



“Minda Corporation Limited
Business Updates Investor Call”
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MANAGEMENT: **MR. AAKASH MINDA – EXECUTIVE DIRECTOR**
 MR. VINOD RAHEJA – GROUP CFO
 MR. NITESH JAIN – LEAD INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to Minda Corporation's Investor Call to discuss Business Updates hosted by Emkay Global Financial Services. 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 please signal and operator by pressing star then zero on your touch-tone telephone. I now hand the conference over to Chirag Jain, Emkay Global Financial Services. Thank you, and over to you, sir.

Chirag Jain: Thank you, Steve. Good evening, everyone. On behalf of Emkay Global Financial Services, I would like to congratulate the management team of Minda Corporation for pulling off such a large and strategic partnership with Flash Electronics. To discuss the partnership in detail, today, we have with us from the management team, Mr. Aakash Minda, Executive Director, Mr. Vinod Raheja, Group CFO and Mr. Nitesh Jain, Lead Investor Relations.

I'll now hand over the conference call to Mr. Aakash Minda for his opening remarks. and post that, we'll open the floor for Q&A. Over to you, Aakash Ji.

Aakash Minda: Yes. Good afternoon. Thank you very much, Chirag and Emkay Global Financial Services for hosting this call. It's a pleasure to be on the call today and connect with all of you on behalf of Minda Corporation for our business update conference call. I hope all of you are in good health.

Today, we are creating history. We are very excited to announce a very important and significant development, which is of a great strategic value to Minda Corporation and its shareholders. Minda Corporation has joined hands with Flash Electronics to create the fastest-growing EV platform in the country.

We have been looking out for forming strategic partnerships and we have found a very strong partner in Flash Electronics. The products of both companies are very synergistic, yet they are also different. Minda Corporation is in automotive body electronics, and Flash is in automotive engine and EV powertrain systems.

This move aligns with our long-term vision and business strategy. It is designed to offer complete system solutions and capture a greater share of the fast-growing automotive and EV segment in India. It will combine the strength of both organizations, leveraging Minda Corporation's extensive expertise and resources.

With Flash Electronics market-specific knowledge, nimbleness and innovative solutions. The partnership will enable these two companies to enhance their competitive edge, expand into new markets and deliver greater value to its

stakeholders. Flash Electronics is expected to achieve revenue over INR 1,500 crores in FY25.

And has been impressively delivering a CAGR of over 17% during the past years. The company is expected to deliver EBITDA margin of around 14% with a steady ROCE of over 22%. As part of the partnership, Minda Corporation will acquire a 49% equity stake in Flash Electronics and its subsidiaries for a cash consideration of INR 1,372 crores.

Minda Corporation has a lot of opportunities as per our current business plan in our organic businesses. We have many new product launches, new ventures, expansions, etc., which are coming up, and our focus is to deliver and execute the same. Minda and Flash will be leveraging each other's strength and driving future growth by unlocking synergies across products, technologies and customers.

The strategic partnership is set to focus on maximizing the opportunities, ensuring a seamless collaboration that delivers lasting benefits to all of our stakeholders. This partnership underscores a shared vision of innovation, excellence and long-term success for our customers and employees. All of us at Minda Corporation and Flash are very excited about this new beginning.

We have a brighter future for all of us jointly. Personally, for me, this is the first of many of its kind. From within, I know we have a long runway ahead. I will now move to the presentation for further details. I request to refer to the presentation, which is uploaded online. At slide number 2, you can see Mr. Ashok Minda, Mr. Sanjeev Vasdev Ji sharing the strategic partnership agreement signing ceremony today after our Board's approval.

In Slide 3, we are sharing that how our strategic partnership is in line with our business strategy. Our vision of Minda Corporation is to be a dynamic, innovative and a profitable global automotive organization. And our mission is to be a complete system, automotive system solutions provider and build a brand recognized by vehicle manufacturers all over the world.

In line of this vision and mission, we have signed a strategic partnership with Flash Electronics. As the electric vehicle mobility is the fastest-growing opportunity, we would like to harness this opportunity going forward. We would like to offer complete system solutions in the electric vehicle across segments. We are looking at unlocking synergies across products, technologies and customer between both the organizations.

This move is a significant move for our diversification through our partnerships, and now we are adding powertrain electronics as a new vertical for business growth. But most importantly, it is EPS accretive for our shareholders.

Moving on to the next slide, shows the EV penetration across segments, which is expected by 2030. We're publishing a neutral report, which is by ICRA, where we can see EV 2-wheelers are expected to contribute about 25% of the volume by 2030. 3-wheelers about 40%, e-buses about 30%, LCVs about 20% and passenger vehicles by about 15%. We wish to harness and capture the growing market in ICE and EV market going forward.

Moving on to the next slide. I would like to share a quick glance about Flash Electronics. The FY25 expected revenue is about INR 1,590 crores with the CAGR revenue of about 17% over the last 5 years. They have eight manufacturing plants, out of which six are in Pune and two plants are in Europe and have more than 2,500 workforces. There are two product business verticals, which is electrical and electronics and powertrain components.

Flash Electronics is an engineering-focused organization with more than 150 engineering headcount and bespoke R&D centers. They have key customers in India and overseas, which are marked in the table. More importantly, the customers marked in green are new customer additions for Minda Corporation, where we will be able to harness our opportunities and cross-sell products.

On the right side, you can see how Flash Electronics has grown from INR 840 crores to about INR 1,500 plus crores by end of this financial year and in the first half of the year, they have already achieved INR 772 crores delivering a CAGR of about 17% plus.

Moving on to the next slide, which shows the key metrics where Flash is the leading manufacturer of powertrain and EV components to key automotive OEMs in India and overseas. The FY24 highlights revenue were INR 1,340 crores, EBITDA reported was INR 185 crores at around 14% margin, free cash flow has been INR 120 crores, and ROCE has been 22% plus.

By geography, for Flash Electronics, India constitutes about 75% and exports and other locations overseas contribute about 25%. By end market, 2-wheelers is about 75%, 3-wheelers and 4-wheelers is about 7%, and aftermarket is about 9% and others is about 8%. By product wise, which is more important, electricals and electronics related products are about 45% and EV last year contributed about 13%, metallics about 20% and others about 21%. I'm happy to share in first half of FY25, EV revenue now

constitutes to about 20%, doubling from the last year. So, by end of this year, Flash Electronics expects to double its revenue coming from EV.

Moving on to the next slide, which shows the ICE product range offered by Flash Electronics across various segments. The kit value offered in 2-wheeler segments by Flash is to the range of about INR 5,000 to INR 6,000. Whereas Minda Corporation ICE products are about INR 5,000 to INR 6,000.

Now combined offering kit value will be to the tune of about INR 11,000 to INR 12,000. More importantly, going forward, the premiumization of the products, which are going to be positively impacting the Minda Corporation products as well as Flash Electronics, the combined kit value is expected to further increase.

Moving on to the next slide, which is on the EV product range. On the 2-wheeler side, they offer powertrain systems like EV traction motor, integrated drive unit, motor controller unit, telematics control unit, vehicle control unit, BLDC fans and primary gears for the EV drivetrain.

In 3-wheelers, they are manufacturing and supplying products of motor and powertrain systems. They have continuously developed and innovated products in the same aspect in the 4-wheeler and commercial vehicles, which they'll be launching soon in the Bharat Mobility and going forward.

Moving to the next slide, which is slide number 9, shows the combined comprehensive solution in the EV portfolio of Flash and Minda Corporation. On the left side, which shows the products offered by Minda Corporation, such as wiring harness, DC converters, instrument clusters, battery chargers, charging gun, cell contact system, power distribution unit, high-voltage connectors, charging guns, EV bus bars.

And on the right side is the powertrain components and systems like the motor controller units, telematics unit, motor primary gear, etc. The overall kit value in the EV segment, in the 2-wheeler segment, MCL offers products in the range of INR 12,000 to INR 15,000, and Flash Electronics will offer currently about INR 18,000 to INR 20,000, totalling our kit value of about INR 30,000 to INR 35,000, and this is expected to grow even higher.

If I add the premiumization of the products supplied by Minda Corporation in area of body electronics, such as smart keys, telematics, vehicle access, the low-voltage harnesses and other electronics, this kit value can easily go up to INR 40,000 to INR 45,000.

Moving on to the next slide, giving a brief on the transaction metrics. The transaction is valued at the enterprise value of INR 31 billion and equity valuation of INR 28 billion. Minda Corporation will acquire a 49% stake in Flash Electronics and this will be an all cash deal. The deal does not require any regulatory approval and closing is likely to be by 31st January within this month.

The impact on financials post the investment, Minda Corporation balance sheet continues to remain strong with net debt to equity below 0.6x and proforma net debt to proforma EBITDA less than 1.8x.

The impact on consolidated profit will be positive while we get revenue from synergies by supplying various products of Minda Corporation, such as wiring harnesses, die casting products and electronics for the captive consumption of Flash as well as adding new customers and export segment. And more importantly, the consolidation of proportionate interest through Minda Corporation's books of accounts.

Lastly, we focus on creating value together for all the stakeholders and shareholders. This is a historic strategic partnership with Flash Electronics, where Minda Corporation is adding a decent product portfolio to our body electronics by adding powertrain electronics. We as joint partners will be offering complete system solution in the area of EV powertrain landscape, as well as for the other segments. This is a customer capability and capacity centric collaboration.

Going forward, we have acquired 49% stake, which is a balanced approach to strategic partnerships. While we have always committed that we'll be looking at organizations and partnerships, which are focused on India, having a common customer base and having a similar and significant product profile. Both companies are currently focused on growth and execution of their new product launches, expansion and etc.

We will explore closer future collaborations. Lastly, the governance and control, we are setting up appropriate governance structure for ensuring value maximization of all the shareholders.

With this, I would like to conclude my presentation. and I would be happy to take any questions. Thank you.

Moderator:

First question is from the line of Parag Thakkar from Fort Capital.

Parag Thakkar:

Congratulations, and I should say that in last call, you committed that whatever acquisition you did, you will do will be EPS accretive and ROCE accretive. And I'm very happy to see that you have done exactly that. Because I think Minda Corp. is right

now trading at say EBITDA multiple of around 20x, while this company is going to come at EBITDA multiple of around 13x.

Parag Thakkar: And as you said, it is also having a 22% ROCE. So definitely, it will be both ROCE and EPS accretive. Plus, of course, it will add a lot of strategies in terms of exports and penetrating more into or gaining more wallet share of the same customer as you rightly explained. So I would just like to know that whether it will remain at 49% or you will further increase the stake? And what are the plans out there?

Aakash Minda: Yes, thank you Parag for your comments and strengthening and giving confidence to us. We strongly believe future is the era of collaboration and partnerships. Working together, we believe, is easier to create value. For us, value accretion to respective shareholders is much more important than percentage stake. We are focused to harness combined technical and management bandwidth, which will chart growth part, which is ambitious for both organizations.

At current point of time, we have gone to maximum permissible stake, which was available. Sanjeev Ji wants to run the company, and we respect that. We will explore options going forward, which will create value for all stakeholders.

Parag Thakkar: And can you just elaborate more, as you rightly said, they are also in 2-wheelers it is 76% and domestic is 75%. Sir, can you put some more lights. For example, suppose if I say an example of common customers like Bajaj and you are supplying to, say, Bajaj normal ICE engine also and say EV also. So what kind of value addition or wallet share you can increase with this acquisition of Flash in the same model of the customer.

Aakash Minda: So Parag, we are continuously offering products at custom solutions offering. Of course, any customer would like to have as less as number of suppliers offering complete system solutions. So, this is where both the organizations are having the business plan to come together and offer a complete system solution in the area of body electronics and powertrain electronics going forward.

So, it's not only one customer, but for all the customers, and this is how we will create synergies for customers in India as well as exports.

Parag Thakkar: Sure. And you see a big opportunity in exports due to this?

Aakash Minda: Yes, absolutely. This is a huge opportunity while we add customers, which are new to Minda Corporation, and the Europe locations of Flash Electronics will help us logistically be closer to the customers, and more importantly, on our engineering and

technology front, where Flash also has engineering center in Europe, which will help us collaborate better and go to the customers with the latest and new technologies.

Moderator: The next question is from the line of Nilesh Shah from Julius Baer.

Nilesh Shah: So yes, in your comments, you said one line that Flash is probably making some supplies where that there is an overlap of components or raw materials that they use. Could you expand on that, right? I mean there is a fair bit of overlap perhaps. And are there some gains that you perceive that could lead to margin expansion for Flash?

Aakash Minda: Yes. Thank you very much, Nilesh. So as I mentioned, Minda Corporation is into the product lines of body electronics, which is vehicle access, electrical distribution system. Third is the driver information system, die casting products and EV products and electronics like telematics and etc. Flash is in the area of ignition and EV powertrain.

So, while going forward, Flash has a lot of captive consumption, primarily in the three areas, which they outsource currently from the perspective of die casting parts, wiring harness parts as well as electronics. So as per our business plan supply these products from Minda Corporation's existing facilities and capacities to Flash Electronics for their captive consumption.

And of course, in the end, to their end OEMs. This will, of course, create synergies from both the organizations in terms of using of free capacities and generating economies of scale as well as becoming more competitive to all the customers.

Thirdly, of course, whatever additional sales that comes from the captive consumption as well as adding the new customers in India and overseas and adding the export side will definitely help in increasing our profitability margins going forward.

Nilesh Shah: My second question is on the export franchise of Flash, right? Just for our benefit, if you can just expand on that a bit, what kind of products do they primarily export, I also saw on the deck that they have two plants. So is this local plant that they have. And just if you can give some context on where the manufacturing happens? And why is it that?

Aakash Minda: Sure. So, the Flash has two manufacturing facilities in Europe, one is in Germany, which is near Munich. And second is in Hungary. They are both to their 2-wheeler and other OEM customers in Europe and which is opening doors for Flash Electronics and now for Minda Corporation for being close to the customer.

The products that are primarily exported are products like throttle bodies and related powertrain components and thirdly, they also have an engineering center in Poland,

which focuses on advanced electronics and advanced EV powertrain components for other segments, which will be a value-add for all of us.

Moderator: The next question is from the line of Raghunandhan from Nuvama Research.

Raghunandhan: Sir, firstly, on EV, for Flash, FY25 revenue can exceed INR 300 crores given the 20% EV contribution. Can you talk about how we are looking at the future potential or any targets you can share?

And relating to that, would there be any pending order book for Flash in EV parts? And Flash also has a presence in terms of EV parts for 4-wheeler and commercial vehicle. In this category, how much would be the current revenues? and how do you see the potential?

Aakash Minda: Raghu, I think there are multiple questions, I'll try and address them one by one. So the first question is with respect to the 2-wheeler product lines and the plan going forward. So as you know that electric vehicle industry is one of the fastest-growing industries in the automotive space in India, which are outperforming the overall industry.

So that is expected to be in the 2-wheeler side and as well as shown in my slide that in 2030, 2-wheeler is expected to be about 25%, and the 3-wheeler is expected to be in the range of about 40% and similarly, buses are 30%, LCVs are 20% and passenger vehicles are about 15%. So, this is the fastest-growing segment compared to the overall industry growth in the next many years to the tune of about 5% to 6% or 6% to 7%.

So, while this industry grows, Flash has the product lines as well as Minda Corporation in the EV portfolio has the product lines to offer to all these segments. Some are already under mass production like we have shown, particularly in the 2-wheeler, 3-wheeler segments.

And products from the Flash side are under development, which will be showcased as soon as next week in the Bharat Mobility from the perspective of the 4-wheeler as well as the commercial vehicle side.

Speaking about Minda Corporation products in the power electronics in the EV space, they're already in mass production. The order book is already there, which we would be seeing in our revenue going forward, which we've already shared in the previous calls.

Second, you asked about the readiness of the products for the 4-wheelers as well as the commercial vehicle. So, while I mentioned the engineering center in Poland as well as the number of engineers in India are focusing on how we can invest further in the R&D

capabilities to make our products of Flash and Minda more and more robust for going forward and both companies continue to explore further collaborations as well as partnerships to strengthen and offer a more product line increasing the kit value.

Raghunandhan: The future looks very bright and secondly, trying to understand the EPS accretion part. So, assuming that Flash is able to achieve INR 1,590 crores of revenue and 14% EBITDA margin, possibly the profit can be closer to INR 100 crores and Minda's share of profit will be around INR 50 crores. So that is the accretion. And also, in terms of the cost interest expense on new debt and loss of other income due to usage of cash reserve could be INR 80 crores.

So, I was still getting a gap of INR 30 crores, which needs to be filled and based on your initial comment, there will be benefits on the revenue side because of synergies. Would that be the right understanding that this gap, which is there, that will get covered because of the synergies leading to higher revenue, and that will lead to the EPS accretion to happen?

Aakash Minda: Yes, absolutely, Raghu. You are spot on and plus, this is just the beginning. As we grow forward, there are more number of synergies that are going to be created by both the organizations. how we can add more in terms of size, scale, customers, technology and partners is the objective of creating value for all our stakeholders and shareholders.

Raghunandhan: So how would the synergies work, sir, would Minda be supplying to Flash or Flash be supplying to Minda. I mean I understand, like, for example, aluminum die casting you can supply to Flash, even in wiring harness, there is some synergy. How much can be the cross-selling opportunities? Can you quantify?

Aakash Minda: So as per our business plans, I will not be able to share the numbers as they are confidential and number two is that all I can assure you is that this is going to be EPS accretive and going to help in Minda Corporation's overall accounts because it is one, cross-selling; B, adding new customers; and C, the exports.

So, all these three and the other premiumization of the products that are going to be coming forward is going to be the synergies that are going to come along. Of course, as per our business plan, there are other strategic avenues that both the groups and management are aligning, and we will share with you time-to-time.

Moderator: The next question is from the line of Jaimin Desai from Emkay Global.

Jaimin Desai: My first question was in relation to competitive positioning of Flash within EVs. Where do they stand versus the market in terms of the product profile that they have? And as a combined entity, you mentioned that you would be the fastest-growing player

in the EV space. But how large would the combined entity be within the overall EV 2-wheeler space after the acquisition is complete?

Aakash Minda: Yes. So the EV market itself is very nascent in India and as per the current data latest from December, the EV in 2-wheeler constitutes to about only 5% of the overall volumes. So, by end of the year, it is still expected to be about 5% of the total 2-wheeler space. In space in the product lines where the Flash Electronics operates, they are supplying to one of the largest or the top three OEMs in India, which is manufacturing EV and have more than 20% market share.

This is expected to further increase where both the synergies are going to come from both the organization by adding more customers even in India as well as export as well as the other segment of vehicles and other customers that we as joint partners are going to add into this partnership.

Number 2, when it comes to the overall product portfolio, as I mentioned, this currently, the complete power electronics as well as EV powertrain components are expected to be about INR 30,000 to INR 35,000. And going forward, this is expected to increase. And the third question, if you can repeat, I will be happy to answer that, please.

Jaimin Desai: So as a combined entity, how large would both of us put together become within the EV 2-wheeler space, any initial thoughts on that over the next few years?

Aakash Minda: Yes, currently, Minda Corporation out of the overall revenue, about 5% to 6% is the EV revenue, and in Flash, as you have seen in the first half of this year, it is already 20%, which has doubled from last year. So by combining the overall revenue, we expect this at the overall size to grow to about 10% to 12%, which is much higher than the industry penetration of the EV 2-wheelers as well as in the other segments.

Jaimin Desai: Understood. And sir, just sourcing or scale perspective, what are the kind of scale benefits that we see for the combined entity going forward? And any related margin benefit because of that?

Aakash Minda: Yes. So, the business plan is, of course, being worked out and being fine-tuned, right? However, as we have always committed that the ease of integration of the partners is very important for Minda Corporation. So as you know, Flash is Pune based. They have same or a similar customer base, which is respected by both Minda as well as Flash, which is common customers.

And third, a similar product profile. And then, of course, with the synergies that are going to come in terms of the locations, products, customers, electronics, cross-selling,

exports, etc. are going to help in generating further value creation for all our stakeholders.

Moderator: The next question is from the line of Chirag from White Pine.

Chirag: First is what would be the PAT number of the company because you have shared EBITDA, ROCE, but PAT number was not shared. So what could be the PAT margins of this business? That's one.

Aakash Minda: Which is more relevant for us, by end of FY26, which is where the accounting of Minda Corporation will happen, that is into the range of about INR 110 crores as PAT.

Chirag: INR 110 crores of PAT. That is helpful. Second is, are your customer profile complementary in nature or they're completely different. So you may be with X and they may be with Y? Or is it that both of you supply to the same customer, but different products or how it is?

Aakash Minda: So I have shared this in our slide number 5, which shows the customers of Flash Electronics. Of course, there are many common customers, but there are many new customers also particularly in exports market, like you see Audi, BRP, Rotax, and others, which is going to be addition to the Minda portfolio. When it comes to India, yes, we have complementary customers.

Chirag: So that opportunity of cross-selling to the customer may not be that prevalent. Is it the right way to look at it? At least for the ICE engine?

Aakash Minda: No. As I mentioned, the product lines are different, right? So we are into the body electronics and they are into the powertrain electronics and going forward, there is going to be a lot of commonization and integration of products. So as a system offering, whether for ICE as well as for EV and alternate fuels, there will be many products which are going to be commonized.

For example, the body control module or the complete electronic software-defined vehicles, which are going to be having multiple product synergies, whether it is the XN1 from the motor and other electronics components or the other electronics products that Minda Corporation provides such as smart keys, instrument clusters, wiring harness, high-voltage cables and other telematics.

Chirag: Sorry. Let me rephrase the question. So suppose you are supplying to Bajaj and they are also supplying to Bajaj, right? It is not that you're supplying to Bajaj and they are supplying to TVS. So you have an opportunity to penetrate TVS. So that kind of opportunity is limited in domestic market. Is what my question was.

Aakash Minda: No, I wouldn't say that. Again, Minda also has strong customer connection to other 2-wheeler OEMs and as well as 4-wheelers, 3-wheeler and commercial vehicle OEMs. So what we will bring also is additional customers to the product profile of Flash Electronics, which will have a benefit to the combined entity of offering products of Flash to other OEMs as well.

Chirag: And lastly, why 49% and why not take majority with 51%? So what was the thought process between 49% and 51% if you can just highlight? You may still run the show, but you may have the majority. And is there an opportunity in future? Is there kind of call option availability to you to increase the stake?

Aakash Minda: Chirag, I've already shared this before and for the sake of repetition, I will again share. See, we strongly are believing in the future, which is the era of collaboration and partnerships. Working together is going to be easier to create value for all of our shareholders and that's a change in mindset that we at Minda Corp as well as the industry is bringing and needs to bring.

For us, value accretion to our respective shareholders is much more important than the percentage stake and at the current point of time, we have gone to the maximum permissible stake, which was available. So rather than losing on the opportunity which is there, we harness the opportunity and bring a collaboration.

And of course, we will continue to explore options going forward, which will create value.

Chirag: And this is a secondary market transaction, right? There is no infusion in the company.

Aakash Minda: That's right.

Chirag: In that sense, is a completely offered for sale kind of from the promoter or existing promoter, right?

Aakash Minda: That's right.

Chirag: Okay. And last question, if I can. Are there any capex requirements, immediate capex requirement over the next two years? Do you need to invest to grow in this company, and if yes, how much?

Aakash Minda: So of course, there are capacities available at both Minda and Flash. They have recently come up with two new facilities in Pune for their products in the EV space, particularly, as well as in their metallic space. So they have pre-capacities. And as a business call, we will take going forward in terms of what is the right ROCE levels when it comes to the investment versus return and capital allocation strategy with both Mr. Minda as

well as Mr. Vasdev will come and work together. So that is something that we are going to work while going forward and take the decisions which are going to be creating value.

- Moderator:** The next question is from the line of Sridhar Kalani from Axis Securities.
- Sridhar Kalani:** I just have a simple question. Sir, what will be the composition of Board of Directors post this acquisition? And how many directors will Minda be appointing in Flash Electronics?
- Aakash Minda:** So, the Board composition will have five directors, two from the Flash Electronics and two from Minda, and the CFO, which is the current Flash CFO.
- Sridhar Kalani:** And sir, you are doing all cash transaction, what is the approximate goodwill value that will be shown on our balance sheet because of this transaction?
- Aakash Minda:** So, Sridhar, we will continue to give further details when we grow, but the company has been established for the last 35 years and with the products that they have established and the customer base that they have established, I think that's a testimony of the goodwill that they have generated over the past many decades.
- And Mr. Sanjeev Vasdev and family are a very known industry in the automotive side, which is extremely well-known business house. So of course, while we move forward, we'll share with you the further details.
- Moderator:** The next question is from the line of Saral Seth from Indsec Securities.
- Saral Seth:** Sir, my question was pertaining to synergies, which have been asked previously as well. Is there any customer with Flash in domestic bucket where we can really leverage our product basket and look to cross-sell with Flash's customer profile and our products. So just trying to understand synergy in detail. That's my first question.
- And my second question is we already had a previous learning with Volkswagen, which we had. So any learnings from that, which we would like to incorporate in the present scheme of things and look for a good growth in the European market and probably look to add a few more customers in Europe.
- Aakash Minda:** Yes. So, Saral, when it comes to synergies, I think we've already shared. But yes, there are more customers which are overseas and now planning to come to India, which are already customers of Flash. So while those customers look at setting up facilities in India, Flash and Minda will become, hopefully the primary supplier base for them. That's one.

Number two, yes, there are customers in India, which are already customers from Minda Corporation, but offering a complete kit value and complete system solution is the value accretion as well as the offering that the companies will be offering as integrated system, which is a benefit to the customers, whether existing or to the new customers and 2-wheelers, 3-wheeler, passenger cars or commercial vehicles.

You mentioned and you asked a question about Volkswagen. We value all customers as our god because that's what they are for us. So, I mean, all the customers for us are equal and as particularly relating to Volkswagen, they are a very small customer to Flash Electronics portfolio, particularly in Germany. So, if you look at our product and customer mix, it's a very, very small number.

Saral Seth: So just to re-frame that question regarding synergy. So if we have around 100%, combined would be 130%. So, 1.3 and 1, how much that can go in the next 2 years with regards to business, just wanted to understand.

Aakash Minda: I didn't understand the numbers that you came from? and can you repeat the question, please?

Saral Seth: Yes. So, I'm trying to say, the combined business from Minda Corp and Flash, how can that increase over the next 2-3 years with regards to revenue growth and with regards to wallet share gains? Any outlook on that, combined synergies, how much will be that apart from Flash growing separately and Minda growing separately, but combined, how will be the growth?

Aakash Minda: Saral, I will not be able to disclose the numbers, but they are, of course, in multiple hundreds of crores starting from about 18 months onwards from here on or 24 months onwards because the testing validation and approvals take time. And by 2030, this is continuously expected to generate top line as well as the profitability for the group.

And definitely, both the organizations expect to become more competitive, which will help us win the customers eventually.

Moderator: The next question is from the line of Jay Kale from Elara Capital.

Jay Kale: I just had one question that if I'm not wrong in 2019 Flash Electronics had filed a case against Royal Enfield for some infringement. Where are we in that? Has it been settled? And how do they have Royal Enfield still in their customer mix? And how does that equation be with we coming in?

Aakash Minda: So Jay, as we have signed the agreements and we are under NDA, so we cannot share these public confidential documents or confidential discussions online, but more than

happy to share that all the agreements or any kind of liabilities that are there in the current scheme of things will not be passed on.

But yes, now as a partner, we will all work together on how we can resolve any and all kind of concerns that persists with either of the organizations, and we will conclude the matter amicably with any and all customers.

Jay Kale:

Sure. And also, second question is on your based on our strategy, now going forward with how should we look at Minda Corp in terms of diversification of their segment revenues. While this does kit to value and that's a very good positive. But we were also trying to kind of diversify in terms of two-wheeler PV, CV revenues.

And now this gets a little more concentrated in terms of two-wheeler heavy revenue contribution. So going forward, is there a further kind of effort from the management to diversify more into EVs or new inorganic expansion will more be in PVs? How is the management looking at that aspect?

Aakash Minda:

Yes. So there, definitely, this will further concentrate the overall group revenues from the two-wheeler and three-wheeler space and as we have committed, we continue to invest in inorganic partnerships to come up for the 4-wheeler product portfolio. So, A, particularly to Flash, they're also developing the power electronics products for the EV powertrain.

Number two, Minda Corporation has already formed partnerships in the recent past as well as continuously forming collaborations for the four-wheeler product portfolios, which you will also hear in the next few days. So yes, the four-wheeler portfolio will remain a small number compared to the two-wheeler.

But that is something that we want to further harness the current opportunity and the fastest-growing EV segment, which is a two-wheeler, which is going to be more value creative for Minda Corporation while we continue to focus on other products and segments.

Moderator:

Next question is a follow-up question, it's from the line of Raghunandhan from Nuvama.

Raghunandhan:

Sir, on the customer side, can you indicate what would be the share of the top 5 customers? Is it fair to assume this will be mainly two-wheeler companies? And the largest customer seems to be Bajaj Auto. Can you indicate their share?

Aakash Minda:

So Raghu, yes, in our slide number 6, we've also shown that two-wheeler revenue is about 75%. And yes, which is in India and as well as overseas majority portfolio comes from two-wheelers and three-wheelers. I will not be able to disclose the name of the

largest customer. But yes, they are one of the top three 2-wheeler manufacturers in the country, whether ICE or EV.

Raghunandhan: And in terms of Flash capacity utilization and capex expectations in the near term, if you can throw some light?

Aakash Minda: So Flash has different capacities across their product lines. So for the EV product lines, they have recently set up new facilities in Pune to cater to the customer growing demand and across segments. When it comes to the metallics division, they have set up already facilities in 2016 and that capacity utilization is about 70%.

And going forward, from the sake of cross-selling products, Minda Corporation already has capacities. And we've already shared before that we are coming up with new facilities in die casting in North and in West. And over the last two years, we have developed capacities in wiring harness in all three regions of South, West and North, which we can cater to the customers.

And in the terms of electronics of Minda Corporation, for our captive consumption of Minda as well as Flash and OEMs, we continuously invest in our developing capabilities, competencies and capacities. Going forward, we will take capital allocation decisions between Mr. Minda and Mr. Vasdev on what makes the right commercial sense as per the capital allocation strategy and ROCE payback numbers.

Raghunandhan: And what would be the capex expectations for Flash, I mean approximately on an annual basis?

Aakash Minda: So going forward, again, they have been investing to the tune of about INR 50 crores to INR 60 crores on an annual basis, which should continue in the same range. And that is, again, from the free cash accruals that they are generating.

Raghunandhan: Got it, sir, and the debt is coming down, right? That's right thought process because I thought it was INR 400 crores plus in FY24 and FY25 has come down to INR 300-odd crores.

Aakash Minda: Yes, that's right, Raghu.

Moderator: The next question is from the line of Chirag Jain from Emkay Global.

Chirag Jain: So do we further see M&A opportunity? Or would we be actively looking at further opportunities from the M&A side for the next 2-3 years? Or we are recently well placed considering the organic growth plans that we have in the recent partnership with this Flash?

Aakash Minda: So Chirag, we will go step by step and I think this is a very big moment for all of us. I think we need to first deliver on our growth plans organically, both the organizations. So in terms of our expansions, partnership, new product launches that are upcoming for both the organizations as well as Minda Corporation.

So the first order is to execute and deliver that and give customer delight and create value and then we will continue to explore further collaborations and opportunities. So we are open to keep looking for new technology partnerships, which we continuously invest and we will do so. But of course, we will be looking at selective opportunities when it comes to M&A.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for their closing comments.

Aakash Minda: So once again, good afternoon, and good evening, everybody, and thank you very much for joining the call. We will keep updating the investor community and all of you on a regular basis for incremental updates on the company. I hope we were able to address all your queries and for any other questions and queries, I request to please get in touch with our Investor Relations team.

In the end, I would like to conclude by saying that this historic strategic partnership is in line with our long-term vision and business strategy, and it will combine the strength of both the organization, leveraging Minda Corporation's extensive expertise and resources, along with Flash Electronic's market-specific knowledge, nimbleness and innovative solutions.

The partnership will enable the 2 companies to enhance their competitive edge, expand into new markets, deliver greater value to all its shareholders and stakeholders. Thank you very much for all your support and looking forward. Thank you.

Moderator: On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.