

NDR Auto Components

Operator: Good day and welcome to the NDR Auto Components Ltd. conference call. As a reminder, all participant lines will be in 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 and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gavin Desa from CDR India. Thank you, and over to you, sir.

Gavin Desa – CDR India: Thank you, Niraj. Good day, everyone, and a warm welcome to all of you participating in this Q1 FY27 earnings conference call of NDR Auto Components. We have with us today Mr. Pranav Relan, Whole-time Director; Mr. Vikram Krishna Rathi, CFO and Vice President; Mr. Rakesh Rastogi, GM Finance and Accounts; and Mr. Rajat Bhandari, Executive Director and Company Secretary.

Before we begin, I would like to mention that some statements made in today's discussions may be forward-looking in nature and are subject to risks and uncertainties. A statement in this regard is available in the presentation on the exchanges and was shared with you earlier. We will start the call with opening remarks from the management, following which we will have an interactive Q&A session. I now invite Mr. Pranav Relan to share some perspectives with you regarding the operations and his outlook for the business. Over to you, Pranav.

Pranav Relan – Whole-time Director: Good day, everyone, and a warm welcome to our Q1 FY27 earnings conference call. Thank you for joining us today. This has been an eventful quarter for NDR Auto Components. I will touch upon the key highlights in a moment, but let me first quickly take you through our numbers. Revenue, driven by the execution of our strong order book, stood at rupees 221.45 crores for the period under review. Our EBITDA margins remained healthy at 11.88%, despite the environmental and supply chain challenges faced by the sector. This is a testament to our operational efficiency and our increasing emphasis on innovation. Q1 FY27 EBITDA and PAT stood at rupees 26.44 crores and rupees 16.40 crores, respectively.

In June 2026, we commenced operations at our NDR Hayashi facility in Bangalore. The plant will manufacture sunshades. It enables us to diversify our product portfolio and enhance the value we offer to our customers. We are also delighted to inaugurate our new facility under the subsidiary NDR Auto South in Anantapur. The SOP will start from Q2 FY27. This plant optimally positions us to efficiently cater to the seat trim and frame requirements of our OEM customers with operations in South India.

Lastly, it was our pleasure to welcome T. Suzuki, the CEO of Suzuki Motor Corporation Japan, as the guest of honor at the celebrations on July 2 to commemorate the 40th anniversary of our group company Bharat Seats. Sales volumes to all our partner OEMs continue to improve, reflecting both our capabilities and an encouraging environment. Our endeavors continue to deepen our relationships with our current customers, enhance the number of OEMs with which we partner, and expand and enrich our portfolio of offerings. These initiatives take time, but we are optimistic that our efforts will translate into sustainable value for all our stakeholders. The auto and auto component industry is going through exciting times, and we believe there is considerable opportunity for an entity with quality operations and a deep understanding of the space. We will

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NDR Auto Components

now be happy to take your questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press star and one to ask a question. The first question is from the line of Tanish Ohra from InvesQ PMS. Please go ahead.

Tanish Ohra – InvesQ PMS: Hello. Am I audible?

Pranav Relan – Whole-time Director: Yes. Hello.

Tanish Ohra – InvesQ PMS: Congratulations on your numbers. I wanted to ask about the order book. Can you provide some segregation based on the products we have? What is the segregation of the order book? I also wanted to understand the pathway to the 3,000-crore guidance and how one should read it. Regarding the order book, how should one read it? Will it translate into recurring revenue or is it one-time revenue?

Pranav Relan – Whole-time Director: The 3,000-crore target continues to be our endeavor, and we will update you on that progress. The order book that we have can be added to our existing revenue, and that represents the business that we have currently booked.

Tanish Ohra – InvesQ PMS: Regarding the order book, can you provide some segregation based on the products we have? For seating, what is the contribution, and what is the contribution from ambient lighting or some other products?

Pranav Relan – Whole-time Director: Most of the products are from seat frames and seat covers. In addition to that, we are also going to set up a plant for seat inserts. There is going to be a new plant for seat latches, and there is going to be a new plant for seat belt reminder systems. In addition to that, we have received some new ambient lighting orders, but that is a smaller part of the order book.

Tanish Ohra – InvesQ PMS: How do you see our margins shaping up going ahead as our products expand? Can we assume that they will maintain our current ROCEs going ahead?

Pranav Relan – Whole-time Director: Our margins should be at a similar level, and our ROCEs should also be at a similar level.

Tanish Ohra – InvesQ PMS: Thank you, sir.

Operator: Thank you. The next question is from the line of Jatin Chawla from RTL Investments. Please go ahead.

Jatin Chawla – RTL Investments: Hi. Good afternoon, and thank you for the opportunity. Congratulations on a very strong performance on the margin side, especially this quarter, when there were a lot of margin pressures on commodities. My first question is regarding the new ambient lighting order highlighted in your presentation. Could you talk about some more details in

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NDR Auto Components

terms of the size and the client?

Pranav Relan – Whole-time Director: We have received a couple of new models from Maruti Suzuki. The size is a little small, but they should be starting in 2028.

Jatin Chawla – RTL Investments: Understood. Your overall order book is at a similar level to the last quarter's order book, at 650 crores. Has there been no change in the overall order book broadly?

Pranav Relan – Whole-time Director: We are actually bidding for a lot more business, so as confirmations come in, we will share that quarterly.

Jatin Chawla – RTL Investments: When I look at your overall revenue growth this quarter and over the last few quarters, the topline growth is now largely in line with the production growth at your key client, Maruti. Earlier, it used to be much higher. I understand there is an element of model seasonality in this. When do you see this starting to change, and when do you see NDR's outperformance over the key client's production schedule starting to take effect?

Pranav Relan – Whole-time Director: As soon as our new projects start. I think our South project is starting sometime this quarter, and then we have NDR Safety, SBR, and Latch starting sometime early next year. We should have an update to this number.

Jatin Chawla – RTL Investments: Understood. Regarding the recently launched Brezza, there seems to be a lot of excitement around the model. Are you continuing to supply what you were supplying for the outgoing model?

Pranav Relan – Whole-time Director: Yes, we have continued to supply 100% of the model.

Jatin Chawla – RTL Investments: Understood. In this quarter's release, you also talked about an 8-crore additional spend on NDR South. Are you looking to further increase the capacity at NDR South?

Pranav Relan – Whole-time Director: We actually took debt to fund that, and we are converting that into equity.

Jatin Chawla – RTL Investments: Thank you very much. I will come back in the queue.

Operator: Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor – Kapoor & Company: Hello.

Saket Kapoor – Kapoor & Company: Greetings, sir. I hope I am audible. Yes, you can hear me?

Pranav Relan – Whole-time Director: Yes. Hello.

Saket Kapoor – Kapoor & Company: Thank you, sir. Firstly, thank you for the changes made to the investor presentation. It looks much better and more informative. Please continue to align it that way going ahead as well.

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NDR Auto Components

When we look at slide number 8, where you have provided the project expansion update, I think there are two projects that are commissioned, or will be commissioned, this year. Firstly, the ambient lighting project, which you have mentioned for June 26, the first quarter, and then our South unit at Anantapur, which is expected in July 26. Taking this into account, how will the ramp-up happen, and what should we expect for the remaining part of the year in terms of incremental revenue? You were also answering the earlier participant about some debt-to-equity conversion. I missed your point there. Could you first explain that?

Pranav Relan – Whole-time Director: For NDR South, we had invested capital by taking debt, and we have now converted that into equity.

The second question is regarding the projects. NDR South is going to start operations sometime in the next 10 or 15 days. We have inaugurated it, so that should add to the revenue. The third project, NDR Hayashi, is a joint venture that we signed with a Japanese company. We have received some sunshade business that has started, and in addition to that, we have some ambient lighting business, which should start in 2028.

Saket Kapoor – Kapoor & Company: The ambient lighting and sunshade businesses are expected to contribute from FY28.

Pranav Relan – Whole-time Director: The sunshade business has started, while the ambient lighting business should contribute from 2028.

Saket Kapoor – Kapoor & Company: Regarding the Southern unit, we have already commissioned it, as mentioned in your presentation, where you have also displayed the photograph. Will this add to the total for this quarter? Going ahead, regarding this 23-crore capex in the seat trim business, what should be the revenue profile for the remainder of this year and when it runs at full capacity?

Pranav Relan – Whole-time Director: We have inaugurated the plant, and it will start production in another 10 or 15 days. So, in Q2, you should see some addition to the revenue.

Saket Kapoor – Kapoor & Company: What should be the revenue potential for the remainder of this year and when it runs at full capacity?

Pranav Relan – Whole-time Director: The revenue potential for that plant is about 70 to 80 crores, subject to how the model performs.

Saket Kapoor – Kapoor & Company: Taking into account our EBITDA margin trend, what exactly are we doing to improve it? We are in the 11% band, correct me if I am wrong, and going ahead, with the commissioning of the facility and the ramp-up, how do we see our EBITDA margin trending?

Pranav Relan – Whole-time Director: Our EBITDA margin should remain at a similar level, at about 11-12%, and all our commodities are indexed. That is why we are able to maintain these margins.

Saket Kapoor – Kapoor & Company: Shifting to the P&L, I think the other expenses line item has gone up this quarter, both sequentially and definitely year-on-year. What explains this increase on a sequential basis?

NDR Auto Components

Pranav Relan – Whole-time Director: We have incurred a lot of marketing expenses as we are trying to acquire many more customers. In addition to that, we have also incurred some R&D expenses because we have to make prototypes for new customers.

Saket Kapoor – Kapoor & Company: Is this one-off, which will even out going ahead?

Pranav Relan – Whole-time Director: These expenses will tend to continue as we are trying to grow aggressively. In addition to that, we have also hired some people for our growth.

Saket Kapoor – Kapoor & Company: This should be the trend going ahead, then. Is all of that reflected in the EBITDA number? Has it been factored in? So, this is what the new normal should be; that is what you are trying to convey.

Pranav Relan – Whole-time Director: Yes.

Saket Kapoor – Kapoor & Company: On the growth in revenue, I missed this in your opening remarks. With the order book at 650 crores as of June, and with the bid pipeline that you mentioned, we delivered revenue growth of 19%, or 19.5%. Is that the likely run rate, or will the commissioning of the new projects provide some uptick going ahead?

Pranav Relan – Whole-time Director: It should have a slight uptick going ahead.

Saket Kapoor – Kapoor & Company: Correct, sir. Regarding Bharat Seats, could you shed some light on how things are shaping up and what should we expect? The share of profit from the joint venture is mentioned at 1 crore 78 lakh. That is also a lower number.

Pranav Relan – Whole-time Director: That is the share of profit from Bharat Seats. In addition, there is also some loss from our NDR Hayashi joint venture. I think that is why the number is at that level.

Operator: Thank you. Saket, I will request you to come back for a follow-up. The next question is from the line of Manish Gupta from Equinox Investments. Please go ahead.

Manish Gupta – Equinox Investments: Sir, good afternoon, and thank you for the opportunity. This is regarding Bharat Seats. In Q1, Bharat Seats grew revenues by about 45%. Would you say that the growth witnessed has exceeded your expectations?

Pranav Relan – Whole-time Director: Yes, I think it has exceeded our expectations.

Manish Gupta – Equinox Investments: What would be the main contributing factors to this sizeable growth, and are these factors sustainable?

Pranav Relan – Whole-time Director: These numbers seem to be sustainable because the market is doing quite well.

Manish Gupta – Equinox Investments: In light of this higher trajectory of revenue growth in Bharat Seats, you had earlier given a topline guidance of about 3,000 crores to 3,500 crores by FY30. Would you be encouraged to revise that guidance upwards?

Pranav Relan – Whole-time Director: That should be about 3,500 crores for Bharat Seats by 2030.

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NDR Auto Components

Manish Gupta – Equinox Investments: Apart from the premiumization of seats that is happening, such as air-conditioned seats or vented seats, does that premiumization also flow to Bharat Seats, or is it part of the NDR component?

Pranav Relan – Whole-time Director: Most of the premiumization comes to Bharat Seats because it does the final seat assembly. The premiumization for the frame and the seat cover tends to come to NDR.

Manish Gupta – Equinox Investments: Besides four-wheeler seats, is Bharat Seats also going to add more lines? Earlier, there was some plan about railway wheels or something. Are you thinking of adding more lines to Bharat Seats?

Pranav Relan – Whole-time Director: No, we have no plans to enter railways. We will stick to four-wheeler seats, some {? carpet NDR ?}, and some two-wheeler seats.

Manish Gupta – Equinox Investments: Thank you, sir.

Operator: Thank you. The next question is from the line of Sai Kiran from Purnartha Investments. Please go ahead.

Sai Kiran – Purnartha Investments: Hello. Am I audible?

Operator: Yes, go ahead.

Sai Kiran – Purnartha Investments: Thank you, sir, for the opportunity, and congratulations on a very good set of numbers. I wanted to understand the cost advantage. In Q3 FY26, we mentioned that we had a cost advantage. Can you briefly explain how we have a cost advantage and provide a comparison with competitors regarding where we fit in?

Pranav Relan – Whole-time Director: We have been making most of our components. We are probably the most backward-integrated seat player, and our scale helps us. I think we make more than 1 million seats now. I think that gives us cost advantages.

Sai Kiran – Purnartha Investments: Can you provide a breakup? We have a target of 3,000 crores of revenue by 2030. Can you provide a breakup between the existing and new facilities and how much each would contribute?

Pranav Relan – Whole-time Director: The 3,000-crore target is our endeavor that we wish to achieve. Our current revenue is about 220 crores quarterly. You can add our order book to that, and our goal is to do about 2,000 crores from our organic business. The 1,000-crore inorganic part is something that we are still working on. The inorganic part.

Sai Kiran – Purnartha Investments: We are diversifying our customer base. I wanted to know what new products are coming in. Can you share some points on that? Which customers are you in discussions with, and are the terms being finalized or is the process still ongoing?

Pranav Relan – Whole-time Director: We are continuously discussing with customers. I think the obvious ones are the Indian customers that we are targeting, but at this stage we do not want to share details. Once something is finalized, we will let you know.

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NDR Auto Components

Sai Kiran – Purnartha Investments: Thank you, sir.

Operator: Thank you. The next question is from the line of Kush Nahar from Electrum PMS. Please go ahead.

Kush Nahar – Electrum PMS: Thank you for the opportunity. I have a couple of questions. First, when do we expect the 650-crore order book to be in the full ramp-up phase? By which year? Secondly, are we planning any capex based on customer commentary on the two non-productive lands that we currently have on our books? Is there any visibility in terms of capex? Lastly, what asset turn are we expecting on the total 150 crores of capex that we are undertaking for the different plants and products?

Pranav Relan – Whole-time Director: The 650-crore order book should come incrementally until 2030. We have not provided a breakup of it right now. In terms of capex, we are looking to acquire new business for the two empty lands we have. Once we acquire new business and believe it is viable to set up a plant, that is when we will announce it. What was your third question?

Kush Nahar – Electrum PMS: What is the overall asset turn on the 150-crore combined capex that we have planned across the different plants and products?

Pranav Relan – Whole-time Director: It should be approximately 4.

Kush Nahar – Electrum PMS: Thank you, sir.

Operator: Thank you. The next question is from the line of Dhananjay Bagrodia from Alpne Capital. Please go ahead. Dhananjay? Dhananjay, your voice is breaking. Can you move to an area with better reception, please?

Dhananjay Bagrodia – Alpne Capital: Can you hear me now?

Operator: Yes.

Dhananjay Bagrodia – Alpne Capital: Firstly, congratulations, Pranav and team, on a superb performance considering the current environment. Most of the questions have been answered. I have just a couple more. In today's environment, are we being approached by more customers to diversify from their existing base? Some of the other auto OEMs are looking to diversify into different segments and different countries. Do we have any of those opportunities in mind as well?

Pranav Relan – Whole-time Director: Yes, we are being approached by multiple customers to set up operations, but I do not think we are at that stage. At the moment, we are just looking to expand within India.

Dhananjay Bagrodia – Alpne Capital: Regarding the first part, what are we predominantly doing to keep margins so strong? Are we facing any requests from customers to reduce selling prices or anything along those lines?

Pranav Relan – Whole-time Director: We are not facing any pressure from customers to reduce selling prices. We have actually been able to offset our cost increases through operational efficiencies.

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NDR Auto Components

Dhananjay Bagrodia – Alpne Capital: What capex numbers are we expecting for the next couple of years?

Pranav Relan – Whole-time Director: The capex should be about 40 to 50 crores annually for the next couple of years.

Dhananjay Bagrodia – Alpne Capital: Thank you, and congratulations again. These are really superb numbers in this environment.

Operator: Thank you. The next question is from the line of Roman from Electrum PMS. Please go ahead.

Roman – Electrum PMS: Hi. Am I audible?

Operator: Yes, go ahead.

Roman – Electrum PMS: Hi, Pranav. Congratulations on a good set of numbers. I hope you are doing well. I have two or three questions. First, I wanted to get your perspective on how we are planning to diversify our OEM base, because Maruti is obviously the core engine at present. Given a timeline of the next 2–3 years, how do you see that happening in terms of diversification?

Pranav Relan – Whole-time Director: Maruti is our core client. Having said that, we are bidding for business from Toyota and bidding for new business with Kia. In addition to that, we are continuously working with the other two OEMs.

Roman – Electrum PMS: Over the next 2–3 years, should we see some business ramp-up from the non-Maruti clients as well?

Pranav Relan – Whole-time Director: Yes, that is what we are planning.

Roman – Electrum PMS: Secondly, it is obviously a very good step that you are becoming a multi-product company. Going towards FY29, broadly how much could non-seat revenue be when you combine all the other products? Is there a major margin difference there? Can you quantify something?

Pranav Relan – Whole-time Director: Seating will probably remain our largest segment, and non-seating will always be a smaller part of our revenue, given the content per vehicle. However, I do not have numbers that I can share at the moment.

Roman – Electrum PMS: Will non-seat products have slightly higher margins?

Pranav Relan – Whole-time Director: Non-seat products should have similar margins.

Roman – Electrum PMS: Similar margins. I also wanted to understand EVs. When electrification increases, how do you see the EV contribution ramping up for us? Is it different in terms of margins or ROCE, or is it similar?

Pranav Relan – Whole-time Director: In terms of margins and ROCE, it is similar. In terms of the topline, there is a slight increase.

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NDR Auto Components

Roman – Electrum PMS: Lastly, regarding the new products, I want to understand what our right to win would be. Would it be cost, timely deliveries, or quality? There will obviously be other OEMs and other suppliers in these products as well. We may be the second or third player. Could you provide some sense of how you look at this?

Pranav Relan – Whole-time Director: It is a combination of cost, quality, delivery, and relationships. There is no single factor.

Roman – Electrum PMS: Would you be the second or third player here?

Pranav Relan – Whole-time Director: Regarding which product?

Roman – Electrum PMS: In the non-seat products that you are undertaking, such as ambient lighting and the other products?

Pranav Relan – Whole-time Director: Yes, we will be the second or third player to enter this space.

Roman – Electrum PMS: Thank you very much, Pranav, and I wish you all the best.

Operator: Thank you. The next follow-up question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor – Kapoor & Company: Yes, sir. Regarding the split mentioned in the presentation, the loss from the joint venture is 58 lakh rupees. Is this entirely related to the NDR Hayashi joint venture that you were mentioning?

Pranav Relan – Whole-time Director: Yes.

Saket Kapoor – Kapoor & Company: Going ahead, how is this number likely to shape up? Since we have commercialized the unit and the costs are now flowing through the P&L, with the commissioning taking place in the coming 10 days and only at least one month being reflected, could you provide a number for what the contribution would be when it reaches an optimum level on a quarterly basis?

Pranav Relan – Whole-time Director: The losses are actually going to continue for some time. We have the whole team in place right now, and we are currently acquiring a lot of new business.

Saket Kapoor – Kapoor & Company: Even with the ramp-up of the businesses, are we going to continue booking losses in this joint venture?

Pranav Relan – Whole-time Director: We will continue to have losses for some quarters, until we reach the break-even point in sales.

Saket Kapoor – Kapoor & Company: Can you provide the timeline? Would the 58-lakh number be higher going ahead, or is this the ballpark number? I think this currently consists only of employee costs, overhead expenses, and depreciation. Could you elaborate on what you mean when you say the losses will continue?

NDR Auto Components

Pranav Relan – Whole-time Director: We have the entire overhead structure and the full team in place right now. That is why the losses are continuing. The plant is still small relative to the organization that has been set up.

Saket Kapoor – Kapoor & Company: When we look at the Southern unit, NDR Component South, what would its contribution be, and how would that come through in the next quarter?

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