



**Minda Corporation Limited**  
**Chairman's FY2016 AGM Speech**  
**22<sup>nd</sup> September 2016**



## **Good Morning Ladies and Gentlemen,**

On behalf of the Board of Directors of Minda Corporation Limited, I am delighted to welcome you all to the 31<sup>st</sup> Annual General Meeting of Minda Corporation. Your presence here is a testimony of your interest and involvement with the company and I sincerely thank you for the same. This inspires us to achieve newer milestones of success.

The Annual Report for the year ended 31<sup>st</sup> March 2016 along with the AGM notice, Directors' Report and the audited Annual Accounts of the Company have been circulated to you. With your permission, I take them as read.

Over the past 4-5 years, we have consolidated our business structure and realigned our business priorities to prepare for the next phase of our growth. The performance of your Company in the financial year 2016 is a clear reflection of a stronger platform that we have laid for an accelerated growth in the years to come.

### **Overview of macro economy**

Speaking of the economy first, there are several positives that I wish to highlight. Declining commodity prices, crude oil in particular, helped in the softening of inflation and a betterment in the fiscal deficit situation in the country. The Central Government's initiatives through key policy reforms has started witnessing positive impact on the ground. Earlier this month, the GST Bill was signed by the President. GST is widely expected to transform the tax structure on products and services across industries in India and also has particular significance for the automotive industry.

Another development unfolding in the automotive sector is increasing focus on automotive safety regulations which is also expected to further support the demand for some of our products. During the year, the overall auto volumes sales grew ~3.8% YoY, largely due to the Passenger Vehicle and Commercial Vehicle segment. The prospects of international businesses also remain largely attractive.

### **Financial Performance**

Growth oriented initiatives and relationships with some of the most reputed OEM manufacturers have enabled Minda Corporation to report strong growth over the years. During the year, your Company has achieved a consolidated turnover of Rs. 2,445 Crores against Rs. 1,970 Crores during 2015-16 registering a robust growth of 24.1% over the previous year. This growth was broad based across all the business divisions, including wiring harness, safety and security business and after-market. The Company reported a Net Profit of Rs. 107 Crores as against Rs. 89 Crores earned during last year.

On the capital structure front, we have a very comfortable leverage profile to support future growth. As of March 31, 2016, the Company had a Net Debt/EBITDA of 1.89x and Net Debt/ Equity of 0.80x. Also, there is an upward revision of one notch in the credit rating by CRISIL to A/Stable for long term



debt and A1 for short term debt.

### **Operational Update**

During the year, your Company entered into a collaboration with VAST, a global alliance of STRATTEC, ADAC Automotive USA and WITTE Automotive Germany for expansion of customer base and access to the advance technology. The Group's reorganization was completed with the successful acquisition of Minda Stoneridge, which further helped the Company in creating a stronger operating structure. Apart from adding new high value added products to the product portfolio in After Markets, your Company has also ventured into Mexico with a greenfield manufacturing plant.

Furthermore, the Company continued to win new domestic and export orders both from existing and new customers which will drive growth in the coming years. Your Company is also building Spark Minda Technical Centre in Pune, focusing on Electronics and Mechatronic product development, which is expected to be operational in FY2016-17.

In April 2016, Minda Corporation acquired Panalfa Autoelektrik, a Haryana based company which is into the manufacturing of Starter Motors and Alternators. This acquisition added new products to the product portfolio, along with exposure to a high profile customer base.

### **Value Creation**

Considering the overall performance of the Company, your Directors have recommended a final dividend of 15% for the year 2015-16 for the approval of shareholders in this Annual General Meeting. This is in addition to the interim dividend of 10%, paid during the year.

On the back of strong operating performance, consistent dividend payouts and effective market communication, market capitalization of your Company crossed Rs. 2,400 Crores. During the year, your Company was also able to make it to the list of top 500 companies by market capitalization on the BSE and NSE. Shareholder base increased from approximately 1,000 (as of 31 March 2015) to over 5,300 (as of 31 March 2016).

### **Going Forward**

The automobile industry is poised for growth in the near to mid-term due to factors such as the implementation of the seventh pay commission, above normal monsoons, upcoming festival season and a revival in the general economy. Looking ahead, various initiatives for growth are being undertaken at the Group level such as strategic focus on technologically advanced high yield products, entry into newer geographies (such as Mexico & China) and enhancing share of business with existing and new customers.

### **Closing Comment**

Before I conclude, I take this opportunity to thank our shareholders and directors for the continued trust and support that you have placed in Minda Corporation. This motivates us to continue to excel in our endeavors and our pursuit to create long term, sustainable value for you. I would also like to



put on record our sincere appreciation for our employees across the Group for their relentless effort and invaluable contribution throughout the year. Without their contribution, this journey would not have been possible.

