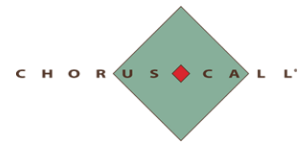




“Motherson Sumi Wiring India Limited

Q2 FY'26 Results Conference Call”

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

**Moderator:** Ladies and gentlemen, good day and welcome to Motherson Sumi Wiring India Limited Q2FY'26 Earnings Conference Call.

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 '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

**Vivek Chaand Sehgal:** Thank you. Good evening, ladies and gentlemen. Thank you for joining the Results Conference Call of MSWIL. I am pleased to announce that the Board has approved the results of the 2<sup>nd</sup> Quarter on the Fiscal Year 2026.

The Company has delivered its best ever quarterly performance with revenues of Rs 2,762 crores out of which the new Greenfields contributed approximately Rs 190 crores. EBITDA for the Quarter stood at Rs 280 crores which is 12% growth on a year-on-year basis. MSWIL has delivered exceptional performance, significantly surpassing the industry benchmarks. This achievement reflects a robust volume content mix complemented by the premierization of our strong presence across the majority of the new OEM models launched. I am pleased to announce that most of our upcoming Greenfields are currently in the ramp-up phase aligned with evolving customer requirements.

With that, I conclude my remarks. Joining me today are Pankaj, Anurag, Gulshan and Vaaman who will be happy to address any questions that you may have.

Thank you all very much and wish you good Guru Purab. Thank you. Over to you.

**Moderator:** Thank you very much, sir. We will now begin with the question-and-answer session. The first question is from the line of Raghunandhan NL from Nuvama Research. Please go ahead.

**Raghunandhan N.L.:** Congratulations, team, on strong revenue performance outpacing industry and the sequential improvement in profitability margins. Sir, my first question. On the Greenfields, utilization has reached 36%. It is an improvement compared to last two quarters. How do you see the utilization shaping up by Q4 FY26 or by H1 FY27? Would you expect utilization to reach optimal levels of 70%-80% considering strong demand conditions and also launch of new products by customers?

**Vivek Chaand Sehgal:** Thank you. Anurag.

- Anurag Gahlot:** Raghunandhan ji, the Greenfield utilization all depends on how the volumes will take place from each of the customers. In case they are going to make the volumes which they have projected at the start of the business, then obviously this utilization will increase. And in case it's delayed or something like that, then it will not be fully utilized. One of the Greenfield obviously has ramped up to the volume which is given. The other two are ramping up at this moment to the volumes. Hope I am able to answer your question.
- Raghunandhan N.L.:** On the Greenfield side, one clarification. If I take the EBITDA margin for Greenfield, it is currently in the negative territory because utilization is ramping up phase. At what level of utilization would it turn profitable?
- Anurag Gahlot:** I think we have to wait and watch because as soon as the utilization comes and the volumes ramp up and the utilization reaches to a level of around more than 70% or 80%, at that time you are utilizing the plant completely for what you have set up. And then you will get those results out of that. So, as I said that it all depends on how the volumes will take place which is already on the ramping up stage. So, we have to see, wait and watch in that particular area.
- Raghunandhan N.L.:** On the cost side, I had a question. As indicated in the presentation, copper prices have increased 5% QoQ. Would this be the main reason why raw material cost to sales has increased sequentially or whether the increase in share of EV QoQ has also led to higher RM wise sales?
- Vivek Chaand Sehgal:** There are three new Greenfields, and their costs are also there without the sales. But Anurag, can you clarify more or Gulshan, maybe you can?
- Gulshan:** Looking at the margin with respect to the Greenfield units would not be the right time because it has been improving quarter-on-quarter. As far as copper prices are concerned, obviously, it has been increased from the preceding quarter and year-on-year also has been increased of 13%. And depending upon the copper content in our models, obviously, there has been some increase in our cost which is sitting out at and in both existing and the expansion in the Greenfield units. So, it will take some time to absorb our other cost. As soon as the volumes are ramped up, obviously that cost will be absorbed as we progress further.
- Moderator:** The next question is from the line of Siddhartha Bera from Nomura.
- Siddhartha Bera:** My question is again on the Greenfield part. If I look at the performance at the EBITDA losses for the last couple of quarters, it seems that as revenues have ramped up from 120 crores to 190 crores, the losses also seem to have gone up from 26 crores to 46 crores. So, can you share some more colour on the reason for that? And should we expect some

more increase in the losses before we start seeing the benefits? Or how should we think about going ahead from here?

**Gulshan:**

With respect to the Greenfield units, our losses have not increased. It has improved because the volumes are in the process of ramping up. As far as the numbers are concerned, with respect to the previous quarter, there was a loss of 31 crores and which you are seeing that it went up to 46 in the current quarter, it's just because of the fact that there were certain recoveries that were there in the previous quarters. If you just remove that impact, the losses were around 70 crores on a gross level number. So, the situation is improving quarter-on-quarter, if you see with respect to the Greenfield expansion performance.

**Siddhartha Bera:**

Second question is on the product mix side. If we just see Ex-Greenfield, we have been able to sustain that 12%-12.5% margins for quite some time now. Like you said, the Greenfield will ramp up with OEM volumes, but is there any sort of adverse mix impact on the longer-term margins? For example, like our EV share has also gone up from 4% to 7% over the last couple of quarters. So, given that the EV share will continue to inch up, so say over a couple of years, do you sort of see that the margin trends which are reporting Ex-Greenfield, you can achieve that or because of EVs that may be difficult. So, any color on the product mix, how the margins there are, if you can share some color, it will be helpful.

**Pankaj Mital:**

You see, anyway, the Company doesn't guide in terms of margins. The Company as a Group, we have been focused on return on capital employed. However, to answer your question, whether a particular segment or a particular customer or a particular region will have a very different profile, it is not so. So, it all depends on projects and project-by-project the teams work, look for opportunities and improving the efficiencies to get these margins. So, that is how the Company works. There are many different types of models to which we supply, many different industries in which we supply and what we see in our results is an amalgamation of all of them put together. So, the endeavor of the team has always been to continuously strive to keep up good performance while we enter new domains or we set up new plants and also to continuously, of course, we have to invest ahead of time to be able to give a flawless launch to our customers and then keep improving. And as time passes, the efficiencies and other benefits keep coming.

**Moderator:**

We'll take the next question from the line of Raghunandhan NL from Nuvama Research.

**Raghunandhan N.L.:**

On the staff cost, they seem to have stabilized at 475 crores to 480 crores in Q1 and Q2. Are the employee additions relating to Greenfield plants completed? Should we expect the staff cost to remain in a similar range going forward?

- Anurag Gahlot:** Raghunandhan, as the volumes will ramp up, there will be a more requirement of the shop floor people which will eventually happen as the volumes will grow. So, I think the total manpower has not come as of now. As the volumes are growing, we will be recruiting more. I'm talking about the shop floor people specifically, because that goes hand-in-hand. As the volume grows, the manpower number also grows accordingly. And efficiency will also improve during this period because the volumes ramp up, the numbers go high, then the plant also goes to the different level of productivity.
- Raghunandhan N.L.:** The EV shift is leading to content increase. EV share has gone up 7% versus 5% last quarter. Led by the ramp up of new plants, would the share of EVs further increase in coming quarters and possibly reach double digits by FY27? Also, now that the EV-related volumes are going up, can you also talk of efforts on localization of supply chain especially for the high-voltage harnesses?
- Vivek Chaand Sehgal:** That's a great question. Pankaj, can we?
- Pankaj Mital:** Raghunandhanji, basically, you are right that with the ramp up of the Greenfields, the total value of our contribution to the EV market will grow as the market embraces more EV vehicles. So, it depends on that, the intensity of the embracement and the availability. However, the other vehicles are also growing in good numbers as we see today. So, the percentage increase is very difficult to predict. But yes, we do see that as we supply to the new launches which are coming in and we'll also have both EVs, ICE, hybrids, all kinds of vehicles. It's a mix.
- Moderator:** The next question is from the line of Jay Kale from Elara Capital.
- Jay Kale:** My first question is regarding your margins. I mean, you reported around 10.1 and adjusted for startup cost 12.7. You did mention that as startup costs, as your plans ramp up to closer to 70% to 80%, you should see meaningful improvement in margins. But just given your product mix in your new plants which is tilted, of course, also towards EVs, do you see these new plant margins at 70% to 80% utilization level reaching those 12.7% to 13% or it's fair to assume that given that EV mix is higher in the startup plants, it may be difficult for you to reach the current ICE margins even if once they fully ramp up?
- Pankaj Mital:** As we answered in a previous question, the margins, one is that the Company doesn't guide on margins. It is guiding on return on capital employed. That has been our direction, because the content and sometimes high value parts may be embedded in some of the products. And that has been the reason that how we can enhance our overall efficiency. However, the overall result of the Company includes multiple different products. And even in the Greenfield side, it's a mix. And even when we will look at what we supply to EV or what we supply to non-EV, we do not kind of see that there has to be a difference in terms

of our return on capital employed, or if you want to take it in terms of margins. So, we do not want to differentiate amongst them. And as a team, our teams strive to find opportunities, make improvements to create winning solutions for our customers, so that it's a win-win and we provide good solutions to our customers for a very stable and good performance.

**Jay Kale:** One more question, what will be your CAPEX guidance for this year and probably next year?

**Gulshan:** For this year, the CAPEX would be around 210 crores. That is something we have budgeted. And for the next year, obviously, it depends on the customer requirements and how they will be panning out. So, we'll be able to finalize by the end of year. I think we will have more clarity on that.

**Moderator:** The next question is from the line of Sonaal Gupta from HSBC Mutual Fund.

**Sonaal Gupta:** One on this, the Greenfield losses that we're giving, these are direct plant-related costs, right? Like there is no allocated cost going into these items, right? There's no corporate overhead or other allocated costs.

**Gulshan:** These are the direct plant-related costs.

**Sonaal Gupta:** The other thing, I think Raghu had asked this question earlier on the copper and I understand there could be mixed differences, etc., also, but is there, because of the raw material prices moving up and Yen also appreciating over the last couple of quarters what is the level of raw material price inflation that is helping on the top line? Could you give us some sense on that?

**Gulshan:** If I understand your question, you're talking about the top line, right? How much it is impacting our top line, right?

**Sonaal Gupta:** Yes.

**Gulshan:** In terms of price. So, there are two things to that. The first is, we have a contractual commitment with our customers. So, whenever the copper prices increase, we always get it compensated from the customer. And if it gets down, always the benefit of that will be given to the customer. So, the first is that, but this has always happened with a quarterly lag because the quarter resetting of the prices always happen in the beginning of the quarter. So, there is always a quarter lag which is reflected in the performance. The second, as you asked that how it has been reflected in our top line. So, if you just see year-on-year copper, copper has gone up by 13%. And obviously depending upon the copper

content in our model it reflected somewhere around a single digit at lower side which is impacting our top line for the current quarter. Not that significant which really benefited our growth.

**Pankaj Mital:** Because the compensation will be reflected in the subsequent quarter.

**Sonaal Gupta:** Basically, because it was pointed out that copper is up 5% quarter-on-quarter, so this compensation is yet to come, right? Like next quarter is when we will.

**Pankaj Mital:** Yes, quarter or six monthly. So, different contracts have different terms, but they have the terms to move on. I think there is an issue with the line of Mr. Sehgal. Otherwise, since there are no more questions, we thank all of you and as Mr. Sehgal said, wish you all a very happy Guru Purab and all the best.

**Moderator:** Thank you very much, sir. Thank you, members of the management. Ladies and gentlemen, on behalf of Motherson Sumi Wiring India Limited, that concludes this conference. 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](http://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 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.*