we wouldn't like to disclose at the moment, but what we can say is that we have a current relationship with Toyota Boshoku in Bangalore. We are looking to replicate that, we have another relationship with the company, Hayashi Telemu, we are looking to expand that, and we are discussing with some more companies, what we can do for Toyota?
- Moderator:** Thank you. Next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead.
- Saket Kapoor:** You were alluding to some stress in the system, if you could just elaborate the same on how the auto industry is shaping up and how are we aligned in terms of our utilization levels for H2 getting affected because of what you just spoke about?
- Pranav Relan:** So, as you know, the auto sector is going through a slight slowdown, but it is recovering, Maruti showed the highest ever retail numbers in October. So, there's a lot of inventory that's getting cleared down. Our capacities at the moment are between 80% to 85%, so there hasn't been too much effect on our capacity utilization.
- Saket Kapoor:** But going ahead you are referring to issues if you could just elaborate. What are we mentioning in terms of lower demand from the OEMs, or what is the pillars exactly, which led to you outspoken about, we having some trouble in terms of business outlook for the second half?
- Pranav Relan:** It's a slight slowdown, it's a single digit kind of slow down so we don't think that's a long-term problem.
- Saket Kapoor:** When we look at our capital work in progress number, if you could just elaborate where have we spent this money, the 24.27 crore closing balance and when are we going to capitalize the same?
- Pranav Relan:** So, that is for CAPEX towards our KIA business, a new model, and our shade business, that all comes into play next year.
- Saket Kapoor:** And what kind of revenue generation asset turnover can we expect?
- Pranav Relan:** So, our CAPEX for the KIA business was about Rs.7 crore to Rs.8 crore, shade was another Rs.7 crore to Rs.8 crore. The seating business was another 20 crore to 25 crore, and that itself will add about Rs.250 crore, Rs.300 crore top line which is going to come into place next year.
- Saket Kapoor:** Okay. So, next year can we expect an incremented Rs.250 crore revenue?
- Pranav Relan:** Subject to market conditions, that's a fair estimate.
- Saket Kapoor:** And taking into account our diversification initiative, if you could just explain from de-risking us from, only for the seating part of the story, what other steps are we taking



and taking two to three years horizon. How do we think the revenue mix would be in terms of seating and the other initiative which we have already done?

Pranav Relan: So, we have added about Rs. 50 crore of BIW business this quarter. We have got Rs.50 crore of shade business coming, already come in two quarters ago. And then we are obviously looking to expand that. In addition, we are looking to diversify to new customers and new products. Once something happens, we will let you know.

Saket Kapoor: That is correct sir, but I was just looking at how this mix will change, say one year down the line with the Rs.250-crore new business, or increased business coming up next year, how should the profile look like in terms of the seating and the other business?

Pranav Relan: So, our reliability on seating and our reliability on Maruti is going to start gradually decreasing. We are looking to be a multi-product, multi-customer company.

Saket Kapoor: And sir our margins outlook, can we maintain these margins?

Pranav Relan: So, at the moment, we are at that 10.6% we are targeting to expand our margins in the next two years.

Moderator: Thank you. Next question is from the line of Jatin Chawla from RTL Investments. Please go ahead.

Jatin Chawla: On the margin side, we have seen a nice slow consistent improvement over the last two years. And if I look at margins on a rolling four quarter average basis, there is almost a 10 to 20 basis margin improvement happening every quarter. So, what is really driving the same? What sort of productivity enhancing measures are you taking that is helping this and you said there is further scope over the next two years, what sort of further scope you see on the margin side?

Pranav Relan: So, in terms of current scope, we are taking advantage of our operational efficiencies. Our numbers have been good, we are trying to use as much of our footprint in order to expand our margins. Going ahead, in the next 1.5 to 2 years, we are targeting the 12% EBITDA margin.

Jatin Chawla: Great. So, when you say footprint expansion, I didn't quite catch that?

Pranav Relan: We are trying to use our current footprint as much as we can for our new order book, and that is what is driving our margin expansion.

Jatin Chawla: Got it. So, it's largely operating leverage as your utilization improves, margins are improving?

Pranav Relan: Yes.

Jatin Chawla: And you spoke about, some slowdown that you are seeing in 3QFY25 but, 4QFY25 onwards you have some triggers coming up. You have the KIA and the sun shade order, and thereafter the Maruti EV likely in 1Q FY26, so is it fair to assume that from 4Q onwards, we should start seeing some traction again on the top line side?



- Pranav Relan:** Yes. So, there will be subject to the ramp up, the KIA and the shade is January 2025, and the EV is sometime in March 2025. So, the weight ramp ups, maybe will be Q4, maybe will be the following Q1FY26 you will see that complete coming into play.
- Moderator:** Thank you. Next question is from the line of Yash Mehta from Aart Ventures Pvt. Ltd. Please go ahead.
- Yash Mehta:** I wanted to ask that our order book is around Rs.400 crore to Rs.450 crore. What is the timeline by which this order book will be executed?
- Pranav Relan:** One and a half to two years, two years should be a safe bet.
- Moderator:** Thank you. As there are no further questions, I will now hand the conference over to the management for closing comments.
- Pranav Relan:** Thank you for your time and participation. We continue to be optimistic about the opportunities before us and look forward to sharing these with you as we move forward. Should you need any input or clarification, please write in to us or our investor relationship partner, CDR India. Thank you.
- Moderator:** Thank you very much. On behalf of NDR Auto Components Limited, that concludes this conference. Thank you for joining us.

Please note: We have edited the language, made minor corrections, without changing much of the content, wherever appropriate, to bring better clarity.

