

August 17, 2021

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Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Subject: Transcription of Conference Call with Investors/Analysts held on 12-August-2021

Dear Sir/Madam,

Please find attached herewith transcription of Conference call with Investors/Analysts held on August 12, 2021. Kindly take the same on record and acknowledge.

Kindly let us know if any other information is required in this regard.

Thanking you.

Yours faithfully,

For Minda Corporation Limited



Pardeep Mann
Company Secretary
Membership No. A13371



“Minda Corporation Limited Q1 FY-22 Earnings Conference Call”

August 12, 2021



MANAGEMENT: **MR. ASHOK MINDA – CHAIRMAN & GROUP CEO,
MINDA CORPORATION LIMITED**
**MR. AAKASH MINDA – EXECUTIVE DIRECTOR,
FINANCE & STRATEGY, MINDA CORPORATION
LIMITED**
**MR. NEERAJ MAHAJAN – GROUP MARKETING
OFFICER, MINDA CORPORATION LIMITED**
**MR. SANJAY GUPTA – DEPUTY GROUP CFO, MINDA
CORPORATION LIMITED**
**MR. BIKASH DUGAR – LEAD INVESTOR RELATIONS,
MINDA CORPORATION LIMITED**

MODERATOR: **MR. ABHISHEK JAIN – DOLAT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Minda Corporation Limited Q1 FY22 earnings conference call hosted by Dolat Capital. As a reminder, all participants' 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 would now like to hand the conference over to Mr. Abhishek Jain from Dolat Capital. Thank you and over to you sir.

Abhishek Jain: Thank you, Janice. On behalf of Dolat Capital, I welcome you all for the Q1 FY22 Earnings Conference Call of Minda Corporation Limited. From the management side we have Mr. Ashok Minda – Chairman and Group CEO; Mr. Aakash Minda – Executive Director, Finance and Strategy; Mr. Neeraj Mahajan – Group Marketing Officer; Mr. Sanjay Gupta – Deputy Group CFO and Mr. Bikash Dugar – Lead Investor Relations.

We will begin the call with a brief overview by the management followed by the question-and-answer session. I will now handover the call to Mr. Akash Minda for his opening remarks. Thank you and over to you, sir.

Aakash Minda: Hi. Good afternoon everybody and thank you so much Mr. Abhishek from Dolat Capital for hosting the earnings call for Quarter 1 for Minda Corporation. May I request our Group Chairman, Mr. Ashok Minda to start with a few words please. Over to you, sir.

Ashok Minda: Thank you Aakash. Good evening ladies and gentlemen. I welcome to you all to the Quarter 1 financial year 2022 earnings conference call of Minda Corporation. I would like to thank you all for joining us on this call and hope all of you are doing well.

The first quarter of financial year 2022 started on a subdued note as the country was hit by second wave of pandemic which also adversely impacted auto sector which resulted in demand slowdown and sequential recovery subsiding. Despite the challenging business conditions, I am pleased to inform that Minda Corporation has been able to deliver a consolidated revenue from operation for Rs. 559 crores for Quarter 1 financial year 2022. And EBITDA for the quarter stood at 31 crores and profit after tax of Rs. 7 crores with a margin for 5.5% and 1.3% respectively.

Customer centricity has been our ethos and we have jointly worked with our customers during the challenging times. In order to service our customers better and with a positive future outlook, we continue to invest in expanding our capacity and all this is helping us to increase our kit value and content per vehicle. We are working to achieve more product per customer and more customer per product.

As Minda Corporation, we are giving utmost focus on electric vehicle space. We have received business award of large time order of Rs. 230 crores in Quarter 1 financial 2022. I am extremely proud to share that so far in Quarter 2 financial year 2022, we have already built significant order

book in EV space. These orders are from both incumbent as well as the new player in the EV space.

In last two quarters, we have won order for our new advanced technological products, such as smart keys, digital cluster, center console, antenna solution, DC-DC converters, battery charger etc. I would also like to highlight this has been possible due to the foundation which will laid in our Spark Minda Technical Center and advanced engineering team few years ago. I am also proud to share that we have entered into a joint venture with INFAC Elecs, a South Korean based Company for manufacturing of vehicle antenna system, a segment which has tremendous growth opportunity in India as demand for autonomous vehicles and connected mobility increases.

We have continued to maintain operational efficiency to navigate through the challenges faced by the auto industry. Our primary focus in these times has been to create a very strong order book, higher operational efficiency, increased free cash flow and work towards disruptive technology. I would like to reiterate that Minda Corporation will continue to remain committed towards right capital allocation.

With this, I would now like to hand over the call to call to Mr. Aakash Minda – Executive Director, Finance and Strategy to give further details, how we are strengthening the business to enhance shareholder value. Over to you Aakash.

Aakash Minda:

Thank you, sir, for your future outlook and inspiring words for all of us. Good afternoon, ladies and gentlemen, thank you very much for joining the call today, organized by Dolat Capital for Minda Corporation earnings call for 1st Quarter.

I would refer to the page three of the presentation which is already uploaded on our website. Your Company Minda Corporation Limited is an organization having more than 3,300 crores of top line, more than 16,000 people and have 33 plants and offices globally. We have more than 6 partnerships in the automotive space.

I now move on to the next slide which is Slide #4:

Here I would like to share our focus on narrowing focus and deepening capabilities. As we see a triangle in the middle, this is our focus for enhancing the core technology & digitalization and customer centricity. On top, we are restructuring the organization by simplifying the structure over the last few years by merger of wholly owned subsidiaries. Introduction of KAM structure to focus on our key account customers and strategic customers. And of course, exiting loss making subsidiaries. We have strengthened our leadership by getting onboard rich knowledge and global exposure professional which have come across in various spheres. They are leading the organization to growth and of course, deliver consistently and on growth aspects.

On the strategic partnerships, we have done TLA with an Israel based two-wheeler ADAS Company. We have also converted our TAA to a joint venture with INFAC Elecs of South Korea

and also, we have done an operational partnership with Phi Capital. And this is looking at the overall transforming of the Spark Minda Group, Minda Corporation Limited.

I now move on to the next slide, showcasing our engineering capabilities:

I am very happy and proud to share that even in such tough times of Quarter 1, Minda Corporation has filed 6 patents in this quarter. And more importantly, few of them are for our joint venture companies which gives that technology to our joint venture partners also. As I have already shown this slide previously, we are ever enhancing our engineering capability in the areas of advanced engineering and electronics by strengthening our members in the Spark Minda Technical Center focusing on electrical and electronics and light weighting technologies, power electronics, vehicle access, electronic hardware, embedded software, product validation, mechatronics.

I would like to proudly share that the foundation laid by us four years ago with Spark Minda Technical Center is now giving us fruits with the new order wins and conversions that we are seeing in the last quarter and the years to come.

I am also proud to share the two-wheeler ADAS partnership that we have done has now completed 10,000 successful kilometers on the testing validation of the roads of India in order to get the local adaptation and the environment.

I would like to move on to the next slide which is focusing on the electric vehicle space:

Here, as Minda Corporation starting from the top, we are offering many advanced technology products, such as connected clusters, telematics, die-casting for light weighting, various sensors, wiring harnesses, vehicle control unit, battery management systems, motor controllers, DC-DC converters, battery chargers, and smart vehicle access systems. I am proud to share that most of these technologies are developed inhouse by our own advanced engineering team. Other motor controller and BMS, we have orders for all the products which are shown here. We have won orders from the incumbent, as well as new startup OEMs globally. Just to share on the right, we have won orders from Ashok Leyland, Bajaj, Hero MotoCorp, Ola Electric, Revolt, TVS-BMW, Viriya Mobility. In the first quarter we have won more than 238 crores worth of lifetime order book from these customers.

I would also like to proudly share in the Quarter 2 so far, in the first 45 days, we have won orders from these customers and beyond to a huge amount in these product lines. One such example is the order won of smart key systems of one of the largest OEMs, a two-wheeler manufacturer OEM in India. We will share the details with you in the Quarter 2.

Minda Corporation is now going to be a very prominent player in the EV space, especially in the homegrown technology such as smart keys and our focus is to increase kit value.

I move on to the next slide, the focus on sustainability framework is ESG:

Of course, in the center our board is looking at strengthening our ESG framework. We have created a core committee, which has our board members of Minda Corporation Limited. There is a steering committee and of course, it has people from various divisions and departments in order to bring this focus all the way bottom up. We have a framework available which is developed by one of the big four companies who is supporting us in execution and planning of the ESG framework. Going forward, you will be able to see the framework on our website as well as on other forums.

I now move on to the highlights for the FY22 Quarter 1 and industry performance. Referring to Slide #9:

On the slide, you may see the key customers such as green, which are in color, which are newly added, which are depicting the EV space. I would again like to share here by geography, India still continues to be our focus area. And by end market two-wheelers is about 50%, passenger cars is increased to about 15% and commercial vehicle about 22%. From the business vertical, mechatronics constitutes about 60% and information connecting system about 40%. I would like to highlight again; these numbers are not comparable as of Quarter 1 and as well as Quarter 4 because of the change in dynamics of the market.

On the next slide, on Slide #10, on the highlights:

Our revenue continues to grow better than the industry. Electric vehicle manufacturers give strong lifetime orders of 238 crores. New business won exceeds replacement business for the quarter. We signed joint venture with INFAC Elecs of South Korea. We have filed 6 new patents in Quarter 1 and one such is in cybersecurity. Nearly 95% of our temporary and permanent workers are vaccinated as Minda Corporation started a drive to vaccinate 100% of our staff, employees, permanent and contractual.

I move on to the next slide to share about the Indian automotive industry performance:

As we all can see, from quarter-on-quarter growth, the industry has de-grown by 35%, whereas Minda Corporation has de-grown by 29.5%. The year-on-year volume grew as last year was complete lockdown for most part of the quarter. Onset of second wave of COVID-19 had an adverse impact on automobile production for the quarter. The production volumes declined by 35.1% quarter-on-quarter to 48.3 million. Volumes were impacted by lockdown in most of the states and lower consumer sentiment. We remain cautiously optimistic for the remaining part of the year going forward.

On the consolidated performance for Quarter 1 FY22, We have posted an operating revenue of 558 crores with an EBITDA of 30.8 crores with a margin of 5.5%. Our PAT is positive in spite of all the challenges at 1.3% at Rs. 7.1 million. Our exports helped us in the resilient business performance and better than the industry, despite challenging macro-economic scenarios. Our EBITDA margins stood at 5.5%. It is impacted by higher operating leverage due to second wave

impacting the industry. Lower aftermarket sales, product mix due to lower commercial vehicle as well as aftermarket and lack of commodity price indexation had adverse affect. Company continues to implement several cost control measures which are fixed in nature as well as permanent in nature. Our focus is lowering our break-even utilization levels so we can cope up better with any revenue shocks which may come in future.

I would like to also highlight that our share profit from our JV has increased over quarter. And from the last year there was a loss of about Rs. 5.8 million is now a profit of about 2.6 million. And I would like to share here the concern of Minda VAST which has been always there, is now a turnaround story and we are now coming positive along with the order book.

One thing I would also like to highlight, that we see month-on-month recovery in sales and get cautiously optimistic that Quarter 2 FY22 onwards, we will again start delivering double digit EBITDA numbers and by end of the year come close to about 12% is what we have indicated earlier.

Moving to the next slide with the business verticals performances.

If I start from the mechatronics aftermarket and other divisions, our revenue has seen a year-on-year increase because of course, last year there was complete lockdown. The de-growth in revenue on quarter-on-quarter is seen due to the second wave. Our EBITDA margin is at about 8.8% due to operating leverage and support by various cost control measures. I would like to highlight here that the capacity utilization at this division was about 60% due to higher exports from this division. Aftermarket impacted this division, and it fell by 41% in Q1 FY22. We are seeing strong recovery in the aftermarket now. Export continues to remain an engine for growth for this business as we have long and strong relationships with our customers. As we gradually recover in the economy, we are cautiously optimistic on the Quarter 2 FY22.

In the information and connected systems, this division which is a wiring harness division continues to be a challenge in some respects. Our capacity utilization in this division has been below 50%, primarily due to the domestic and two-wheeler customers in nature. This of course, lowers fixed cost absorption. Fall in commercial vehicles impacted margin on quarter-on-quarter basis. The rise in commodity prices especially copper and lag in indexation also impacted the margins. As we see gradual recovery we hope, and we are working towards delivering mid-range EBITDA numbers in Quarter 2 and eventually take it to high single digit number in subsequent quarters.

Moving to the next slide of business performance and order book:

I am again very proud to share that in the first quarter we have won a lifetime order worth of 1281 crores, 50 crores come from export and 238 comes from electric vehicle space. About 500 crores comes from the replacement business and the growth engine which is 786 crores from the new businesses. In the mechatronics division, we have won orders worth 500 crores and then

information and connecting systems we have won 725 crores. In plastics and interiors division, we have won 53 crores lifetime order businesses which are 100% new. And in others, this is more so on ITS businesses that lead to about 1 million.

The next slide, which is our joint venture update:

I am again very happy and proud to share that we have signed up the joint venture with INFAC Elecs from Korea for the antenna systems for the four-wheeler industry. And here I am proud to share that we have already won an order book of about 130 crores in the lifetime basis.

Moving to the awards in CSR:

Again, very happy to share that we have won many awards from the customers in this quarter. Plus, more importantly we have various drives across India. On plasma donation drives, COVID-19 vaccination drives, Arogya healthcare distribution, and of course, new school project under adoption.

With this, I would like to conclude our presentation. Thank you very much. And we now hand over for any questions please.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Ronak Sarda from Systematix Shares.

Ronak Sarda: Aakash, first question on the under recoveries due to the commodity cost increases and the lag impact. Could you highlight what's the overall impact of those under recoveries? And do you have it segment-wise? So, what's for mechatronics and others and what's for the information connected systems.

Aakash Minda: Hi Ronak, thank you for your question. I hope you are doing well. Ronak, firstly I would like to highlight that our lag in the commodities per se is primarily coming from the business vertical two, which is the wiring harness division. Mostly if you see the copper has jumped more than 80% in the last one year, and it still continues to increase quarter-on-quarter. So, our Quarter 1, again, the copper prices as well as the other commodity prices have also increased. If you see again, quarter-on-quarter is 15% from Quarter 4 to Quarter 1 in the copper aspect. So, here we have back-to-back arrangement with all of our customers. In some cases, there are about three months lag, in some cases there are about six months lag.

Ronak Sarda: So, what is the impact assuming the commodity price remain stable from here on. So, is it like more of a 200 to 250 bps kind of an impact which it has on the EBITDA side?

Aakash Minda: Ronak, the amount is about Rs. 6 crores in the Quarter 1.

Ronak Sarda: Which is yet to come for all the inflation?

- Aakash Minda:** That's right. It will come in next quarter.
- Ronak Sarda:** And the second question was on the electric vehicle order win. Congratulations on that. It looks a pretty large number given how the volume visibility has improved in this segment. Can you help us understand more on what kind of products are we going to supply, which are the big-ticket items in here?
- Aakash Minda:** Yes, absolutely Ronak. Thank you very much for highlighting that. Absolutely, it's a very proud moment for us and we continue to give extreme and a close focus to the electric vehicle space. Our focus currently has been on the two-wheeler, three-wheeler and the commercial vehicle space. In the two-wheeler we have won various orders from the large OEMs as well as the new OEMs including the largest two-wheeler OEM, Ola, Revolt, Polarity, Bajaj, etc. Here, some of the products are legacy in nature, or rather I would say more of premium in nature. Like we have been always sharing our vehicle access in two-wheelers. So, the lock-in key is now being transformed into the key less and smart keys. So, I am very proud to share that we have won orders north of 200 crores from the largest two-wheeler OEM in this quarter, which is just about two weeks ago. Hence you do not see it in our presentation, but I am very proud to share that. This is again, as I mentioned, the foundation of Spark Minda Technical Center that we did. So, we are seeing the fruits now. Also, to add in terms of Ola, we have won orders which is electronic steering column lock as well as seat latches. Again, these orders are already here with the peak volumes as well as the lifetime we see orders north of 150 crores in this. Going on to our EV products per se, we have won products on the DC-DC converters, battery chargers, telematics from various other OEMs including the new ones. In our wiring harness also, we have won orders in the electric vehicle space in the Quarter 1 which is reflected in the 238 crores that we show.
- Ronak Sarda:** So, just to summarize the smart key order is not part of this 238 crores but it is for an EV product from an incumbent player. That's what you said, is that correct?
- Aakash Minda:** That's right Ronak. It is not in the 238 crores; it will be coming in Quarter 2 for presentation. So, this is from the incumbent player, in the EV project of the incumbent player, in the legacy businesses of Spark Minda.
- Ronak Sarda:** And purely on the new age EV components like DC-DC converters, chargers, how large is that order book of this 238 crores and what content does it translate into, you would know the value and the volume, so just on the content if you can highlight?
- Aakash Minda:** Other than smart key, out of the 238 crores rest is about 170 odd crores.
- Ronak Sarda:** And what would be the content for this? We were talking about Rs. 6000 to Rs. 7000 content extra when we were talking about electric vehicles, so is this roughly half of?
- Aakash Minda:** This is about Rs. 3000 you can say.

- Ronak Sarda:** Last question on the joint venture side. Pretty decent profitability despite weak volumes during the quarter. So, this is largely an inline quarter, right? And the numbers should continue over the full year period or whether any one-offs which has led to profits here?
- Aakash Minda:** Ronak, of course, our endeavor is to improve quarter-on-quarter. So definitely that is our endeavors and, if again, there is no such disruptions, we continue to perform in these lines.
- Moderator:** The next question is from the line of Ritesh Chheda from Lucky Investment.
- Ritesh Chheda:** One question on this lifetime order decision that we saw. There was 2,500 crores new orders which you reported in FY21 and then in this quarter there's a new business order of 800 crores. Now this totals to about 3,300 crores. Now this is lifetime. Wanted to know how much of it would be executed annually for this year and next year, which obviously should be of growth over and above the volume growth of the specific vehicle class that you operate in. So, if you could help us understand that absolute value to be executable this year and the next year and how this 3,300 crores will eventually build up on execution.
- Aakash Minda:** Ritesh, thank you so much for this. So of course, various customers have different startup production timelines, some ranging from 6 months to even 24 months depending on the vehicle as well as the overall dynamics. Definitely volumes will come into picture when we go along. But I will be happy to get back to you in detail in terms of the built-up year-on-year for the order books.
- Ritesh Chheda:** Will certain portion come in next year, let's say about one-tenth of this at least from 300-350 crores additional business to be executed will come next year or these are all far dated orders?
- Aakash Minda:** Absolutely, it will start coming from next year which is FY23. Yes, you can say around one-tenth of this would start coming, of course, month-on-month and quarter-on-quarter.
- Ritesh Chheda:** My second question is, last year we started supplying for the wiring harness and I think it was, if I am not mistaken, it was a half year supply of the BS6 product. First of all, is that correct that we had a half year number and hence we should get the benefit of the other half this year in terms of your topline?
- Aakash Minda:** Ritesh, excellent question. But I just like to share with you that no customer or no OEM manufacturer has reached the pre-2019 levels in spite of investing in the BS6 regime. The story still continues and, of course, there are challenges now from the EV perspective. So, though it's an opportunity, but when we speak about BS6 there are, of course, challenges in achieving the peak volumes and peak numbers for which the capacities have been set for all product lines for BS6. So, gradually it will increase. Gradually they will go positive, but of course, it will take some time.
- Moderator:** We take the next question from the line of Mayur Malik from BOB Capital.

Mayur Malik: Just about your new joint venture, you said this is only Vehicle Antenna manufacturing. Have you done any investments in this JV? What kind of JV is this?

Aakash Minda: Thank you Mayur for your question. I hope you are doing well. This new joint venture is on account of antenna systems for primarily for the four-wheeler industry. Just to tell you about the product, the Shark Fin or the antennas that you see on top of a vehicle or a car for connectivity, it is this product that we manufacture. I am happy and proud to share that we have won businesses from Hyundai, KIA, Maruti Suzuki and of course, there are other customers in pipeline whom we are awaiting orders from. In terms of the investment, we will be making somewhere about Rs. 10 crores worth of investment and this will be more so on the account of the production line transfer from Korea to India.

Mayur Malik: So, would be nice if you could share some more details on the JV. Is it like 50:50 JV, will we be paying a royalty to INFAC or how does this work?

Aakash Minda: Yes, absolutely. Here, we own 51% and INFAC has 49%, so we own majority here. So, of course there is royalty like any other joint venture. Maybe I'm not able to disclose these numbers to you here. But yes, there is not a significant amount of royalty to be paid. It is in line with the industry best practices.

Mayur Malik: All right. What kind of revenues should we look at and in terms of, will it be a typical margin profiling of between 10 and 11% and by what could be the timeline the earliest timeline and then we could build these estimates for?

Aakash Minda: Of course, it is a four-wheeler product and of course the content is also higher. In terms of the overall order book as I just now mentioned as of date, we have lifetime orders of about Rs.135 crores. Maybe by the next presentation, we'll be updating these numbers when we get the LOI officially from other customers which are in pipeline for these other businesses. Of course, the profitability of this is not going to be in line of 10 to 11%, we expect it to be higher. But because the import content, because of electronics the first few months of the next year, will continue to be a challenge. Post that once we localize, it will start delivering higher numbers.

Mayur Malik: And on your operating efficiency. We did here on the opening remarks that, the operating efficiencies came through, but we've seen a huge dip in your margin performance and surprisingly it does not come through gross margin. In fact, we've actually, reported a better gross margin than previous quarter, despite lower volumes. I'd want to believe that there could have been a good pass on of the increase in RM cost, but what kind of level capacity utilization you would actually need to consistently maintain that 10% plus kind of margin run rate?

Aakash Minda: So Mayur thank you for the excellent question. Of course, as I mentioned and rightly pointed out the gross margin has first increased in quarter-on-quarter basis. However, the capacity utilization definitely continues to be a challenge here. Our product mix, as I mentioned earlier for commercial vehicles as well as the profit from the aftermarket has come down here and there

is a lag in commodity indexation that we have seen. As I've already explained, before of this, definitely initiatives such as the productivity improvement, employee performance, those have been challenged this quarter because of the reverse migration of employees going back to their, in spite of below 50% capacity utilization, we've been able to generate positive PAT of 1.3%.

Mayur Malik: Is it safe to assume that as you reach 70, 75 you could hit back the double-digit margin?

Aakash Minda: Yes. If you also see in the last quarter as well, even we were more so on up on the 85% capacity utilization we have posted strong results, so our endeavor is to go back once the demand picks up.

Moderator: The next question is from the line of Chirag Shah from Edelweiss.

Chirag Shah: I have three questions. The first one is localization. So, when BS6 came we were also hoping that we will be able to localize the content in wiring harness over a period of time. And our margins will improve. Where are we in that journey? Because it appears localization is lagging and hence our gross margins versus what they were pre-BS6 era are lower, this is for the wiring harness business that is the first question. And why is the delay?

Aakash Minda: So, Chirag, I hope you're doing well first of all, and thank you for the question. As we've been explaining in last conversations also, localization continues to be our priority and we are well within our targets and journey. However, of course due to the low intake of the customer, the low priority of the customer for testing validations of these components, they continue to be a challenge. Definitely I will not, maybe name the geopolitical issue, then the board issue etc. that might create this. But our endeavor is to localize more and more and as I can promise and assure you that we are very well in the line of our plan, in order to turn around our wiring harness division, in terms of connection systems and localization contents.

Chirag Shah: But can you share some light when do you expect acceptance from OEMs? Are they interactions have increased? Is it still a year away because first they have to accept, they have to inspect, then maybe another six months it will take time for it to flow in our P&L?

Aakash Minda: The localization is not only the factor. Okay. For our complete division there are various avenues that we are working on and to begin with the copper or the raw material indexation. So, we are, again taken a very, lot of strategic initiatives in order to reduce this impact as low as possible from Quarter 2. Number two, on account of productivity improvement as I mentioned, we could see the Quarter 4 results which are improving, but Quarter 1 has taken a downturn to do the reverse migration and the efforts there. Third, on account of localization definitely, we will see quarter-on-quarter improvement. It is hard for me to share annual number or a quarterly number, because of the reasons just now mentioned, but definitely from a year perspective, we see about a 1% from the wiring harness division improvement. Let's say about two years from now or 18 months to 2 years, we will see about 2% improvement in our wiring harness division EBITDA percentage, if those are the numbers you are looking for.

- Chirag Shah:** This improvement is due to localization you're saying and not operating unit benefit, right?
- Aakash Minda:** That's right.
- Chirag Shah:** This is helpful. Similarly, on this INFAC JV, you mentioned, initially the import content will be higher. Is it possible to indicate what parts the import content is higher and hence how fast it can get localized? Because ideally this Shark Fin business should be a reasonably high margin, at least high ROCE business for us.
- Aakash Minda:** Firstly, these products are currently being supplied from Korea by our JV partner. to the customers in India We, as suppliers cannot make changes, because that calls for many technical, validations, which are required by the customer, which take time. Hence, going forward by end of the next quarter, we will be working towards starting supplies and validation, from the Indian, perspective to our customers in India. SOP will be planned about end of this year to begin with. And in our plan, what we have proposed is to localize these components by mid of next year, because these are some regulations, post customer requirements that, after SOP of at least six months, then only a supply can work towards localization. Regarding the components that are currently being imported, it is most of the assemblies related to electronics that are being imported from them. Again, mechanical parts are being already developed locally here. To say about 90% is still imported.
- Chirag Shah:** Just one follow-up on this INFAC JV. I presume there is no restriction in approaching any customer, right. You could get business from, and who would be your competitors today in India, I would think Tata Motors, or M&M or Honda, or the other Japanese names for example, everybody would be importing and is that correct understanding?
- Aakash Minda:** So, to first of all, share with you there is binding to go to any customer. We are happy to serve all the segments and all the customers, including four-wheeler, two-wheeler, commercial vehicles and tractors. As I mentioned, with even our JV partner, we have won orders from Hyundai, KIA, Maruti Suzuki. Again, now we are waiting for the LOIs from two of new customers and of course additional volumes and additional platform from the existing customers, which of course I cannot disclose until and unless I get the LOI, but the order is confirmed, to give you that confirmation. Regarding our competition, of course there are few players from Korea as well as from Japan. Of course, this is a public news so, you may look for yourself as well. And everybody's importing right now, and I can share with you that we are the Company who has localized most in our as compared to others.
- Chirag Shah:** The last piece of question was, where you explained INFAC very well, is it possible to indicate about the other two new JVs, the Ride Vision and TLA JV that in terms of what exactly the product will be, the revenue potential, and as well as our holding in these two JVs, it would be helpful?

Aakash Minda: So, Ride Vision is not a JV, it is a TLA, Technology License Agreement with this Company, Ride Vision from Israel. They are the only Company in the world who is manufacturing camera-based two-wheeler collision avoidance system. As you know that again in India, we are the only Company to offer this technology. Of course, there are, various, challenges and opportunities. From the challenge perspective is that the regulations, so of course, government is working towards, coming up with safety and ADAS related regulations and we are hopeful that, they will support us as well. We are of course requesting various bodies to support us and get this technology. Regarding the potential of course, we are already in touch with the various customers. We have already demonstrated this product on road to our various customers and customers are showing interest. Definitely we have to do the local adaptation for the Indian environment. As we all know, our infrastructure is not the best compared to the world, but with the local expertise that we have, with the rain environment or dawn or dusk, as well as the other challenges, we are successfully now localizing this in terms of the adaptability. So, you will have to give us at least a couple of months' time to adapt it to the local environment. In parallel, we are working with the customers but more so looking at the premium product, it is expected to come in the high-end bikes or more so cruisers which are pan-India compared to the commuter segment. This is what we foresee right now.

Chirag Shah: The third entity, because the presentation indicates six partnerships. So, Ride Vision, INFAC, and the third entity, if you can brief this could be helpful?

Aakash Minda: We have six partnerships, first is the Stoneridge, which manufacturers, instrument clusters and sensors, where we have 51% partnership. So, this partnership is going strong. We offer products in terms of advanced electronics and technology. The second partnership is VAST, which is manufacturing four-wheeler access systems. Here, the partnership is 50:50%. This is a product line which we are going forward, going to be on the premium side as well as the comfort and access. The third is the Silca, where it is into key systems or machining systems. The fourth is INFAC, which I just now explained, fifth is Furukawa Electric, where we are manufacturing wiring harness for four-wheeler Japanese OEMs where Minda Corporation owns 25% and Ride Vision is TLA, which I just now explained.

Chirag Shah: I was referring to Silca, if you can just also brief the wave and indicate on Ride Vision. On Silca, what exactly the product is and how big opportunities and when we can see that flowing in our P&L?

Aakash Minda: So again, Silca is making keys for our vehicle access systems. Again, it's a very insignificant amount in our own portfolio. Bikash will be happy to provide you details after this.

Moderator: The next question is from the line of Apurva Mehta, AM Investments.

Apurva Mehta: Can you throw some light on, how is July and August is panning and what's the capacity utilization currently we are doing?

Aakash Minda: So, July and August are good index, but as we know the industry is still picking up, four-wheeler, cars is doing better compared to the two-wheeler and commercial vehicles. Of course, as our organization, about 50% comes from the two-wheeler space. So, when we really look at the July and August numbers, we are expecting to go towards the 70%-75% of our capacities in order to service these customers here.

Apurva Mehta: On the keyless side, where we won orders. What is your feeling and how are we, what's the customer feedback you are getting from different current customer and how are we planning to go ahead and what is your feeling of getting more orders for this?

Aakash Minda: I think keyless systems, is our most talked about product and I am very again proud to share that we are the world leaders in this. We have 21 patents only in the last few year globally for this technology. I would say that there is no other player in the world who is competing with us in this technology, since it is a product which goes through premiumization and electrification. Now it will add content per vehicle for Minda Corporation in the bikes to come. To begin with of course we have won orders, I just now explained to you, the recent significant order, which is won, maybe a week or two ago from one of the largest or number one motorcycle player in the world for about north of Rs. 200 crores especially in the EV space. There are of course other customers that we are supplying to and also happy to share that this is already into startup production and do mass production and we are exporting this product into Europe already with our customers. We are in discussion with various customers which are again incumbent as well as new in nature. There are eight current programs which are running, with various customers, whom we are engaging with, and the talks are in advanced stages. Surely, we are hoping to get these orders.

Apurva Mehta: Any wins for the four-wheeler side maybe in export or in domestic, any wins with likely wins on the four-wheeler side?

Aakash Minda: On the four-wheeler side, our joint venture Company, Minda VAST leads all these initiatives. Again, we have won orders from Maruti Suzuki and Toyota with a new upcoming platform, in Bangalore. We also won orders from Volkswagen, India in such technology, which is vehicle access in terms of outdoor handles, indoor handles and other product lines. But the four-wheeler is catered by our joint venture Company.

Apurva Mehta: So, on the keyless side also that will be captured by joint venture?

Aakash Minda: That's right.

Moderator: The next question is from the line of Rahul Jagwani from PGIM India Mutual Fund.

Rahul Jagwani: I just, want a view on this chip shortage and the semiconductor shortage, I mean, how do you expect that to impact volumes, in this quarter going ahead. Do you think utilization will still be low? I mean, what's your view on that?

Aakash Minda: So, thank you Rahul. Great question I think this is concern which is bothering at the global level so to say. We can see big OEMs being closed for weeks and months around the world. As late as, Maruti Suzuki, having challenges in Gujarat facility last week. Definitely this impacts the overall supply chain, and we are also a very integral part of it. In terms of these semiconductors and electronics, most is impacted in our clusters business and rest we are not a big consumer of electronics so to say. Of course, going forward we will be, but as of the current state, we are not. We have taken various actions and activities to make sure that because of us, the customer lines do not face any issues. As we are extending our support to our peers also, by various actions, which is non-unconditional and non-negotiable settlements, non-cancelable and non-risky executable orders given to suppliers, lead time is extremely high which is suddenly increased from 26 weeks to plus 52 weeks. We continue to find various new avenues. We have asked our engineering teams to come up with value add and value engineering proposals to come up with alternate proposals to offer these products. There are various initiatives that are ongoing, which I think every supplier and customer jointly are taking and of course we are also working with our chip suppliers as well as our esteemed customers.

Rahul Jagwani: Secondly, now you also have sizable cash in the balance sheet, so have you formed any plans for that?

Aakash Minda: Yes, Rahul thank you again for the question. So, we are very prudent in our M&A going forward. We have clearly created and listed down norms rather which we are not going to step out. More so we are directed by the board. We are happy to have our cash in our balance sheet, but I know it is impacting us, but we will simply not go out and invest or do any acquisitions just by the pressure of having cash in our books. We are going to be looking at companies in our own area of expertise in our own product domains. We are not going to do any acquisition in Europe or anywhere else which is having large operations or manufacturing base, that we are very clear. We are open to look at engineering centers and anything which gives us technology rather than only top line. Wherever our customers ask us to go, we will go. There are various opportunities in hand, but we come back to all of you when there is something significant going to happen.

Rahul Jagwani: Just can you give the gross debt number in this quarter?

Aakash Minda: Our gross debt is about a Rs. 502 crores.

Moderator: The next question is from the line of Abhishek Jain from Dolat Capital.

Abhishek Jain: How was the geography for the aluminum die-casting business in first quarter and what is your revenue guidance on this business?

Aakash Minda: Our die-casting business in the Quarter 1 FY22 has done about Rs. 122 crores. If I look at our Quarter 4 number, we did about Rs. 150 crores of die-casting business. So, it is maybe of course impacted by the overall outlook of the industry, but going forward, we have one significant order in terms of our exports, as well as domestic customers for the die-casting operation.

Abhishek Jain: So, what is your revenue guidance for the full year, from the domestic and export sides and aluminum die-casting business?

Aakash Minda: We don't give future guidance, but what we can assure you or what we can share with you is that this division would aspire to grow for a CAGR of about 15% and we are looking at growing this further by our extreme and best relationships with our export OEMs per se, as well as, with the light weighting opportunities coming in the EV space as well as aluminum content increased per vehicle is what we are focusing on. So, definitely we would like to grow this division much higher, but again looking at the global outlook scenario, we are giving you maybe, pessimistic to a realistic number of about 15%.

Abhishek Jain: What sort of CAPEX you're looking for in this business?

Aakash Minda: So, for this quarter we have invested in this division, I think about Rs. 6 crores for the die-casting capacity increase going forward. But again, our being prudent in nature for the capacity going forward we are demanding and requesting our customers to maybe give us upfront or looking at shorter depreciation time rather than the long ones looking at the various nature. But yes, this is a capital-intensive business which requires CAPEX going forward.

Abhishek Jain: The companies also started production from new facility in Gujarat the interior plastic division and also expanded capacities in Mysore and Pune as well. What is your revenue and margin target from the interior plastic division in FY22?

Aakash Minda: So, our interior plastics division is growing significantly and thank you for asking that question. Last year we did a very small about Rs. 30 odd crores from this division. But more importantly, we won businesses for the first time in India as well as for the group in products such as advanced air vent systems with the new customers, such as Toyota. Also, we acquired first time businesses for our group like center consoles for the upcoming models of Maruti Suzuki from Gujarat. This is going to be manufactured in Gujarat, start-up production is going to be happening in the month of October, November. This is of course significant increase in our content per vehicle from the group perspective, as well as focusing on our exposure in the four-wheeler space. Going forward we've also launched and won order for the oil pan, which is light weighting, from various engine manufacturers, such as Tier 1 and other OEMs. We are working with them, hand-in-hand while everybody is now focusing on light weighting vehicles. We even strengthened our top leadership, in the last month by getting two very known experts on board, from the interiors and the plastic industry from India. Going forward for the next year again, we are looking at tripling our revenue from the last year, in order to gain, big sale. We already have order books in hand for catering these requirements. Of course, we have to invest in these businesses, looking at the overall opportunity but this is surely going to give us profitable growth going forward.

Abhishek Jain: My last person is related with wiring hardness margin. So, in this business, RM inflation are paid by the customer with the lag effect of three to six months. However, in the past six months copper prices has gone up significantly, but it still looks it is not passed on fully. So, what is the

margin outlook from this business going ahead? How much first can pass on RM inflation impact?

Aakash Minda: So, as I mentioned earlier, we have a back-to-back arrangement with our customers, which is maybe somewhere three months and six months like you pointed out. With most of these, again if the copper prices continue to increase and the increasing trend, maybe an average of, 15-20% every quarter, it becomes a more so very difficult for us, because of the lag that we get compensated from the customer. But internally at the back end, we are working on various strategic, actions and activities which will reduce the impact and the losses, for such RM increases. This is what we would like to share, but going forward, with the various activities on the profitability of the wiring harness division, we plan to come back to about a mid-single digit number to high single digit numbers towards the next quarters.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for closing comments.

Aakash Minda: Thank you so much. I'll maybe now and over the call to our group CEO Mr. Ashok Minda for giving closing remarks. Thank you very much.

Ashok Minda: Thank you Aakash, thank you for your explanation. I would like to thank all of you for joining us here today. If no COVID wave further or any other disruption, Minda Corporation will definitely do very well in financial year 2022. And I would like to thank you once again all of you and stay safe and healthy. Thank you very much.

Moderator: Thank you very much. On behalf of Dolat Capital that concludes this conference. Thank you all for joining. You may now disconnect your lines.