



“Minda Corporation Limited
Q4 FY2022 Earnings Conference Call”

May 17, 2022



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*Minda Corporation Limited
May 17, 2022*

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY2022 Minda Corporation Limited, Conference Call hosted by Elara Securities Private Limited. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jay Kale from Elara Securities Private Limited. Thank you and over to you, sir!

Jay Kale: Thank you. Good evening everyone. On behalf of Elara Capital, I welcome you to the Q4 FY2022 Result Conference Call of Minda Corporation. Today, from the management we have Mr. Aakash Minda – Executive Director Finance and Strategy, we have Mr. Ashok Minda – Chairman and Group CEO, Mr. Neeiraj Mahajan – Group Marketing Officer, Mr. Vinod Raheja – Group CFO, Mr. Anshul Saxena – Group Head Strategy and M&A. I would like to hand over the call to Mr. Akash Minda for his opening remarks. Over to you Aakash!

Aakash Minda: Good evening Jay. Thank you so much to Elara Capital for hosting us, our quarterly and yearly presentation. I would now like to invite Mr. Ashok Minda to give the opening remarks.

Ashok Minda: Thank you Aakash. Good evening everyone and welcome to the Q4 FY2022 Earning Conference Call of Minda Corporation. I would like to thank you all for joining us on this conference call here today and hope you are staying safe and healthy.

In the fourth quarter of FY2022 auto industry delivered a mixed performance. Revival in economic activity helped in slight demand pick up for commercial vehicle and passenger vehicle segment. While the two-wheeler segment continues to post comparable numbers. The industry as a whole continued to face challenges of semi-conductor shortages and global geopolitical tension. Even under these circumstances I am pleased to report that Minda Corporation has continued to deliver strong performance. Our focus is on consistent and sustainable performance, Minda Corporation has achieved highest ever quarterly revenues of INR 9478 million with EBITDA of 11.4% at Rs.1078 million. For the financial year 2022 we delivered a consolidated revenue of Rs.29759 million with 25.7% year-on-year growth. EBITDA for the full year was 9.9% at Rs.2946 million. Profit after tax for the year was Rs.1919 million. In line with our current performance board of directors has announced final dividend of 35% which is Rs.0.017 per equity share. Total dividend for the year is 50% which is Rs.1 per equity share.

Now, I would like to update you on important developments of the quarter. The PLI application filed by the company has been approved under the component champion incentive scheme. We have also successfully completed the transaction of Minda Storage acquisition and from

this quarter company will operate as solely owned subsidiary under the name of Minda Instruments Limited. To drive the growth at Minda corporation our continued focus is on; a) driving technology from in-house initiative and global tie ups. B) operational excellence through cost leadership. c) growing customer and market segments and generating high free cash flow and right capital allocation. Looking ahead industry growth prospects is expected to improve further with increasing demand for personal mobility and supported by easing supply chain issues. We at Minda Corporation remain confident in delivering accelerating growth by strengthening the core business and capturing the emerging opportunities. With this I would now like to hand over the call to Mr. Aakash Minda to discuss the financial and the operational performance of the company during the quarter and financial year 2022.

Aakash Minda:

Thank you, sir. Good evening ladies and gentlemen, I now request you look at the slides which have been uploaded for the quarterly and the annual earnings call. Referring page-3, I would like to state the highlights of Q4 and financial year FY2022 performance. Our focus is enhancing the core and deepening capability. For the Q4 the revenue growth of the quarter continues to out perform the industry performance, we have improved double digit EBITDA margins for the straight quarter on sequential basis. Total life time order book booked in the Q4 is being Rs.14500 million. Eight patents have been filed during the quarter and we have been grantede PLI application.

Full year some highlights: Our FY2022 revenue growth has been 25.8% year-on-year is quite challenging matter economic scenario and other shortages. Our EBITDA margins increased by 73 basis points to 9.9% for the year 2022. Total life time order book in the year was INR 59300 million. 28 patents have been filed in the year and 4 partnerships have been endorsed in this financial year for technology advancement.

I would like to now move to the next slide which is slide-4, which shows the consistent and sustainable market leading profitable growth which is the focus of Minda Corporation. If you see on quarter-on-quarter basis we have delivered the highest ever quarterly operating revenue at INR 9478 million with the group of 19.4% on year-on-year basis. On the EBITDA again the highest ever quarterly absolute EBITDA of Rs.1077 million and margin improves at 70 basis points on quarter-on-quarter. Also, highest ever PAT margins from Rs.75.9 million, in revenue we have grown by 19%, EBITDA we have increased by 21% and PAT has grown by 39% on year-on-year basis.

I would now like to move to the next slide which shows the overall landscape of Minda Corporation. The revenue has been about Rs.29759 million. Our business vertical and key customers are shown on the left, while customers mark the EV customers. This quarter we have added ultra violet and global pear one as one of the customer first. We have 32

manufacturing locations and R&D capabilities across various divisions. I would like share that over the last one year we have increased our number of shareholder from 49200 to 83653 and the shareholding is on the right track.

I would now move to the next slide which is the revenue break up for the financial year. If you look at by geography this is on year-on-year, India contributes majority to about 84%, exports of Europe and North America contribute to about 10% and South East Asia where our plants contribute to about 5.5%. But end market our two-wheeler is about 48%, passenger vehicle is about 17%, commercial vehicle is about 18% and after market is about 15%. By business verticals Mecatronics and after market is about 55 to 56% and information and connecting system is about 43.3%.

I now move to the next slide which is on the industry performance: If I look at the financial year 2022 growth the industry had muted growth of about only 1.2% and if I look at Q4 which is on quarter-on-quarter then industry de-grew by about 15.6%. There were of course supply chain issues globally, global macro economic issues, subdued sentiments all across India and infrastructure spending and other replacement demands seem to have also factored in terms of growth. We remain cautiously optimistic about the Indian auto industry due to the low penetration and rising income but they are also aware of this uncertainties which will have impact on the automotive demand and supply.

I now move to the slide-8 which is on the consolidated performance: Our focus is on continued momentum of growth and out performing quarter-on-quarter and year-on-year. The company consolidated net revenue for the Q4 stood at Rs.947 Crores at EBITDA 11.4% at Rs.107.7 Crores. The numbers are including Minda Instruments Limited. I request you to look at the first column on the left, if I compare this from Q3 to Q4 the growth was about 28.4% in top line whereas the industry only grew by 2%. Our EBITDA has grown from Rs.78.7 Crores to Rs.107 Crores from 10.7% margin to 11.4% margin. Our PBT has increased from 6.7% to 7.6%, if I compare year-on-year growth Rs.794 Crores is now translated into Rs.947 Crores which is a growth of 20%. EBITDA margin has grown from 11.2% to 11.4%, if I look at our numbers without Minda Instruments then year-on-year Rs.794 Crores has grown to Rs.800 Crores and 89 EBITDA has gone to 88 EBITDA. IF I look at for the full year on the right side, including Minda Instruments Limited we did about Rs.2975 Crores with 9% or 10% EBITDA at Rs.294 Crores and 6.1% PBT margins and PAT margin 6.4%. If I compare to the FY2021 then we have a growth of about 25.7% and our EBITDA margin has grown by 73 basis points from 9.2% to 9.9% from Rs.217 Crores EBITDA to Rs.294 Crores EBITDA and PAT has increase from 93 to 191, there are some exceptional items which I will explain.

In the revenue front our operations outperformed the industry. New businesses and increase in share of businesses are in the existing customers in all our divisions has supported this growth along with growth in exports and after market. Our EBITDA margin at 11.4% in Q4 delivered double digit despite high commodity and adverse impact of supply chain issues which was supported sustained productivity and operational efficiency drives. In Q4 PAT includes onetime PAT benefit of Rs.22 Crores based on past profit guarantee of Minda KTSM which is now delivered. Based on this performance the board of directors have declared final dividend of 35% at INR 0.70 per equity share with the payout ratio is 20%.

I now take you through the next slide which is business vertical performance for Q4: If I speak about the business vertical Mechatronics and after market, the year-on-year quarter revenue has grown from Rs.445 Crores to Rs.470 Crores and EBITDA margins has grown to 13.4% from Q3 to Q4 Rs.445 Crores revenue is Rs.470 Crores and 13% EBITDA has grown to 13.4%. The revenue stability was supported by strong fundamental increase in various customers and segments and EBITDA grew favorably due to the recovery of raw material induction from customers and various initiatives taken for the permanent measures for cost savings internally. If I look at the information and connected system which is primarily wiring harness division in Q3 we did Rs.293 Crores with 7.2% EBITDA and this quarter we have done Rs.338 Crores with 7.4% EBITDA. The two-wheeler market de-grew but increase in share of businesses and sustained sales an uptake due to commercial vehicle has given us this growth. Our EBITDA margins stood at 7.4% due to favorable product mix and also tight control on fixed cost and neutralized lag between commodity and other cost initiatives. If I look at full year our Mechatronics division has grown from Rs.1365 Crores to Rs.1687 Crores, increase in EBITDA from 11.8% to 12.3% and the information system has grown from Rs.1000 Crores to Rs.1150 Crores, increase in EBITDA from 5.6% to 5.9%.

I would now move to the next slide which is slide number 10: I would like to share this slide as the initiatives and the captions that have been taken in the last few quarters and how they have resulted. I would like to share that while the industry has grown from 6% to negative to now 1.2%. Minda Corporation revenue has grown 19% and then much higher in the industry in all these years. If I look at the bottom part of the table, before exiting our loss making businesses we can see variable performance but on the right side you can see quarter-on-quarter growth and consistent and sustainable performance both in top line and in the EBITDA numbers going forward. This is the slide is to share confidence on how Minda Corporation has performed after our transformation in the last two years.

I now move to the next slide which is a consolidated leverage position: Our networth have increased from Rs.1146 Crores to Rs.1330 Crores. Our gross debt has reduced from Rs.483 Crores to Rs.391 Crores. Cash has come down from Rs.499 Crores to Rs.336 Crores in the

last part of the slide you can see the details. Our net debt is about Rs.55 Crores right now and net debt to net worth is Rs.0.04 Crores. If I speak about ROC on the focus to move towards 20 to 25% and higher, in last year we did about 12% ROC and this year annualized because the Q1 was COVID impacted we did about 18.4%. Working capital days have come down from 46 to 41 days. Credit rating agencies have re-affirmed our ratings.

Now moving to the next slide on our performance of the wholly owned subsidiaries and joint ventures, Minda Instruments Limited which is a 100% wholly owned subsidiary. If you see our year-on-year performance we did Rs.389 Crores in FY2021 as a turnover which is now Rs.484 Crores a growth. EBITDA of 11.7% in FY2021 and this year it is 11% and the net debt is having fixed deposits from Rs.69 Crores to Rs.63 Crores. If I look at Minda our sole focus has been on order booking and turning around this organizations where Minda Corporation holds 50%. If you can see on the right side FY2021 was Rs.143 Crores, we have now did a turnover of Rs.218 Crores EBITDA was negative last year and we have now done 6.9% EBITDA in spite being a COVID year an overview percent of turning around. Minda INFAC which is the latest joint venture formed for the antenna solutions with Korea now has order book of Rs.131 Crores life time based on all the four-wheeler customers of Maruti Suzuki, Mahindra and others.

Spark Minda wheel mobility is a new initiative it is wholly owned subsidiary which we formed last year this is primarily focusing on design development and manufacturing of the electric vehicle component, accessories.

We now move to the next slide which is on the business performance in the order one: If you see the full year we have orders booked worth Rs.5900 Crores out of which Rs.2400 Crores have been replacements and Rs.3500 Crores have been for the new businesses. If I look at Q4 on the extreme right, about Rs.1450 worth of orders have been booked for this quarter on the life time basis, Rs.565 Crores and Rs.885 Crores are the new businesses which move in the growth. The centre they have MEchtronics division which is the first vertical, so 2700 life time order book has been booked in this year and out of which 70% is primarily two-wheelers and three-wheelers and other segments are about 30%. In Q4 we booked Rs.424 Crores, the information and connected systems in the entire we booked Rs.2550 Crores worth of order book out of which 53% is coming from two-wheelers and three-wheelers and 47% coming from other segments and about Rs.900 Crores of orders have been booked within this quarter. Export orders won in the entire financial year have been for Rs.635 Crores on the life time basis and EV order book stands at Rs.952 million or Rs.952 Crores for the entire year.

We now move to the slide-15: Which is sharing on the strategic pillars of the growth for Spark Minda, so as shared in the beginning of the year our focus is on narrowing focus in deepening

capability since centering the pillars of growth. Focus on enhancing the core which is on the our co-product line. Electric vehicle growth opportunity our product line, which are EV agnostic, innovation and technology through in-house initiatives and investments as well global tie ups in the areas of new product lines as well as the existing and centering passenger vehicle offering in all our product lines that we currently do. Our outcome is to transform and become complete solution provider to the region at least cost reduction in operational excellence and thought leadership and technology. Premiumization and product innovation of all our products and drive better than industry growth which is more profitable.

We now move to the next slide which is enhancing the core: Our focus is on safety and security system, wiring harness division, Die Casting division and instrumental assessing centre. In the safety and security system we are the only company in India with a developed capability for Keeler Centric Solutions, we have filed more than 23 patents and a preferred supplier to most of our OEMs in India and globally and giving 100% RFUs which are converted for the Keeler Centric Solutions in the IP and EV platforms. Wiring Harness division, we are setting up the state-of-the-art component division for our localization needs and focusing on export and after market and most important is the raw material indexation and the lag along with the customers has now been with strategic initiatives aligned with the customers as well as the rubber suppliers. Die Casting division continues to be our focus for growth and exports area and we are looking at preferred cost effective global partner for turbochargers to our customers globally in all the four areas of technology which is in the casting and developing complete in-house process to supply all these Die Casting parts. In the instrument clusters and painters which is now Minda Instruments Limited, now we have full control and access of this business which gives us an opportunity to grow in the global markets as well developed products and technology coming from our technical partners for all the segments in the industry.

Moving to the next slide which is innovation and technology: Our approach has been setting up our own R&D unit looking at technology licenses and setting up joint venture with global partners. In the last year we have developed path breaking smartly solutions, set up of the new electronic manufacturing division and also started production of intelligent transportation system. The important achievement from the last twelve months from the partnership perspective. We have converted one PNA with right vision after there for two-wheeler adapt. Converted a joint venture with INFAC Elecs of Korea for antenna solutions. Acquired equity stake of 26% in EVQPOINT in Bangalore for EV stake and acquired Minda Instruments Limited from this Stoneridge joint venture technical collaboration continues.

Just a focus on the in generating capabilities that we are developing through our technical centre focusing on vehicle architecture, vehicle connection systems, electronics and vehicle

active and light weighting. We have more than 200 patents for it about 2% is on the R&D spending and we have now about 500 engineers working across our divisions. The focus is on looking at software, electronic hardware and varied software, breathing our testing facilities and Mechatronic engineering.

Now, take to the last two slides focused on the electric vehicle mobility: So, the slide we have shared upon for on the left we can see the vision which all our product line. So, all our product lines that Minda Corporation does are EV agnostic, so when the EV comes in they will go through more of a premiumization route which is through electrification and light weighting and also premium. Dusters are going to go from analog to digital, telematics being in-built, casting being light weighting, various sensors being added, wiring harness going from BSIV to BSVI to EV, various EV product lines like DC-VC converters battery chargers and some other development like motor controller and BCI. Our Keeler sub cost with irrespective of IP will be going in all vehicles. If you look at on the right side, potential EV kit value from the current business of about 4000 to 4500 in our two-wheelers is expected to go to about 16000 to 20000 is as a potential indicator.

On the next slide which are just some business swing on the key products as well as new products from Minda Corporation. So, DC-VC converters our target customer and customers wins are someone like BMW, TVS etc that the chargers like the electric revolt keys are centre like Ola, Piaggio, Bajaj etc wiring harnesses like in a remote. Our EV customers shown in the bottom are both two-wheelers, four-wheelers and commercial vehicles even domestic and export.

Our last slide on the value proposition of Minda Corporation: We want to be a high value technologically advanced products, global presence with 32 plants, achieved cost leadership in manufacturing and thought leadership position in technology and products. Offering advanced technology products and systems, solution in light weighting, active safety connected, electrification and electrification. Technology tie ups and partnerships in the global automotive components companies, well diversified customer base, product portfolio in business segments, low leverage providing significant flexibility for organic and inorganic growth. Governance structure to excel corporate governance and high focus on sustainability and strengthening the framework of EH. With this there are some slides just on the company snapshots which you can refer at your own convenience. With this I would like to conclude my presentation and hand over for any questions. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. [operator instructions]. We have the first question from the line of Raunak Sarda from Systematix. Please go ahead.

- Raunak Sarda:** Hi! Thanks for the opportunity and congratulations on a greatest numbers. Aakash, just couple of financial clarification, one on the net debt position which includes the cash balances from MIM for the year ending 2022?
- Aakash Minda:** Hi! Raunak, this includes the cash which is in Minda Instruments Limited as well.
- Raunak Sarda:** Okay, and the tax ride, is that a cash item or a non-cash item, so that the Rs.22 Crores of one off which you have highlighted in the quarter?
- Aakash Minda:** Yes, it is a cash item.
- Raunak Sarda:** Okay, perfect. So, the overall growth trajectory has come back as weak industry and given our new orders and how should we look at next let us say FY2023 and FY2024, even assuming industry we mean that same level on an overall basis. How should we factor in growth for Minda?
- Aakash Minda:** Thank you, Raunak. Again, our endeavor is always to grow higher at 10 to 15% then the industry. While the next financial year looks to be again, cautiously optimistic year because some segments are expected to do well, and some may not. But again, as Minda Corporation we are wanting to grow higher than the industry and looking at various segments whether it is two-wheeler, four-wheeler, commercial vehicles, off road taxes monsoon is hopefully going to do good this year, so we may look at that as well so, our expectation is to be 10 to 15% higher. When it comes to the EBITDA numbers with these current challenges and the global tensions that we are seeing we would like to first sustain these numbers as committed before, so consistency is most important around the 11% - 12% is what we are forecasting.
- Raunak Sarda:** Okay, great and if I look at the overall order wins, how do we see now and we had a fairly customer base, but this new order wins almost Rs.3500 Crores, odd in the current year. How does our customer mix look like, how does our end segment mix will look like, will we go back to any fairly diversified 33 – 35% each segment mix now or how are we looking at the overall mix?
- Aakash Minda:** The current order wins that are there are not significantly going to transform the end customer. It is going to be primarily two-wheeler segment it may come down from about 50% to somewhere 46% - 47% depending on the market. But our focus is to grow other segments; I will request Mr. Mahajan to may be adding some comments on that.
- Neeraj Mahajan:** Thank you very much Aakash and Hi! Raunak. I think most important for us to consider two important aspects, we are trying to balance or review our balance between EV to other segments which we are looking at significantly. But I can share that apart from the EV

segment our main focus is to strengthen our business order books from our existing customers because at this given point of time we clearly see there is opportunity for us to strengthen order book situation with our customers either to gaining the share of business or introduction of the new products is being as worked hard or might be has worked hard in that three-four years' time and increase that calculation. So, thick value is very, very important for us if we are trying to strengthen it is reflecting in 35300-million-ton new order book especially in this year ad hoc results.

Raunak Sarda: Got it, that is really helpful and finally on the EV and EV order book, we are now in a gaining a lot of new component orders herer as well with that, thanks to our R&D centre. So, how should we look at the EV orders ramping up and what was the overall topline in FY2022?

Aakash Minda: Raunak, here again while the order books are there and both for various segments domestic and export, it depends when these order are going to start kicking in. Typically, again the order book is spread between five to six years when it comes to mobility customers as of now. Again, more important is their uptake, I can give a fair number but soemwhere about Rs.75 Crores to Rs.80 Crores should try and come in this year if the two-wheeler market picks up well.

Neeraj Mahajan: Just to add we possibly can do much more with the EV segment right now but you know the semi-conductor situation of the EV segment and the factoring done we could not able to produce as much they would like to. So, this number can be positive uptake with if in case we are able to get more semi-conductors end of the quarter. So, healthy Rs.80 Crores upwards at least would be what we are going to touch.

Raunak Sarda: Right, perfect and just what was the FY2022 EV contributions in FY2022 absolute numbers?

Aakash Minda: We are to about Rs.20 Crores odd.

Raunak Sarda: Okay, thank you and all the best.

Moderator: Thank you. We have the next question from the line of Bhargava from Emkay Global. Please go ahead.

Bhargava: Thank for this opportunity. I just wanted to know whether the company looking at any inorganic growth opportunity and if yes, then what are the areas that the company would be looking at, which are the areas basis?

Aakash Minda: Again, we have been definitely looking at various opportunities for inorganic. There are three avenues; one is that how we do grow our own multi-product and negative business through

technology with partnerships or alliances. Second is look at new product lines that we continue to add in our portfolio, but the focus remains on how we can grow our own core areas and the third is on the M&A front, when it comes to the M&A we have decided very clear norms internally on what we will look at and where, so we are very clear that we are not going to look at large operations these companies oversea. We want to stay in our own core areas, we want to stay in our own product lines, and we know this country better with huge opportunities, so we will focus on India. Of course, we keep continue to get opportunities, but we have to tick box all the norms before we are trying to decide to take up brunch.

Bhargava: Thank you so much.

Moderator: Thank you. We have the next question from the line of Abhishek Jain from Dolat Capital. Please go ahead.

Abhishek Jain: Thanks for the opportunity. In this quarter wiring harness business has improved slightly. So, what are your margin targets for FY2023?

Aakash Minda: Like we have shared our endeavor is to go from current about mid-single digit numbers to higher single digit numbers in the next few quarters and sustain in those numbers by various initiatives that we are taking. So, move towards about a low double digit in about six to eight quarters from now and there are various initiatives that have been taken in that respect the first and most important is the localization of various imported connectors that we are looking at and also improving our productivity and man power related efficiencies because more man power operated product and third there are lot of strategic initiative being taken with suppliers or others which will help us reduce our raw material fluctuation and all this.

Abhishek Jain: During this quarter we have seen as attributing growth in the MSME segment most probably that production into Dahej in the wiring harness business. Despite that we have pricing improvement of 70 BPS. In this situation what could be the assumption for FY2023?

Aakash Minda: Your voice is not clear I am sorry can you repeat the question please?

Abhishek Jain: In Wiring harness business we have been just 70 BPS margin despite the strong product mix because these quarters PV numbers was coming from. So, what assumption we can take for the FY2022 numbers in terms of the margins in business?

Aakash Minda: If I understand your question correctly the margins for wiring harness division for next year, right?

Abhishek Jain: Yes.

Aakash Minda: As I mentioned currently about 7.5 we would like to increase it in the next four or five quarters. It may not touch double digit but significant improvement over the next four quarters.

Abhishek Jain: Okay, my next question is we looking at the Die Casting business. How is the current utilization and what is the capacity for this particular business?

Aakash Minda: If I speak about our Die Casting business, on the Q3 to Q4 so Q3 we did about Rs.128 Crores in Q4 we have done about Rs.154 Crores. If I speak about the full year number for the Die Casting we did about Rs.425 Crores in the last year and this year we have done Rs.529 Crores which is a 25% jump. Of course, this division focuses a lot on the exports and the four-wheeler market, when it comes to the investment definitely it is capex incentive clipping but it has a high EBITDA of our growth as well as exports. So, we are very cautious when we invest because that the businesses are backed up by our customer requirements. Typically, our investments in this year for the Die Casting is close to around about Rs.30 Crores for the Die Casting for the businesses which are going to have SOP in the next few quarters.

Abhishek Jain: And how the current capacities utilization like in Die Casting?

Aakash Minda: The Die Casting facility with the current capacity utilization would be somewhere about 60 to 70%.

Abhishek Jain: Okay and sir my last question is related with the outlook of the ASEANs two-wheeler locking system. How is the progress like?

Aakash Minda: For the security division you mean?

Abhishek Jain: Yes.

Aakash Minda: You are speaking about the ASEAN or you speaking about the security system division?

Abhishek Jain: Sir, security system division both in India and ASEAN?

Aakash Minda: Right, if I speak about the security system division in the quarter we did about Rs.250 Crores in Q3 and we have done about the similar numbers in Q4 this year. If I speak about year-on-year basis we did about Rs.739 Crores in the last year, we are 23% jump in this year to about Rs.908 Crores.

Abhishek Jain: Sir, despite de-growth in the two-wheeler's volumes growth is 23% is it because of increase in that realization only?

- Aakash Minda:** No, there is couple of factors; one is definitely focused on the exports market and the after-market increase from this division.
- Abhishek Jain:** Okay, thanks. That is all from my side.
- Moderator:** Thank you. We have the next question from the line of Noel Vaz from Asian Market Securities. Please go ahead.
- Noel Vaz:** Thank you for the opportunity. I just had one query, right now the disruption coming out of China for most Q1 as the return and have disruption in terms of spares or certain components which are coming from China. Also, one of thing is that regarding the increased indigenization or even say the internal sourcing of components, what is the present scenario on that? That is my only question. Thank you.
- Aakash Minda:** Thank you, Noel. Definitely China imports do continue to be a very big threat and concern going forward which may hamper the entire industry as well Minda Corporation's performance in the upcoming quarters. If you are worried primarily on the electronics and other logistic cost issues and increase in the raw material prices or from China is definitely impacting and this impacts Minda Corporation and will be impacting in future if the things continue to work out this way. So, we are definitely working on various initiatives but there are some things which are outside our control which will definitely impact in the coming quarters in the Q1 and Q2 next year.
- Noel Vaz:** Thank you.
- Moderator:** Thank you. We have the next question from the line of Abhishek Jain from Dolat Capital. Please go ahead.
- Abhishek Jain:** Sir, how is the product mix in the wiring harness division in FY2022?
- Aakash Minda:** What sorry for wiring harness?
- Abhishek Jain:** I was asking about the product mix in the wiring harness business, I mean to say two-wheelers, EVs and CVs contribution in FY2022?
- Aakash Minda:** In the wiring harness about 50% contribution is not by two and three-wheelers, four-wheelers contribute about 10% and commercial vehicles contribute about 30-35%.
- Abhishek Jain:** Okay, and how the mix will change in the coming year, I mean to say that in FY2023 well we are looking for a strong growth in the commercial vehicle segment?

- Aakash Minda:** First, if the commercial vehicle segment grows it is going to be a positive impact to Minda Corporation but again we have to really wait and watch how each segment really performs in the upcoming quarters.
- Abhishek Jain:** Okay, and what is the margin difference between the wiring harness business and CVs versus the two-wheelers?
- Aakash Minda:** I can just say that in the commercial vehicles it is higher.
- Abhishek Jain:** So, it will be higher by the 200 BPS?
- Aakash Minda:** Sorry?
- Abhishek Jain:** It will be higher by 200 BPS or 300 BPS?
- Aakash Minda:** Sorry, that is very confidential, and I would not be able to share but yes that is higher.
- Abhishek Jain:** Okay, sir you have also followed into the interior plastic business in the domestic market, and you have also given the order books. How is the outlook for this business and what is the break-even?
- Aakash Minda:** This business is again a very small division right now, but the focus is on the four-wheeler aspect of this business. In this year now again, we have few SOPs coming in from the likes of our four-wheeler OEMs, largest OEMs as well as the largest SUV manufacturers even in light weighting. So, this division is definitely being a small that is going to grow faster but definitely it is not a big impact on the Minda Corporation numbers as of now, currently it is about a Rs.50 Crores for the last financial year.
- Abhishek Jain:** Okay, my last question is related with the capex. So, how much capex you have done in FY2022 and what is the capex run for FY2023?
- Aakash Minda:** Typically, our capex is about 4 to 5% in our company compared to the revenue. Now, most of this basically goes into the engineering or technology as well as our regular capex in maintenances as well as our ground fill initiatives that we are looking at. If I speak about the last financial year, in FY2022 we have done about a Rs.100 Crores of capex.
- Abhishek Jain:** Okay, Sir there is one bookkeeping question can you please provide us the Minda Stoneridge revenue EBITDA and PAT for FY2022?

Aakash Minda: It is Minda Instruments Limited now, and just to share with you the numbers for Minda Instruments Limited, if I speak Q4 numbers this was Rs.137 Crores, EBITDA stood at 18.7 and EBITDA percentage was about 13.5 but we have some extraordinary customer recoveries this quarter. If I speak about the entire year, for the full year FY2022 we are about Rs.485 Crores as topline and EBITDA percentage is about 11%.

Abhishek Jain: Okay, and how much revenue you are targeting for the next year and what would be the growth driver for this business?

Aakash Minda: For this business again, the growth drivers are on the premiumization and the customer segment. If I speak about the product, the instrument clusters are now moving from analogue to digital. So, they will definitely be giving premiumization on our product line adding products in the sensor portfolio and definitely increasing our penetration to the other segments beyond two wheelers and looking at exports also we maybe growth drivers for this division.

Abhishek Jain: And what would be the content per vehicle in instrument cluster?

Aakash Minda: If you see a typical instrument cluster currently is about 600 to 700 now going in future depending on the segment, depending on the customization of the product it may go to about 2000 upwards again, we can keep adding many features, but the bottom part is that this product will have more of customization and individualization, styling, designing electronics going forward. So, it will help us increase the content.

Abhishek Jain: Sir, instrument connection is one of the important parts of the EVs, two-wheelers. So, the content per vehicle will increase significantly in the EV side?

Aakash Minda: Again, irrespective of EV all the product lines of the Minda Corporation including the clusters whether it is EV or ICE will go through premiumization route. Again, we have started getting orders which will soon come into the market whether it is an ICE or an EV vehicle we will have these product lines which are upgraded and improved and premiumized clusters and products.

Abhishek Jain: Okay, sir. Thanks, and that is all from my side.

Moderator: Thank you. We have the next question from the line of Shashank Kanodia from ICICI Securities. Please go ahead.

Shashank Kanodia: Good evening. Congratulations for a stupendous performance. Sir, my question pertains to the end market share that you have shared in terms of the vehicles category regarding two-wheelers, passenger vehicles and CV. So, if I do a simple arithmetic's your CV segments

sales have mainly doubled from Rs.260 Crores, odd to Rs.520 Crores this year. So, what I am seeing to these customers in investors?

Aakash Minda: Sorry, which segment are you speaking about; I think there is line issue at my end?

Shashank Kanodia: Passenger vehicle segment sir?

Aakash Minda: Again, in the passenger vehicle segment there are product lines for example as I mentioned the interior plastics. The Die Casting exports are primarily for these four-wheeler customers also, our partnerships like the INFAC for the antenna which will come into play but that is another aspect of it. Also, in terms of the Minda Vast all the product lines are focusing on the four-wheeler vehicle access system solutions. So, these are how I would be looking at and again wiring harness is another such connection system that we are looking at is also for the passenger vehicles.

Shashank Kanodia: The purchasable loan in customer's incentive schemes or were they?

Aakash Minda: The customer base is definitely expanding and growing both domestically and exports. Again, as Mr. Mahajan mentioned earlier our endeavor and focus is to increase the share of business in the existing platforms and the products that we are into and then grow with them by delivering them with the new launches and more and more products that is the endeavor.

Shashank Kanodia: Okay and sir similarly if I do this mathematical CV space, so you have largely underperformed the category, right. So, last year your CV sales were up to 500 and this year you ended by 550 just 10% growth while the market has grown up to 30%, so any specific reason for it?

Aakash Minda: In the CV space definitely, the market is growing now, and all our products are now going to see in the end of the light in terms of the customer wins. So, if you start seeing the results very soon with the higher customer's sales happening.

Shashank Kanodia: Okay, and lastly what will be company wise capacity utilization there was peak turnover that you can do of this kind of segments?

Aakash Minda: Sorry, you will have to repeat the question please?

Shashank Kanodia: Sir, what is the company wise capacity utilization these products as of last financial year and what is the peak turnover that is going to out of a brand effective?

Aakash Minda: Every plant and every product have different capacity utilization depending on the customers and the segments each plant is selling. If I have to generally speak about it is currently about 65 to 70 percentage capacity utilization all across. Now, it may vary depending on the product or the plant of the segment.

Shashank Kanodia: 100%. Thank you so much.

Moderator: Thank you. We have the next question from the line of Mohit Khanna from Banyan Capital. Please go ahead.

Mohit Khanna: Good evening and congratulations on a good set of numbers there. First of all, just one retention on the last slide of the presentation where we have as a free cash flow numbers and when you did convey that numbers, the position for the company has moved from the net cash position to a net debt position. So, I was trying to understand what exactly has got into the cash and how did you move from net cash to net debt position. Also, because the BSE filing that you have done in that the notes to accounts are not really visible may be some error in terms of printing or something. So, if you could just clarify on that? Thank you so much.

Aakash Minda: The cash flow from operations have been about Rs.208 Crores, the change in growth in capital has been negative 70 and we have done about Rs.108 Crores of capex as I mentioned earlier. In this year again we have done investments in the subsidiaries as well as other partnerships of about Rs.170 Crores which is including Minda Instruments Limited takeover. These are the major reasons where the cash flow has being utilized.

Mohit Khanna: Right, and has there any another plan for the next year in the group level to continue consolidating the other subsidiaries listed in Furukawa and other subsidiaries and the joint ventures, is it an internal plan to continue on the same path?

Aakash minda: So, Furukawa is 25% and that is a joint venture which we do not expect to consolidate because merely of the shareholding. There are other partnerships which we do not intend to consolidate as of now because we want to first grow this business along with our partners and we believe in partnerships, so that is what we would like to do.

Mohit Khanna: Thank you so much.

Moderator: Thank you. We have the next question from the line of Jay Kale. Please go ahead.

Jay Kale: Thanks for taking my question. Sir, just one question on your wiring harness division, you mentioned in the start of your commentary that orders that you got in some of the OEMs you mentioned. You mentioned wiring harness is one for a remote, just wanted to understand in

this BSVI to EV transition, what is the company doing to kind of get more orders on sides of wiring harness because it looks like that in the new age data you got orders for many of the other products like smart key solution or DC-VC convertors but somewhere your wiring harness division seems to lagging to a certain extent. So, anything that you can mention that how the company is doing to use up this technology or get more shares in this?

Askash Minda:

Jay, there are two things; firstly wiring harness is for electric vehicle mobility would be classified into two: one is high voltage and low voltage. Low voltage still remains the same which are currently going in the existing two-wheelers or any other customers of product line. If I speak about high voltage wiring harness which is how the technology shift is going to happen when it comes to the high voltage cables and high voltage connection systems. Again, for Minda Corporation we are developing and a team in-house working on the various EDS of the complete vehicle architecture and wiring harness is one part of it and also definitely we are targeting other customers to win businesses from them as well to grow these opportunities. So, there are various initiatives that are going in-house for the electric vehicle wiring harness across all segments.

Moderator:

As we have no further questions. I would now hand it over to the management for the closing comments.

Aakash Minda:

Thank you very much, ladies and gentlemen and once again for joining the Q4 and annual presentation Earnings Call of Sparks Minda and Minda Corporation Limited. Again, we continue to focus on our consistent performance and sustainable growth that is our endeavor and Mr. Minda mentioned in the beginning our focus is on focusing on cost leadership in operation excellence, our thought leadership in technology, our driving technology from in-house initiatives and global tie ups, our growing customers and market segments, generating higher free cash flow and very positive right capital allocation. So, that is how we would like to ever see further and again thank you very much for joining the call and if you have any questions you may reach out to Mr. Anshul Saxena, and he can provide all the details.

Moderator:

Thank you. On behalf of Elara Securities Private Limited that concludes the conference. Thank you for joining us. You may now disconnect your lines.