

November 10, 2021

<b>The Officer-In-Charge (Listing)</b> Listing Department National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Symbol: MINDACORP	<b>Head - Listing Operations,</b> BSE Limited, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001 Scrp Code: 538962
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**Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Subject: Transcription of Conference Call with Investors/Analysts held on 02-November-2021**

Dear Sir/Madam,

Please find attached herewith transcription of Conference call with Investors/Analysts held on November 02, 2021. Kindly take the same on record and acknowledge.

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

Thanking you.

Yours faithfully,

**For Minda Corporation Limited**



**Pardeep Mann**  
Company Secretary  
Membership No. A13371



# “Minda Corporation Limited Q2 FY2022 Earnings Conference Call”

November 02, 2021



**ANALYST: MR. JAY KALE – ELARA SECURITIES PRIVATE LIMITED**

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

**Moderator:** Ladies and gentlemen, good day and welcome to the Q2 FY2022 Earnings Conference Call of Minda Corporation Limited 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 “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Jay Kale from Elara Securities Private Limited. Thank you and over to Sir!

**Jay Kale:** Thank you. Good evening everyone. On behalf of Elara Securities, I welcome you all to the Q2 FY2022 Results Conference Call of Minda Corporation Limited. From the management side, we have with us Mr. Ashok Minda, Chairman & Group CEO, Mr. Aakash Minda, Executive Director, finance and strategy, Mr. Neeraj Mahajan, Group Marketing Officer, Mr. Sanjay Gupta, Deputy Group CFO, Mr. Bikash Dugar, Lead Investor Relations and Treasury. First of all thank you so much team for giving us this opportunity. I will now hand over the call to Mr. Aakash Minda. Over to you Sir!

**Aakash Minda:** Good afternoon and thank you very much Jay for hosting the Minda Corporation’s Q2 earnings call today. I would now request Mr. Ashok Minda to give the opening speech please!

**Ashok Minda:** Thank you Aakash. Good evening everyone and welcome to the Q2 FY2022 earning conference call of Minda Corporation. I would like to thank you all for joining us on this call here today and hope you and your loved ones are staying safe and healthy. In the Q2 of FY2022, auto industry saw sequential pickup in demand with receding second wave of health pandemic and the growth trend was visible in all the vehicle segments of varying extent. I am pleased to report that we have delivered revenue from operation of Rs.731 Crores during the quarter. A robust sequential growth of 11.5% as against industry degrowth of -2.6%. EBITDA for Q2 stood at Rs.77.3 Crores with double digit EBITDA margin of 10.6% despite higher commodity price and indirect adverse impact of semiconductor shortage. Our performance is also reflected in the balance sheet position as our net debt improves to negative Rs.42 Crores and free cash flow generated in first half was Rs.44.5 Crores. In today’s Board meeting, we also took the decision to increase our stake in Minda Stoneridge joint venture to 100% and also expand technical collaboration with our existing partner Stoneridge Inc. This acquisition is in line with our vision to grow in advanced technological products and enhance value of our stakeholders. Our focus has been on right capital allocation and better utilization of funds. This consolidation will be value accretive as overall financial performance of group will strengthen. We will continue to be in a technical collaboration with Stoneridge and also have flexibility to enter into new collaboration to access technology to offer better products and solution to our customer. This will help the organization firstly, to consolidate the account of Minda Stoneridge line by line and the financial which gets reflected in the revenue and EBITDA of consolidated financial also. Secondly, it will give a flexibility to enter into partnership or collaboration with other players for advanced technology in cluster and sensor along with our existing partner. Thirdly, the

better utilization of funds and right capital allocation of the QIP money and finally it will give access to highly growing global market of cluster and sensors. For this more detail will be given by Aakash when he goes through the investor presentation. Moving forward we believe e-mobility is the future and in line with our vision to offer system solution and increase our EV portfolio we have acquired 29.6% stake in company EVQPOINT from Bengaluru. EVQPOINT is a pioneer in electrical vehicle charging solutions and the company has future ready products, strong technical expertise and good design engineering capabilities. This partnership will strengthen our EV supply equipment, portfolio and strengthen Minda Corporation position as one stop shop for company who is in charging solutions. I am also pleased to share that we have booked lifetime order worth Rs.1298 Crores in this quarter out of which Rs.488 Crores from EV players for both existing and new products. Looking ahead we are consciously optimistic of industry growth as economy is recovering but at the same time challenges persist such as shorter supply of semiconductor which might impacts productions; however, we are confident in our ability and strong product offering to deliver sustainable profitable growth and create value for all shareholders. Lastly I would like to wish you a Happy Diwali. With this I would now like to hand over the call to Mr. Aakash Minda, Executive Director to discuss financial and operational performance of the company for the quarter. Over to you Aakash!

**Aakash Minda:**

Thank you very much Mr. Minda for your opening remarks. I would like to welcome all to the Q2 presentation for FY2022. I would like to refer to the presentation which is also put on our website and also sent to the stock exchange. I will refer to page three as the brief overview of Minda Corporation and Spark Minda. We have about Rs.3200 Crores of turnover, more than 16000 people and have 33 plants and offices in India and globally. We have seven partnerships namely Stoneridge, VAST, Silca, INFAC, Furukhawa, Ridevision, and EVQPOINT.

I now move to the next slide where I would be sharing the highlights for Q2 FY2022. This is page number four. The first one is the earning accretive increase of stake in Minda Stoneridge and expands technical collaboration with Stoneridge. Secondly, acquiring 29.6% stake in EVQPOINT for strengthening battery charger range for Green Mobility. Thirdly, Revenue for the quarter continues to outperform the industry numbers. MCL has grown by 11.5% year-on-year as against the industry degrowth of -2.5%. Next point, Minda Corporation delivered double digit EBITDA margin for the quarter which has improved both sequentially and year-on-year basis. EBITDA margin came at 10.6% which is 50 basis points higher Y-o-Y. Lastly, Total lifetime order book in Q2 FY2022 is Rs.1298 Crores. We have also strengthened our EV order book with lifetime order win of Rs.488 Crores in this quarter with most of the areas of 100% share of business. We have received nine programs from eight different customers in EV. For most of these the SOP will be in the next few quarters.

I now move to the next slide which is slide five sharing about the acquisition stake of Minda Stoneridge and expanding technical collaboration with our partner. Minda Corporation acquires balance 49% stake in joint venture company Minda Stoneridge so currently it is a joint venture and it

will be turning to be a wholly owned subsidiary. The strategic rationale for this is that this will enable Minda Corporation to do line by line consolidation of the financials of Minda Stoneridge, better utilization of funds, cash and overall RoCE accretive, flexibility to enter into new and other partnerships and collaborations with other players for advanced technology in clusters and sensors, free access to growing global market of clusters and sensors, continuation of technical collaboration with Stoneridge. We would also like to share that this partnership has been developed over the last many years and has been strengthened and we are thankful to our partner Stoneridge. We continue the collaboration with Stoneridge for clusters and sensors and also Minda Corporation provides services to our joint venture through our technical center hence we will be strengthening our partnership going forward.

I would now like to move to the next slide, which is slide number six. Before that I would just like to share a quick about Minda Stoneridge. Minda Stoneridge has been a joint venture company, it is about Rs.400 Crores company having 1300 people, having capacity of 10 million plus clusters annually and 21 million sensors, 12 patent rights, three facilities, two in Pune and one in Chennai and products are advanced technology products like two wheelers, four wheelers, and commercial vehicle clusters and sensors such as speed sensors, temperature sensors and other sensors.

I would like to show on the table on the right side where the high financial numbers of Minda Corporation Limited as well as Minda Stoneridge Limited and consolidated numbers for the year FY2021 31<sup>st</sup> March. The revenue with the MSIL by adding Rs.390 Crores would be about Rs.2757 Crores, EBITDA would be about Rs.262 Crores and EBITDA percentage if you see that that MSIL has greater would be much value accretive to Minda Corporation, PAT will also increase. I would like to highlight gross debt, Minda Stoneridge has no debt rather it has positive cash of about Rs.81 Crores hence increasing our ROCE in the overall process. The total payout for this stake is about \$21.5 million or Rs.161 Crores. I would again like to mention and highlight here that while the QIP money & cash generation of about Rs.500 Crores is there, MSIL has about Rs.81 Crores overall in the transaction even after paying out to the partner we will still have about Rs.420 Crores. I would now also like to highlight that the stake based on the FY2021 financial numbers have been bought at EV EBITDA of less than six times, which is lower than the multiple of Minda Corporation.

I move on to the next slide which is slide seven to now highlight the acquiring of strategic stake of 26% in EVQPOINT to strengthen Minda Corporation's EV portfolio. Again I would like to say that this acquisition has been made through the wholly owned subsidiary of Spark Minda Green Mobility Systems Private Limited and 26% has been taken in the EVQPOINT in Bengaluru. EVQPOINT has future ready products, good technical expertise and design engineering capabilities. The strategic rationale has been partnership strengthen EV supply equipment portfolio and onboard and offboard battery chargers in the range of 250 watts to 6.6 kilowatt. Bolster company's position as a one stop shop for comprehensive charging solutions for EVs. Enchased customer centricity as dependency on China reduces. Minda Corporation's IOT offering will be bundled along with EVQ's power

electronics strength to cater charging solutions and swapping solutions. MCL will be exclusive strategic investor in EVQPOINT. Our partnership with EVQPOINT will fasten time to market of EV charger solutions and will also widen our portfolio. This will offer a jump start solution for Minda Corporation in already existing product offering of battery chargers.

I now move on to the next slide which is highlights of Q2 and the industry performance. I am referring to page number nine of the presentation. Here again I would like to share on the left side of the presentation the green customers are our electrical vehicle mobility customers of course along with the incumbent players, which are large two wheeler manufacturers. If I look at the revenue breakdown of H1 FY2022, I would like to again highlight that India continues to be our dominant and focus market. Of course by end market two wheelers continue to be about 50% of our focus and revenue followed by commercial vehicles and passenger cars and of course after market mix. My business vertical Mechatronics in after market continue to be about 55% to 59% and Information & Connected systems which is wiring harness and clusters are about 40% to 42%.

I would now move to the next slide sharing about the industry performance. As you see in the H1 FY2022 year-on-year growth the industry has grown by 35.6%, but if I look at Q2 itself in year-on-year the industry has fallen down by 2.6%. If I focus on the Q2 tractors have grown. Our commercial vehicle has started picking up. Three wheelers have also grown. PV has slightly been growing but two wheelers have declined. We continue to monitor the situation of input cost in semiconductor shortages faced by the auto industry while other global issues are there.

I now move to the next slide, which is sharing the consolidated performance of Q2 and H1 FY2022. For the Q2 FY2022 as an operating revenue Minda Corporation has achieved Rs.731 Crores, EBITDA margin at 10.6% at Rs.77 Crores, PBT at 7.1% at Rs.52.7 Crores and PAT that is 5.3%, which is Rs.39.1 Crores. As on year-on-year basis, our operating revenue has grown by 11%, EBITDA margin has grown by 16% and PAT has grown by 51%. If I look at our H1 numbers, we have been able to do revenue of Rs.1289 Crores with a margin of 8.4% and PBT of 4.7% and PAT of 3.5%. EBITDA margin stands at 10.6% has delivered double digit margin despite higher commodity prices and adverse impact of semiconductor shortages indirectly impacting Minda Corporation. We have been supported by good growth of aftermarket business which has grown by 19% year-on-year and 111% quarter-on-quarter. Our exports revenue was at Rs.73 Crores which has grown by 15% year-on-year, but has degrown by 23% due to the less intake by our export customers due to the global shortage of semiconductor issues. Profit from JV companies from Minda Stoneridge was Rs.6.8 Crores, Minda VAST was about Rs.10 lakh and Furukawa Minda was negative Rs.4.3 Crores.

I now move to the next slide sharing the business vertical performances on referring slide 12. If I look at the Mechatronics in aftermarket division we posted about Rs.431 Crores worth of sale at 13.1% EBITDA margin. The EBITDA margin was favorable impact of higher aftermarket and various cost cutting measures across divisions, adversely impacted by higher raw materials like aluminium and

zinc. Information & Connected system, we did Rs.300 Crores revenue in the quarter with bouncing back at 7% EBITDA margins. The EBITDA margins had a favorable product mix, slight improvement in labor productivity and tight control on fixed cost and stable copper prices supporting the EBITDA margins. Information & Connected Systems grew by 4.8% due to growth in CV segment which grew by 25% year-on-year whereas two wheeler fell by 6%. We were in track to achieve higher single EBITDA numbers for our wiring harness division by end of this year and our endeavor is to take it close to double digit numbers next year.

I now move to the next slide which is slide number 13. I would like to highlight here that CRISIL has upgraded the short term rating to the highest notch that is CRISIL A1+ whereas our long term outlook has improved from stable to positive for A+ category. Despite challenging H1 FY2022 the company's net debt position has improved.

I would now move to the next slide referring to the business performance in terms of order wins referring to slide 14. As in Q2 FY2022 we have been able to do an order book of Rs.1298 Crores out of which Rs.103 Crores have been export and about Rs.488 Crores is from the EV players. If I look at Rs.959 Crores is the new orders and Rs.339 Crores is for the replacement orders. If I look at the Mechatronics division about Rs.811 Crores has been won, 27% has been replacement and 73% has been new businesses primarily focusing on key less and smart key solutions and total YTD has been about Rs.1315 Crores. If I look at the information & the connected systems total order book is Rs.237 Crores in Q2 whereas 50% is replacement and 50% is new. Most of this is coming from the wiring harness division. In the plastics and interior focusing on four wheelers and light weighting we have been able to book lifetime orders worth Rs.78 Crores in Q2, 100% of orders being new orders. In the others we have booked orders worth Rs.172 Crores which is again on the EV product and the new electronic products that we are talking about. If I look at the YTD H1 for FY2022, we have been able to do an order book of Rs.2580 Crores out of which Rs.153 Crores comes from exports and Rs.725 Crores comes from EV players and the overall new business is Rs.750 Crores and replacement is Rs.834 Crores.

I would now move to the last part of the presentation which is the awards and the CSR activities. The Minda Corporation continues to win orders from our customers and with various initiatives on account of operations, quality, delivery and we are very thankful to our customers to offer such trust on us. With our corporate social responsibility, we continue to offer various eye checks in camps as well as vaccination camps all across our plants. With this, I would like to conclude my presentation and thank you very much. I would like to now open the forum for any questions please. Thank you.

**Moderator:**

Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Nitin Arora from Axis Mutual Fund. Please go ahead.

**Nitin Arora:** Good evening. Thanks for taking my question. The first question is we saw a gross margin for the company in this kind of environment actually expanding just wanted to know the reason for it, is it more of localization content which is increasing for you because in the last two years annual report we have been reading that you are focusing a lot on the content part is that the right way?

**Aakash Minda:** Sure. Thank you for that. The primary reasons have been product mix. As I have said the commercial vehicle sales have been increasing and of course our aftermarket sales have also gone up in this quarter, so these are the main reason for our gross margin increasing. Of course the copper prices have been stable, but other commodities such as aluminium and zinc continue to rise.

**Nitin Arora:** Getting it. Second on the strong order intake again in the Q2 especially from the EV part can you throw some light is it more of a bigger client addition which has got these orders or these orders are existing have been spread throughout the clients and which product is it more of the premium locking set which is going into because we also sell electrical steering column as part of the smart key or is it more of the total solutions, the actuator, die casting, if you can throw some light on the quality of work which you are getting and when we should start seeing this in our revenue part if you can throw some light, I am trying to ask this question more from when your OEMs from where you taking the order will actually because there is a lot of supply chain issues what we keep hearing and the backlogs are rising from the EV so from that perspective I am asking what kind of products you are getting more into penetration into the electrics and when do you think we will start executing on the revenue side?

**Aakash Minda:** Sure I would like to share that this is all across our divisions and includes new OEMs as well as incumbent two wheeler EV OEMs. These are of course they are products which are of keyless entry, battery chargers, wiring harnesses, lock sets, telematics, so they are spread across various customers. The orders that will come into start of production will be about three to four quarters from now; however, I would like to caution is it all depends on the uptick of the EV mobility going forward so definitely while the EV is the future and the EV is going to be increasing year-on-year and quarter-on-quarter our endeavor is to win more and more order book and when the EV uptick will happen it will start to reflect in our order book but this is all across our products. Again if I talk about the keyless entry it is a complete product and even in small parts so complete solutions as a whole to also our incumbent players. Our aim is to win all RFQs that come across our door.

**Nitin Arora:** That is helpful Aakash. Just last question though you stated in your presentation about the reasons for acquiring Stoneridge the stake just on one statement which you said that we acquired this stake because we want to focus on high technology areas in terms of clusters and sensors the Stoneridge in the JV what stopped you from not going ahead, was there some compulsion we are just focusing more on EVs, you cannot go ahead with the two wheelers and other areas if you clarify on that point it would be helpful and also in context of post this acquisition will the revenue run rate or the revenue growth will improve, I understand the point of ROCE accretive and the EPS accretion but will they



really change dramatically that is why Stoneridge has been leaving to a higher revenue run rate company if you can throw some light on that? That is my last question.

**Aakash Minda:** Thank you. I would first like to share that Stoneridge is not leaving Stoneridge continues to be a strong partner to Minda Corporation and we continue to have technical collaboration with them and further as I mentioned we are strengthening our collaboration by entering into new products such as EGT sensors which will be in the market soon in terms of localization and technology that is one. Number two of course as I mentioned that Stoneridge we are firstly thankful to Stoneridge for many years of partnerships and handholding us and making this company successful. I would again like to mention here that while the reason for acquisition of this is in line with our vision to grow with an advanced technology in products. While this is just a financial transaction you can say we continue to be in partnership, also we are now open and flexible to look at further partnerships and collaborations which are now required by the Indian industry and even others which Minda Corporation can offer so these are the important reasons why we would like to consolidate Minda Stoneridge even collaboration with our partners and also look at other collaborations of course focus on commercial vehicles, two wheelers and passenger cars.

**Nitin Arora:** Thank you Aakash. Thanks for answering. I will come back in the queue. Thank you.

**Moderator:** Thank you. The next question is from the line of Pritesh Chedda from Lucky Investment Managers. Please go ahead.

**Pritesh Chedda:** Thank you for the opportunity. Sir Stoneridge was earlier JV consolidation and now it will be line by line is that the case?

**Aakash Minda:** That is right.

**Pritesh Chedda:** So whatever is reflected in the presentation starts coming on the main P&L from whenever the merger happens?

**Aakash Minda:** Absolutely.

**Pritesh Chedda:** My second question is what is the aftermarket growth rate for us in Q2 and H1 and what is the contribution to the revenue now from aftermarket?

**Aakash Minda:** So aftermarket continues to drive the growth in our divisions. Currently it grows at about 19% YoY and quarter-on-quarter it has grown by 111%. Just like other businesses aftermarket is also one of our endeavors to grow better than the industry and our endeavor is to take this business to a CAGR of about 15% to 20% in the next three to five years. We are taking various steps to recover the losses in Q1 and subsequent quarters. A couple of factors that will help us grow our again focused approach at

a target market for demand generation, maintain good connect with primary, secondary and territory markets, introduction of high potential parts through product range extension. Recently we launched for example the lubricants earlier this year and of course this will continue to add on more products. Basically this gives us contribution at the business vertical levels.

**Pritesh Chedda:** What it is aftermarket as a percentage of our revenue?

**Aakash Minda:** Currently it is about 12% to 13%.

**Pritesh Chedda:** My other question is on the bridge between the industry volume decline and the corresponding revenue growth for us so is it fair to assume that bulk of this divergence is because of the CV growth and also because of the content in the wiring harness part of the two wheeler or there is any other reason?

**Aakash Minda:** It is not content the vehicle in wiring harness but say it is the uptick of commercial vehicles that has happened particularly in the wiring harness but of course as an overall it is as we have been striving hard for exports, aftermarket as well as premiumization of our products has now started to kick in.

**Pritesh Chedda:** My last question is we had new order wins last year and we have equally great new order wins in the first half of this year, now based on this what is the incremental revenue from this new order wins because you tend to give lifetime orders so what is the incremental revenue that we can expect from these orders in FY2023 and FY2022 over and above, obviously there is an industry volume growth but this is additional growth so what is the execution number for 2022 and 2023 annual execution number?

**Aakash Minda:** Our endeavor is to grow better than the industry. If the industry is going flat we move towards 10% and higher so all our order wins that are being done in the last six months and even before that they will start to probably reflect in the next 12 to 18 months or beyond because in a vehicle you know the lead time is about 24 months from the order book so of course I will not be able to give numbers so far because the average lifetime order book can be divided into by four or five years to get the average additional sales that you will get on our existing products.

**Pritesh Chedda:** Based on what wins you got last year and what wins you got in the first half is it Rs.300 odd Crores incremental sale out of this, it is not a number completely out of sync right?

**Aakash Minda:** That is right.

**Pritesh Chedda:** We had Rs.2500 Crores wins I think last year also?

**Aakash Minda:** That is right yes.

- Pritesh Chedda:** Thank you very much and wish you Happy Diwali and Happy New Year. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Ronak from Systematix. Please go ahead.
- Ronak:** Thanks for the opportunity. Aakash firstly congrats on the Stoneridge acquisition of the balance stake great deployment of cash especially given how the CV sensors business should pick up so quickly we have not touched upon Stoneridge business so if you can just overall size of the business right now what run rate are we clocking here and how is the breakup between clusters and sensors, how is the product or the customer mix being in terms of passenger vehicles, if you can give us some rundown on that and also on the future sensor business because we had one decent amount in the sensors as well so if there is anything happening on that side as well?
- Aakash Minda:** Yes sure firstly it is a pleasure to hear from you always. Thank you very much for that question. Would you like to hear the full year numbers or H1 numbers for Stoneridge?
- Ronak:** Full year numbers I think last year you have highlighted here but what could be the first half numbers or the run rate we are clocking here or the Q2 will be even better?
- Aakash Minda:** As H2 numbers for Minda Stoneridge we have been able to do about Rs.223 Crores as against the full year of Rs.389 Crores so we have done about Rs.223 Crores. If I talk about the EBITDA numbers for the H1 we are at about 10.2% and if I talk about the PBT numbers we are at about 7 and the PAT numbers are at about 5%. Again gross debt is zero in terms of Minda Stoneridge. Cash is Rs.81 Crores and ROCE is of course 26.7%. If I speak about the various market shares that we have in the products sensors and clusters we are commanding the market share in whichever segments and chosen areas that we are in and of course I will not be able to give you the breakup of the clusters and sensors but it is more or less about dominated by clusters, which is about 70% and the rest is sensors.
- Ronak:** Sure. In terms of commercial vehicle and passenger vehicle mix how is it, this will be more commercial mix I guess?
- Aakash Minda:** Yes.
- Ronak:** More on the sensors pack we had lot of speed sensor business and soot sensors how has been the order wins on that part of the business?
- Aakash Minda:** We are into various sensors of speed sensors, temperature sensors, positional sensors, we are working internally also on various new types of sensors like TPMS and intelligent battery sensors, etc., so I will not be able to share you the current order wins for each of these product lines, but lot of development is going on in house along with our partner also. For example Stoneridge is supporting

us in the EGT and EGRT sensors in terms of localization and providing technology for which we already have orders so that will help us.

**Ronak:** Great. Second question on the wiring harness piece we are seeing now improvement in EBITDA margin so from the current 7% how is the trajectory to double digit margin play out if you can help us guide on that bit commodities like you said are stabilizing can you chalk out a plan on how this 7% can reach up to the previous double digit margin?

**Aakash Minda:** Yes Ronak there are a couple of initiatives that we have taken in the past and hopefully they should be giving us results soon. First commercial vehicle uptick is one. Second is localization of our components and third is internal productivity when it comes to labor and fourth is of course raw material. If copper tends to stable or go lower it will definitely help us.

**Ronak:** Is there an under recovery on copper price here at first half?

**Aakash Minda:** No not in the first half but yes in Q2.

**Ronak:** Right that would come in Q3. The final question on the EV orders maybe if you can highlight that separately how is the total EV order this year and last year put together now and did I hear you correctly saying that most of these orders would start getting executed in the next three to four quarters mainly from FY2023 onwards is that correct?

**Aakash Minda:** Yes you can set that 2023 and beyond Ronak and again I would like to highlight that while our endeavor is to win more and more EV Orders. But we should closely monitor the uptick of the EV industry itself so with this really like to caution that as well while we are definitely proud of winning these orders but it all depends how EV industry picks up.

**Ronak:** But put together we have around Rs.730 odd Crores order win as of now in the current year and what will be the number from last year, have we crossed around Rs.1000 Crores of orders win?

**Aakash Minda:** No, I would say close to that but soon we should be able to cross that hopefully.

**Ronak:** Perfect. Thank you and all the very best and wish you all a very Happy Diwali.

**Moderator:** Thank you. The next question is from the line of Chirag Shah from Edelweiss. Please go ahead.

**Chirag Shah:** Thanks for the opportunity. Sir the first question is on Stoneridge so Stoneridge revenue has been stagnating over last few years so one what will change the revenue growth trajectory and by when should we expect that change apart from the volume recovery that will happen what will change the revenue growth in Stoneridge?

**Aakash Minda:** Thank you again for that question. Primarily clusters will go through a premiumization route because of the mega trends and regulations that are coming so moving from analog clusters to now TFT clusters or digital clusters will ride the growth, so we should hopefully start seeing them in about I think couple of quarters from here once the order book starts kicking in.

**Chirag Shah:** This is helpful, but I was also referring to the incremental growth post acquiring the stake how will the business outlook change over here because this benefit would have happened even if the JV would be existing right analog to digital shift what incremented you would be doing which the JV arrangement was not able to focus on?

**Aakash Minda:** As I mentioned this is a financial transaction right. All the technological partnership, the technical engineering, etc., all continues so while we will have better synergies we will have better control, we would be running this company now fully and to offer our customers we can now explore and have flexibility to get more partners in collaborations on this front so that is something that will help us. Of course as I mentioned it will help us as a line by line consolidation in the company so we can take it more of a financial transaction and the technology continues.

**Chirag Shah:** When do we expect this approval to come in place so timeline it will take 12 months or it will be a shorter time duration?

**Aakash Minda:** Two to three months.

**Chirag Shah:** Two to three months and it will be effective

**Aakash Minda:** From the date of approval which is about two to three months.

**Chirag Shah:** Lastly so a followup question on the order wins and we expect new order wins that we had last year is it possible to indicate what is the kind of downward revision in the lifetime order given the slowdown because generally what happens is you give out a lifetime order win and then there could be some downward revisions in your estimate that could be happening either because of industry specific issues or model specific issues so if you can you just tell us what has been your experience on that side and on the downward revision so once you estimate a model revenue or lifetime revenue how much it moves downward as well as upward on both parts?

**Aakash Minda:** We do of course consecutive analysis of course with the order wins as well as the current orders but again the market is so volatile right now with the various challenges again semiconductors and other things the intake of the customers are a challenge. Again export orders even domestic like we are seeing our customers having huge inventory pile ups and the festive season has also not been that great due to the various reasons and challenges so the next few quarters and also the years look to be quite cautiously optimistic I would say so we have to do a wait and watch game and while we do a lot

of sensitivity we do a lot of simulations it is really hard to comment and commit but again our endeavor is to cater to all our customers in whatever they are asking us for and support them in export or domestic but yes the next quarter and the one after that until and unless the semiconductors are resolved the sensitivity will continue to be towards on the negative side.

**Chirag Shah:** Lastly on the die casting business so any update on that in terms of further traction because we have received a reasonable pie any update on that, from here on how do we look at the growth for the die casting, we were on a stellar growth pace over the last two years?

**Aakash Minda:** Yes so again our endeavor is to grow the die casting business we have been looking at exports but as I mentioned our overall global order intake is less and inventories being piled up at the customers due to the shortages of semiconductors so definitely we are winning orders like we showed in the exports and domestic customers were also giving us orders so as I mentioned we would like to grow this division somewhere again North of 10% to 12% CAGR.

**Chirag Shah:** Thank you very much and all the best.

**Moderator:** Thank you. The next question is from the line of Mayur Milak from AM Securities. Please go ahead.

**Mayur Milak:** Just trying to understand you mentioned the wiring harness margins are low and possibly should move up as the CV uptick happens but trying to understand this that is it that you have higher or different margins in different segments?

**Aakash Minda:** Yes definitely.

**Mayur Milak:** Alright also will that also explain that why a player like Motherson possibly makes much, much better margins in the PV wiring harness because it is more segment driven rather than an overall part of the vehicle is it?

**Aakash Minda:** Sorry I cannot comment on any other company details.

**Mayur Milak:** First is the localization is very, very important and you are giving very much focus that will improve the margin for this, secondly from back to back arrangements for copper it will further enhance the EBITDA Margin.

**Ashok Minda:** For copper we already have indexation with the customer but other than the copper other commodity price has also increased substantially. We are in the process how to get this back to back arrangements for all the commodities not only for the copper so that will increase gradually the EBITDA margin

- Mayur Malik:** That sounds very interesting so what you are suggesting is that you will gradually have a complete RM pass on whether it is a rise or a drop so it should not impact our long term margins as such, it comes with a quarter lag here and there but long term margins should be pretty much intact for the segment.
- Ashok Minda:** Absolutely like PVC, we never used to do that back to back but now we are starting that so that will not impact our margin.
- Mayur Milak:** Just coming to your capacities so are we sitting on good capacities as in let us say if the industry were to surprise in the CV segment let us say 25% to 30% kind of volume CAGR would we be sitting on enough capacity to cater to all of it or then there is a chance that we might lose some of that because of nonavailability of capacity?
- Ashok Minda:** At this moment there was a time when the pandemic was there so we were very clear when the production is going to start but now with the semiconductor sometimes we have to run two shifts and three shifts and sometimes when the customers is not having semiconductor we have to sit idle so this is the present situation but nevertheless we do not see the capacity expansion within whatever the regular capex what we have planned we will manage all those capacity increase within that cash also.
- Mayur Milak:** Great and just one question on the EV side, so I read in the presentation and it shared that you are entering into the BMS and a lot of other parts on the EV front and it is said that it is in the development process so just trying to understand the order book that you won, would that include these parts that you are working on or it is for parts that you have already established yourself as a player and then it gets executed as and when the EV industry is on the rise?
- Aakash Minda:** It is both. It spread across all our divisions and it spread across all the products so again as I mentioned it is wiring harnesses, battery chargers, locksets, clusters, sensors and various products.
- Mayur Milak:** I was just specifically wanting to understand something that is WIP from a product perspective so will the order book also have also order amount for that WIP product or this will be for whatever we are sitting on as a ready house just trying to understand that?
- Aakash Minda:** There are products which are WIP, for example chargers, DC-DC converters so there are again products for may be some range of products let us say chargers or DC-DC and then there are some WIPs let us say higher range of the same product so yes there are various products in WIP.
- Mayur Milak:** Thank you. That was helpful.
- Moderator:** Thank you. The next question is from the line of Abhishek Jain from Dolat Capital. Please go ahead.

- Abhishek Jain:** Sir I was asking that how much increase content in EV versus IC for your two wheeler business and how is the change in the client concentration for the two wheeler business both within this business especially for the EV?
- Aakash Minda:** Currently our offering in the IC two wheeler engine is Rs.4000 to Rs.6000 and going forward we are looking at EV offering to Rs.16000 to Rs.18000 content value. If I speak about the customers if I understood your question correctly we are supplying many orders from both incumbent players in large two wheeler manufacturers as well as new players or startups even large startups, matured startups, and even young startups.
- Abhishek Jain:** So you had a strong contribution from the Bajaj Auto earlier so you have won the new business from the new OEMs especially from the OLA and other players so can we see a significant contribution in our revenue?
- Aakash Minda:** I will not be able to comment particularly on a customer. Again there are various customers who are giving us orders we treat all customers as paramount for us. Bajaj will continue to be a very good customer, OLA is also as a customer to us as well as other big OEMs as well so all customers are having faith in us and we are looking to grow business with them.
- Abhishek Jain:** The next question is related with this aluminium die casting business so just wanting to know what is the current capacity utilization and how much capex you are looking for this business?
- Aakash Minda:** Current capacity utilization of our die casting facilities is about 74%.
- Abhishek Jain:** What would be the peak revenue from this?
- Aakash Minda:** The peak revenue from this should be about Rs.500 Crores to Rs.550 Crores.
- Abhishek Jain:** Most probably you will be able to achieve it in FY2023 right?
- Aakash Minda:** Abhishek I will have to get back to you with all the numbers on the future numbers but as I motioned we would like to grow this business. We are going to further expand capacity when we get further orders from our customers. Definitely there is capacity right now in this current setup so yes hopeful to achieve those in the next few months and years and then expand more.
- Abhishek Jain:** The aluminium die casting what is the proportion of this export versus domestic?
- Aakash Minda:** About 30% is export and 70% is domestic.
- Abhishek Jain:** Thanks Sir. That is all from my side.



- Moderator:** Thank you. The next question is from the line of Jehan Bhada from Nirmal Bang. Please go ahead.
- Jehan Bhada:** Good evening. Sir if I look at the industry level the EV sales are still at probably 1% to 2% whereas the order booking which we are doing is almost to the tune of 35% to 40% of total order inflows so if you can explain why such a big gap is there?
- Aakash Minda:** Can you explain the question a little better please?
- Jehan Bhada:** If I look at the order inflow for your company it is almost 35% to 40% is from the EV side right whereas in the industry level still if we look at the sales, the EV sales as a mix will be barley 1% to 2% right so why such a big difference in your order booking?
- Aakash Minda:** No Jehan it is not that, all our customers whether it is EV or IC or the products that we are working on and we have worked on have again better penetration in EV vehicle whether you see a cluster or the kit value that I mentioned to you and all our customers are working on EV product lines as well so it is I would say probably quarter or two that the pie looks to skew may be from EV but definitely IC engine continues to give us a lot of business as well whether all segments and even EV. Bikash would like to add something on that please.
- Bikash Dugar:** If you look at Minda Corporation nearly 50% of our revenue comes from two wheelers that is where the EV is taking the shape. That is one point that is why our orders are from EV is more as compared to the industry. Second is as Aakash mentioned that the kit value in IC was Rs.4000 whereas the kit value in EV is around 4x of that so around Rs.16,000 so even if the penetration in the market is 5% my revenue from EV will be 20% because the kit value increases.
- Jehan Bhada:** Got it and also from the company's perspective let us say couple of years down the line or may be four years down the line what could be the EV penetration in the two wheeler industry where can we reach?
- Aakash Minda:** This is a very difficult question, but our perception is that may be four or five years later the total percentage will be the EV percentage across the segment will not be more than 15% to 20% because IC is also going to increase so this is our perception because the cost is also the important factor of the EV and the infrastructure is also an important factor so this is our perception but we do not know that how but definitely yes the two wheeler and three wheeler is going to, the EV is going to happen very, very fast.
- Jehan Bhada:** Sure thank you Sir.
- Moderator:** Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to Mr. Jay Kale for closing comments.



*Minda Corporation Limited  
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**Jay Kale:** Thank you participants for participating and wish you a very Happy Diwali. Thank you Sir. Thank you Minda Corporation team for taking this call. Thank you and all the best.

**Aakash Minda:** Thank you so much Jay. Thanks a lot and wishing everybody a very, very Happy Diwali. Thanks a lot.

**Moderator:** Thank you. On behalf of Elara Securities Private Limited that concludes the conference call. Thank you for joining us and you may now disconnect your lines.