"Samvardhana Motherson International Limited (SAMIL) Q2 FY25 Results Conference Call"

November 12, 2024

Management:

Mr. Vivek Chaand Sehgal,
Chairman

Mr. Laksh Vaaman Sehgal,
Director

Mr. Pankaj Mital,
COO and Whole Time Director, SAMIL

Mr. Kunal Malani,
CFO, SAMIL

Mr. Rajat Jain,
COO, Vision Systems Business Division

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY'25 Results Conference Call of 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Vivek Chaand Sehgal. Thank you, and over to you, sir.

Vivek Chaand Sehgal: Thank you. Good evening, ladies and gentlemen. Thank you for joining the Quarter 2 Results Call for SAMIL. I'm pleased to announce the Board has approved the results for Quarter 2 of Financial Year 2025. The company has delivered a resilient performance in a subdued automotive production environment with various pockets of challenge. As you know, where challenges exist so do opportunities. Our diversification strategy of 3CX10 helps us to mitigate regional volatilities. The diversification is further bolstered with the addition of new companies, new components, increased penetration with customers and expansion in countries.

Our business continues to grow at a commendable pace. The automotive book business is a healthy USD 88 billion of lifetime sales ensuring future visibility of revenues. We continue to follow the customer and aspire to be a sustainable solutions provider while keeping the financial prudence in check. I would now like to hand over to Vaaman and the team to provide a walk-through and business insights for the quarter. Over to you, Vaaman.

Laksh Vaaman Sehgal: Thank you, Papa. Good evening, ladies and gentlemen, and welcome to the SAMIL Earnings Call for Quarter 2 FY 2025. SAMIL reported quarterly revenues of approximately INR 27,800 crores, up 18% with a reported EBITDA of INR 2,641 crores, up 32%. In terms of bottom line, our reported PAT for concerned share is INR 880 crores registering a growth of 336% on a year-on-year basis. There is a one-time adjustment for fair valuation gain in respect of the acquisition of the controlling interest in erstwhile joint venture with Sojitz for the 270 acre industrial park in Chennai. The normalised EBITDA is INR 2,463 crores and the normalised PAT concern share is INR 747 crores. This is all in presentation Slide 9 if you want more details.

Please do note that quarter 2 is usually a seasonally weaker quarter with the summer holidays and plant shutdowns in Europe and our performance should be viewed in this context. On the revenue side, we continue to grow due to various contributing factors. The organic business continues to outpace the industry growth and deliver consistent increase in content as a result which we have registered a 4% to 5% growth over the market using the light vehicles numbers as a proxy.

Further, the acquired assets continue to contribute to enhanced size and scale and open multiple avenues of synergies with the rest of the business. As of September 2024, we have a large automotive book business of $88 billion providing visibility over the future revenues, which is to be executed over the average of next 5 years to 6 years. On profitability, despite all the external factors at play, we have remained resilient and delivered an absolute normalised EBITDA and PAT of INR 2,461 crores and INR 747 crores.

All businesses continued to improve operating efficiencies and all costs have been taken upfront. We are working closely with our customers and are in continuous dialog for sharing some of the pain created by the volatile production environment. In the quarter, the automotive production declined by 5% on a year-over-year basis (refer to slide 6). There are also various regional factors at play. In Europe, for example, it is being attributed to delay in new launches due to lower than anticipated demand for electric vehicles.

In China, for instance, there is a shift of consumer mix which is visible between the regional and the international players. So the auto industry is going through a transitionary period with change in platform mix and content. On a year-on-year basis, excluding China, EVs have not really grown as anticipated, while hybrids are picking up at a faster pace and ICE models continue to have long tails.

Due to this unanticipated platform evolution, the OEMs are realigning their strategies and program launches are impacting the production volumes in the near to mid-term. The quarter also saw a mixed bag of macro indicators with interest rates and inflation being stabilised and showed signs of cooling down, but commodities such as copper while cooled down during the quarter is again on the rise. Energy prices in Europe as well are at an increasing trajectory. All this coupled with logistics and supply challenges have led to increased inventory and working capital requirements. We have more information on this on slide 5 and slide 13.

In this uncertain business production environment, I would like to report that the consolidated ROCE based on H1 FY'25 last 12 months basis has improved to 17.3% from 16.9% reported for FY 2024. Our constant focus on improvements in each unit has made this possible despite subdued production consequently resulting in an inflated working capital. As some of these aberrations normalise and we get full impact of acquired businesses and EBIT, we anticipate further improvements in ROCE.

To stay aligned with the market conditions, we have recalibrated our capex estimates by FY'25. We are now estimating to spend INR 5,000 crores +/- 5% versus the earlier guidance of INR 5,000 crores +/- 10%. This is despite the enhanced business parameter due to the newly-acquired businesses such as Yachiyo, Lumen, ADI, etc. Even though these all are there, the capexes are still going to be part of the earlier guidance.

As an update on greenfields, we now have 5 out of 19 operationalised and in ramp-up phase. We expect another 8 to come on line in the second-half of this fiscal year. This is a strong testament to our commitment to invest as per our customer requirements.

We closed the quarter with a net debt of approximately INR10,500 crores versus INR13,500 crores in June 2024. The net debt in the quarter currently includes INR 1,500 crores of CCDs, which were issued in September as a part of the capital raise.

Without the CCD, the net debt position is approximately INR 9,000 crores. As a result, our net leverage is 1 times, a significant improvement over 1.5 times as we reported in June 2024. This is on slide 12. This is also well within our stated policy of 2.5x. Our balance sheet has been strengthened and it is well geared for potential opportunities. On non-auto side, the diversification towards the new businesses is gaining traction and is on a strong growth path. I'm pleased to highlight that the consumer electronics plant has come on stream and has delivered its first batch of customer deliveries and are now in the process of ramping up serial production. This is a significant milestone for Motherson and will be a driving force for the future growth of the non-automotive business. The aerospace division with 16 facilities situated nearshore and best-cost countries across Europe, North Africa and Southeast Asia are all well entrenched into the aerospace ecosystem.

Our suite of capabilities ranging from the structural metallic parts to engine parts and we are supplying to marquee customers. During the quarter, we also announced a new JV with our existing partner, Hamakyorex san to provide core logistics 3PL services, EXIM and sustainable packaging solutions to various customers in Japan to start with. Our non-automotive business is already at a revenue run-rate of INR 3,000 crores per annum. As we add these new growth spurts and ramp-up production in the ensuing quarters especially in the consumer electronics business would create an even stronger growth trajectory for the non-automotive business.

Thus, in a seasonally weak Q2 which was further marred by pockets of macro challenges, we've been able to deliver a resilient performance, improve our diversification and strengthened our balance sheet for enhancing growth. The costs associated with the challenging environment is already embedded in our H1 results. As we look ahead, we expect some of the pain to subdue and we definitely aim to achieve much better H2 performance.

In this regard, our diversification strategy holds us well in an uncertain environment. Powertrain agnostic portfolio, large automotive booked business and a strong customer relationship enables our organic business to have high visibility. And finally, a much stronger balance sheet will enable us to pursue new growth opportunities.

With this, I conclude my remarks and happy to answer any questions that all of you might have. Operator, please.

Moderator: Thank you very much, sir. We will now begin the question answer session. Our first question is from the line of Gunjan from Bank of America. Please go ahead.

Gunjan: Yes, hi, thanks for taking my questions. Just two questions. Firstly, on the acquired assets, the revenue seem pretty much in line with last quarter, but there's clearly been deterioration in the profitability. So is there something which was one-off in this quarter or anything to call out there?

Vivek Chaand Sehgal: Kunal?

Kunal Malani: So, Gunjan, this is a seasonally weak quarter. We had highlighted it again and again. In this quarter, you have the summer shutdowns in Europe. So it's a fairly sizable impact when you think from our operations perspective in Europe plus summer shutdowns in other parts as well do occur. So it has always been a seasonally weak quarter.

One-offs that we are talking about, I wouldn't say one-offs, but obviously, the production schedules have been erratic as I think Vaaman was mentioning in his opening remarks as well, there is lack of clarity around the EV production schedules, the SOPs, quite a few of them are getting delayed, awaiting better time and better demand environment in which to launch those vehicles and so on and so forth.

So for many of these volume/uncertainties, the reality is in our quarterly pieces we would be taking the entire cost in and then we will be working with the customers to try and find solutions for it and try and do gain sharing going ahead. So this has been, as you see it over the last 2 years, 3 years, 4 years at least post-COVID, this is how it has been playing out. We do take the entire cost in upfront and then we do work towards finding solutions for it. And hence here also, we anticipate that H2 will likely be better than H1, at least that's what we anticipate right now.

Gunjan: So this I guess would be applicable to the entire business itself where all the costs have been taken forward and you will see some of these costs easing through in the second-half and which would mean margin improvement in second half. This is more applicable from a margin improvement perspective?

Kunal Malani: That's right.

Gunjan: Okay, got it. My second question is on the -- on the leverage. I mean, you did speak about the working capital, but if I look at in the span of six months, actually despite raising of fairly sizable equity money, the debt has remained pretty stable. So how should we think about you know working capital reversal? And also if you can share a little bit on how -- whenever the normalisation happens, the deployment or the opportunities that we've been talking about, how should we think about that? Is that something which is in next 12 months, it can take longer any thoughts around that?

Kunal Malani: So look from a leverage perspective, our leverage has come down on a net basis. It is down to 1x in this quarter from 1.5x in the previous quarter. Having said so, there is still cash on the books, which has got paid down in November. As we mentioned, we would be utilising the proceeds to pay-down the debt as it comes due. In November, we have utilised around about INR6,000-odd crores. The remaining will also get utilised within the month of November as the debt comes due. So the entire QIP proceeds, including the CCD piece will be residing or will be going towards repayment of debt or to a very large extent directly or indirectly.

When it comes down to CCD itself, please do note that it is lying in debt right now. Though it is actually in the form of equity, as you can understand, it is a convertible instrument. But from an accounting perspective, it is residing as debt till the point it gets converted. So you may want to recalibrate that portion when you're computing your debt on the balance sheet.

From where the working capital is right now, I think as Vaaman was mentioning, the production schedules have been uncertain, there is geopolitical risks associated with how the Red Sea effects are played out, there were commotions on the port in the US and so on and so forth. There are multiple reasons why the business took a conservative stance across the globe to load on some amount of inventory in order to prevent any disruption to the customer in this uncertain environment.

At the same time, obviously, expectation of better production, which did not necessarily play out in the month of September. We'll see how it plays out going ahead. But if it does not, the inventory anyway gets recalibrated to meet the production requirements as it plays out. So directly or indirectly, we should be able to see a declining trajectory on the working capital requirements from here on. And much of what was increased in September should go down as we go through the next 6 months.

Also, Gunjan, this has traditionally been always the quarter in which we have the peak working capital because you come off the summer shutdowns, then you build up the inventory in anticipation of the ramp-up in quarter 3. Quarter 3 typically is the peak production volumes and hence you build-up that inventory in anticipation of that production volume kicking in. So there is a degree of seasonality in there, but then there is a degree of conservatism, as I said, that we have built-in right now in it, which we expect to normalize as we go ahead.

So from a leverage of around about 1x right now, we anticipate that by March '25, we should look somewhere between 0.5 to 0.75x depending upon how the production schedules and deleveraging takes place.

Gunjan: Got it. That's quite helpful. And if you can comment on the growth opportunities, I'll join back the queue.

Kunal Malani: We can't really talk about the inorganic piece. Organic pieces, I think you would have seen that we have commenced 5 of our 19 facilities in this H1. In the H2, we will be commencing 8 of the remaining facilities. So a chunk of that will be coming on stream. Vaaman spoke about consumer electronics kick starting. We have done our test runs on it and now they will start producing for the customers and the ramp-up is expected in H2. This is about considering the larger facility, which will only kick-start in latter part of '26 -- early '27.

So all-in all, I think organically, there are many legs of growth. You've seen the 88 billion order book as well. That's also grown from the 83 or 84-odd billion in March. So multiple facets of it and that's why we do believe we will outperform the market. What we do not obviously know is how the market does and that remains an uncertain piece. But whatever be it, I think with our positioning and our diversity, we should be able to outperform the market.

Inorganically, we will react to it. I don't need to tell you the state of affairs on some of the peer sets. You would probably know them better than we do. But on a relative scale, I think we will be one of the players having the strongest balance sheet in the industry now and that should augur well, especially when pain increases and there are only few players which can actually provide solutions at that stage.

So that's the positioning we have put ourselves in and that should augur well as some of these opportunities play out. Time-wise, very difficult to predict on the inorganic front, we always have our head-on our shoulders. So we're not in rush to do anything in here, but we'll work pragmatically with the customers to find a good solution and a solution that works for them as well as works for us financially.

Gunjan: Got it. Thank you so much.

Moderator: Thank you. Our next question is from the line of Amyn Pirani from JP Morgan. Please go ahead.

Amyn Pirani: Yes, hi. Thanks for the opportunity and congratulations on a good result in a tough global environment. My first question is on Europe. You had done a significant restructuring last year. And this year, we've seen some of your large customers in Europe actually shutting down plants. So my question was that was your restructuring in anticipation of what is happening at your customer end this year in Germany and Europe or does this mean that there is more restructuring to come based on the actions of your OEM customers?

Vivek Chaand Sehgal: Vaaman and Kunal?

Laksh Vaaman Sehgal: Yes, I can take that -- yes, I can take that. Look, if you see the news that is coming out from all the German OEMs and the -- in general in the industry outlook, we are being cautious. I think the good thing about us is that we have had obviously multiple opportunities of growth, multiple acquisitions. And hence, obviously some restructuring has been deemed necessary to make sure that all the plants are running at high efficiencies. At this point, we don't see any further consolidation from our end.

Like we said, we have a very strong order book. We have a very strong delivery schedule that has to come up, but small things we'll keep pruning to make sure that all our plants are running at high efficiencies. But lucky for us, we have an order book, and we have a growth trajectory, and the reorganisation is going to make sure that all the plants are driving high efficiencies.

Amyn Pirani: Okay. That's good to know. Secondly, you know, since you've decided to utilise the QIP proceeds for reducing debt and then whenever the organic opportunities come up, I'm guessing you'll have to lever up again. So is it because you believe that the debt you may have to take for the inorganic opportunities will come at a lower-cost because you could have kept the cash balance also. I'm just trying to understand from a allocation point-of-view, like how you're thinking about when you need to lever up and what are the interest rates going to be?

Kunal Malani: Amyn, if we would have kept the cash, you would have asked why is interest and interest income coming so much, then we would have had the other problem.

Amyn Pirani: I just want to know-how are you thinking about it? Obviously, analysts will never be happy, but --

Kunal Malani: Look, I think the thought was very simple. We had taken the money with the anticipation that we pay-down the debt because it's difficult to predict when the inorganics will happen, how it will happen. Last, mind you, our is a reactive strategy. We've said it again and again on the M&A front and for reaction to happen, the customer also views our balance sheet. So, if the customer views a stronger balance sheet, it obviously provides confidence to them on being able to give us larger opportunities and that's what we anticipate and hope that they are able to see. So bringing this down is just helpful.

And at the level that we are in with our performance and credit ratings, I don't think re-levering is a challenge. And hopefully re-levering will be at better terms given the organic businesses are doing better and we would have also shown performance on our existing inorganics that we have done in which has generated synergies growth over a period. So we do believe that this is a better capital structure to go with and then work with the bank as and when the requirements come in.

Amyn Pirani: Okay, great. I'll come back-in the queue. Thank you.

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

Joseph George: Hi, thank you for the opportunity. Just one question. When you mentioned that the second-half of the year will be much better than the Q2, is that related to the typical seasonality in the business where we see a stronger second-half compared to Q2, Q2 is obviously marked by summer holidays, etc. or are you really seeing an improvement in the underlying business excluding the seasonality impact? And if so, what are the factors?

Vivek Chaand Sehgal: Kunal?

Kunal Malani: So it's a mixed bag of multiple things. One, you would see from a production levels, quarter three, quarter four at an aggregate level tends to be higher than quarter one, quarter two combined, because the production levels in quarter three, quarter four tends to be higher given the summer shutdown, etc is not there and the winter shutdown is a much shorter period than the summer shutdown is. So that's one.

Two, as we mentioned from a margin profile perspective, you have the -- all the pains getting taken in the first few quarters and you work actively with the customers to either see compensation solutions or pain sharing as the case may be. And that starts kicking-in only in H2 and hence you'll see a ramp-up on H2. We've always said always please give us on an LTM basis, you may get our picture wrong if you look at us from a quarter-on-quarter basis.

And we do anticipate that even in H2 at an aggregate level, we should be better than what we did last year-plus better than what we have done in H1 right now. At least with what we know of the market today, that is what we can foresee. The market volatility remains, uncertainty remains, geopolitics remains, which is all difficult to predict. But on the positive side, we have a much diversified platform on every count, which even if any of these were to hit us, we do believe we'll be a lot more resilient than many other players on a relative scale, we should hence be able to get a much larger share of growth opportunities going ahead.

Joseph George: Got it. Thank you.

Moderator: Thank you. Our next question is from the line of Suhrid Deorah from Paladin Capital. Please go ahead.

Suhrid Deorah: Hi, good evening. I just had a broad industry question. As an outsider, it seems to me that the Chinese auto manufacturers are becoming more aggressive and more relevant, not only in their own country, but in other countries. Could you give me a sense for how you guys think about their presence and how the company is positioned to take advantage in terms of working with them?

Vivek Chaand Sehgal: I think the Chinese have to export, don't forget that and any country which is importing from China has to pay a huge bill in the forex side. In this kind of environment, it's not going to be so easy just to be an exporter of cars and to be importing cars. So I think it's too early to say, I think jury is out -- if the governments will come back with their -- what is happening in the U.S. side, the numbers are going to be pretty complicated. So it's not too easy to do that. Vaaman, you have something to say on that?

Laksh Vaaman Sehgal: No, I agree with what you are saying. I think of course, the Chinese are setting up plants in European countries and it will be interesting to see how they fare over there. I think that the good news for Motherson, in particular, is that we are already there present in China. We have already at 29 facilities. And of course, while we cater largely to the international OEMs, selectively, we've also started to cater to the local OEMs and started to build our relationships there.

And thanks to our joint ventures over there, I think it's a pretty comfortable position for us. And as these businesses will start to now come outside of China, we also have an advantage since we are already serving quite a few of them in the local countries. So, in that sense, I think we are fairly covered. But like papa said, the jury is out there. Let's see how they perform. One thing is to perform in China and it's a different game to be outside. And if that is the case, definitely we will also get a chance to serve their needs in the international countries.

Vivek Chaand Sehgal: Well said. I think you're right. And also please keep in mind that selling a car is easy if you're importing the whole CKD portion of it. But to manufacture it in different countries, different geographies, different people, the Chinese people are very, very industrious, very good in China, but really are they as good when they go out or is the local people who are producing in the local countries, are they as efficient in the same? I have my doubts on that, but it's upon you, how you look at it.

Suhrid Deorah: Thank you so much.

Moderator: Thank you. Next is a follow-up question from the line of Gunjan from Bank of America. Please go ahead.

Gunjan: Yes, hi, thanks for taking my question again, I just wanted a little bit more colour on the consumer electronics business. You mentioned that the first batch of production happened in this -- in November and we get into mass production. So anything that you can share now in terms of the revenue scale-up of the business?

Vivek Chaand Sehgal: Vaaman?

Laksh Vaaman Sehgal: Yes, I can take that. Look, it's still -- it's still, of course small. I think we have said that our bigger plant is already starting construction this month and that will take a year and a half for it to be fully up and that's when you will see the full impact of the volumes. But I think the good news is that, look, it's not -- you can't go from 0 to 100 without having any experience in it.

So from a much smaller plant that we set-up for the pilot line, I think that's already been approved and that's going to start supplying like we have informed. So that's a very big step for us. In terms of revenues, the impact is still fairly small. That will continue to ramp-up till the main plant is up, but we will come back to you when the revenues get meaningful.

Gunjan: Okay. And if I were to think from the INR 3,000 crores run-rate that you put for the emerging businesses and this will add-in, is there a number that you can sort of talk about for the exit of emerging business revenues because this is -- there are many things which are going on here on the aerospace, on consumer electronics, on the medical side as well. So anything that we should keep in mind as an exit revenue run-rate that is possible in this segment? I mean, I'm talking about the entire emerging business piece?

Laksh Vaaman Sehgal: So we give a clear direction that we want it to be about 25% of our overall portfolio. It's still much smaller than that, but I think as we are now ending the 5-year plan and now that we are well-entrenched in these new industries, we'll be able to give you a lot more, let's say, micro picture on individually these industries in the next 5-year plan. But the long direction that was set by papa for the group was the 25% of diversification and I think that's something that we will continue and keep in mind as we move forward. So it will be quite sizable in this next 5-year plan.

Gunjan: Okay, got it. Thank you so much.

Vivek Chaand Sehgal: I think the largest plant of Motherson which was supposed to be in USA will be beaten by the plant which is coming up in Chennai. And just for your -- to give you an image of what kind of plant it is going to be about 500 meters long, half a kilometre and it's huge. That could even beat the Alabama plant of Motherson. So a lot of things in store. Yes, we have the time. It takes time to build this plant and get the production line, so really watch this thing.

Moderator: Thank you, sir. Our next question is from the line of Avish Bhansali from Chanakya Capital Services. Please go-ahead.

Avish Bhansali: Yes, thank you for taking my question. I just wanted to know that if you see on the segment side of the modules and polymers, the margins have declined like by 130 basis-points. So any colour on that would be very helpful?

Laksh Vaaman Sehgal: Yes, look, like I said, I think some of the most of the piece that we were looking at in terms of the restructuring was in the modules and polymer piece. So definitely, we are setting up the base so that we can stay in line with what's happening in the market. But I'm quite confident that this quarter was probably one of the weakest quarters that we have, and we should improve moving forward from here.

So please don't just look at it one quarter. I think year-on-year, as you will see the improvements coming, I think we are making the right moves in the reorganization and with the acquisitions, we have a good growth opportunity funnel. That's over there and I'm sure that a much better performance is coming in upcoming quarters.

Avish Bhansali: Thank you. That's all from my side.

Moderator: Thank you. Next is a follow-up question from the line of Joseph George from IIFL. Please go-ahead.

Joseph George: Thanks again. I had a follow-up question on the consumer electronics business. So if I recall right from, I think either Q1 or the last fourth quarter con call, there were two pieces to the consumer electronics piece. One was the assembly business and second was component manufacturing in the joint-venture with BIEL. If it's possible, can you give an update on the two of them separately? And secondly, the large plant that you mentioned will come up in 1.5 years. Is it assembly or is it component manufacturing? Just some clarification there.

Laksh Vaaman Sehgal: I can take that.

Vivek Chaand Sehgal: Go ahead, Vaaman.

Laksh Sehgal: Look, both of them have come online and the larger plants are obviously between both of them are the larger pieces, of course, the manufacturing piece together with our joint-venture partner. And like I said, on the pilot lines, we are quite happy because the lines have been set-up and have been approved and we are starting the small shipments as we speak. So the plan is to be big in both, but manufacturing of the glass pieces is the one that's going to be the largest part of the business.

Joseph George: All right. And that's the one coming up in 1.5 years?

Laksh Vaaman Sehgal: That's right, I think the pilot lines are already doing both of them in a small way, but the last plant will be coming up in one and a half years. That's correct.

Joseph George: Perfect. Vaaman. Thank you.

Kunal Malani: If I might add, Joseph, just so it is clear to you the entire consumer electronics business is a joint venture with BIEL once they get the approval. Right now, it is lying as an 100% arm. So both the size of component and the assembly pieces are with them and the pilot line is covering both. Once that is successful, the idea is to zoom that out into the larger facilities. So that's the purpose behind it. And as this works out well in the next 1.5 years' time, you should see the new facility up and that's when the sizable ramp-up will happen.

Joseph George: Understood. Thanks so much.

Moderator: Thank you. Our next question is from the line of Raghunandan from Nuvama Research. Please go-ahead.

Raghunandan: Thank you, sir, for the opportunity. Good evening. One question. The profit share from associates has seen a large jump both on a Y-o-Y and Q-o-Q basis, any specific entities which have done well, anything you can call out?

Kunal Malani: No. Look, I think in general, businesses have done well. Our China joint-ventures have done well. Our Indian joint-ventures have done well. So that's part of the reason. The other part is we -- we bought stake from Sojitz, as you're aware in our MASL facility and land was sold to our joint-venture as well. That profitability is also residing in that piece of around about I think INR 70-odd crores, if I remember right. So that's there in the presentation as well. You can pick it up from there. So that's the other reason why the share of profits from joint-ventures have gone up.

Raghunandan: Thanks, Kunal for that. On the order book side being a powertrain neutral company, we have strong exposure to all powertrain vehicles. How do you classify the focus on hybrids? What would be the share of hybrids in our order book and current revenues?

Vivek Chaand Sehgal: Go ahead, Kunal.

Kunal Malani: So, Raghu I think in our portfolio, we have currently diversified it or split it between EVs and non-EVs. In the non-EVs, hybrids also exist, but as you know, hybrid is a combination of ICE plus an electric motor/battery etc. embedded to it. So from our product portfolio perspective, we do not club it separately because it is not necessary that the product has a different construct in a hybrid.

And hence we -- it's difficult that all product lines, it is difficult to put it under sector because we still supply the line, the customer could decide to make an ICE or a hybrid as the case may be. So we may not be able to fully decipher it at our end. And hence our linkage is between EVs and non-EVs way to put it. Having said so, hybrids have caught the fancy of the market. I think that's the highest-growing segment. And for any slowdowns that we've seen EVs at least versus anticipated growth, we do see hybrids kick-in. And in most of the cases, we would have that share as well. So directly or indirectly, I think our order book does reflect a decent proportion of all different powertrains including hybrids.

Raghunandan: Thanks, and also fair to assume that content per vehicle is generally higher in hybrids compared to ICE?

Kunal Malani: Generally it would be if you look at typical hybrid it will typically have a premiumization angle even if it's within the same model and hence it obviously carries in a higher content because it's supposed to be a much more premium product than the ICE is. So, yes, generally it's true.

Raghunandan: Thank you, sir.

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

Vivek Chaand Sehgal: Thank you. Thank you for your questions. I hope you found a reasonable answer to them. Look, quarter second as Vaaman and Kunal both said is always kind of a question where you don't really know how the market will go, but I think technically we think the quarter 3 and quarter 4 would be the real performance of the group will come even further. We are very sure that they will do better, so wish you all a good evening and a good week ahead.

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

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