



“Minda Industries Limited
Q3 FY2020 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Minda Industries Limited Q3 FY2020 earnings conference call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 for an operator by pressing “*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sunil Bohra, Group CFO, Minda Industries Limited. Thank you and over to you Sir!

Sunil Bohra: Thank you Inba. Good afternoon and a warm welcome to all of the participants. On the call today, I am joined by my colleague, Mr. Tripurari Kumar and SGA, IR consultant. We hope you have had a look at our financial results and presentation that is uploaded on stock exchange as well as the company website. I will briefly discuss about the industry landscape and then update on our performance in last quarter, following which, we will be happy to answer your queries.

During the festive season in the last quarter, the sector witnessed little pickup in retail growth for PVs and two wheelers post which there was a visible reduction in the rate of decline, which was supported with lower base effect and also is somewhat indicative of gradual demand revival. Nine months of FY2020 saw a double digit decline in volumes at around 13% year-on-year. In the third quarter of FY2020, the two wheeler industry volumes declined by around 13%, three wheeler volumes declined by around 1%, PV volumes declined by around 8% and CVs and offload volumes declined by a sharp 36%. The overall volume declines for the quarter was around 14%. Given the low growth rate and its consequent impact from government’s revenue collection, there was a general consensus that there was a little room for the government for any large scale stimulus. However, the automotive sector was hopeful that the budget will give it a much needed support, but it did not have anything material to revive the industry. While there was an increase on the custom duty on some imported electric vehicles, but in the broader sense, there was no major direct benefit either to the industry or to the end consumer. Looking ahead to FY2021, good rabi crop, decent monsoon this year and the low base effect should give an impetus to the two wheeler numbers and expected gradual economic recover should spur the amount in volume growth. While regulatory led to cost push largely due to transition from BS IV to BS VI would make the first quarter of next fiscal difficult to predict with a good line up of new model launches in the coming months, the volume recovery hopes are high from Q2 FY2021.

Additionally, the government is working to bring in a scrappage policy which will incentivize the purchase of new efficient vehicles against the scrappage of old vehicles. This incentive once introduced is also expected to aid the volume recovery in the coming quarters.

Favourable movement in the commodity prices was positive for the sector, however, the benefits have been absorbed due to lower operating leverage. Slowdown scenario in the automotive space is of cyclical nature and has been long drawn. The cyclical scenario is showing signs of bottoming out. The worst seems to be behind us. However, a V shaped recovery is not envisaged. PVs are showing some green shoots. Two wheeler transition from BS IV to BS VI is also catching up fast. Overall, it is difficult to forecast growth for the next few quarters. We have taken hard calls in eliminating waste and aligning our variable costs to revenue and have instilled tighter controls on working capital management. Future growth investments are being examined in line with our long term strategy while R&D expenses needed to secure our future are not compromised upon.

Now moving to our performance, despite significant decline across segments we have been able to limit the decline to some extent due to our diversified product portfolio, customer mix and cost control drive. The management is continuously exploring opportunities to optimize overall revenue mix while being focused at enhancing the kit value.

In terms of our revenue pie, OEM business accounted for 86% of the overall revenue, after market business is around 14%. In terms of segment mix, four wheelers have contributed around 49% of the overall revenue. At a consolidated level during Q3 FY2020, the company registered a revenue of 1327 Crores as against 1470 Crores for Q3 FY2019 and 1360 Crores for Q2 FY2020. As communicated earlier, we have renegotiated our handlebar assembly business from previous quarter with one major OEM and are now billing on job work basis, which has resulted in a decline of 33 Crores in sales for this business. Adjusted for this, the revenue is lower by around 7%. New product have also started contributing more to the topline like catalac, ECS and controllers. Despite adverse business environment, EBITDA for Q3 was at 163 Crores vis-à-vis 180 Crores in Q3 FY2019 and 162 Crores for Q2 FY2020. The EBITDA margin for Q3 is at 12.3% which was the same as recorded in Q3 FY2019 and marginally higher than preceding quarter which was at 11.9%. The cost management initiatives and favourable product mix during the quarter has ensured margins on the higher side of our guided range. The finance cost has marginally decreased in Q3 FY2019 in comparison to Q2. The total borrowings were at 1133 Crores in Q3 FY2020 compared to 1048 Crores in Q3 FY2019. The increase in borrowings were mainly for investment in the Delvis, GMBH, two wheeler alloy wheel and sensor projects. The net increase in borrowings is only 75 Crores despite the incremental investment of around 200 Crores which includes the Delvis acquisition.

Profit before tax before exceptional items for Q3 FY2020 was at 78 Crores as against 108 Crores in Q3 FY2019. The decline in PBT is largely on account of lower operating leverage at certain facilities and partial utilization of certain new facilities in Gujarat. Such additional facilities resulted in overall higher depreciation and interest charge, however, both depreciation and interest charge are broadly same as that in Q2. The management is very cautious in making new capex decision and is committed to its

long term expansion plans. Adjusted PAT attributable to MIL excluding exceptional item declined to 49 Crores in Q3 as against 69 Crores in corresponding quarter last year. Here, as you will note, the share of profit from associate and JV is lower at only 1 Crore primarily due to delay in getting price increase approvals at one of our major JV which is TG Minda. Roki Minda we had exceptionally high SPD sales in Q2 which did not replicate in Q3 and also due to the significant drop in our alloy wheel volumes at Kosei Minda in south, which were primarily due to lower volumes at Honda, Toyota and Nissan. We had higher losses in KMA. Also Minda D- Ten which is primarily entertainment business which also the major customers are Honda and Toyota, that also had a lower profit due to significantly lower volumes compared to the average. As you will note, there is an exceptional item, which is primarily relating to the cost incurred towards the Delvis acquisition.

Moving to the product lines, first sitting system, this segment achieved a revenue of 446 Crores for Q3 contributing about 34% of the total consolidated turnover. Minda Rica has reported similar topline against Q3 due to better volumes with key OEM like MSIL. Two wheeler handlebar assembly has been restructured as we talked a little while back, which resulted in lower sale by 33 Crores. We are delighted to inform that we have successfully started supplying our new product which is a side stand switch, our patented product to Yamaha and RE, which will be taken in their next model. Our four wheeler business has been awarded new business from MSIL which is for the model XL7.

Moving to lighting system division, lighting division achieved revenue of 312 Crores for Q3 contributing 23% of our total turnover. We will be supplying headlamps to the new platform of Celerio by MSIL. Acquisition of Delvis has been completed in December 2019 and is expected to augment capability of lighting business in general and four wheeler lighting business in particular. Two wheeler lighting business has added new customer Yamaha and is also supplying all the lamps to recently launched Chetak EV by Bajaj.

Moving to light metal technology business, as we call LMT business, which has achieved revenue of Rs.184 Crores for Q3 contributing 14% to our total turnover. Our subsidiaries, Minda Kosei has entered into a technical licensing arrangement with DIU global for manufacturing LPDC alloy wheels which is low process dye casting alloy wheels in Minda Kosei with an objective to provide entire gamete of alloy wheels across technologies and cater to wider OEMs be it Korean or Western. We are happy to inform that we have secured one order from a large customer of LPDC technology wheel in their upcoming model next year and we shall start our supplies by end of calendar year 2021. Also FJCL which is into dye casting parts as become a tier 1 exporter for dye casting components.

Coming to acoustic, our horns business, the division has achieved revenue of 158 Crores for Q3 contributing 12% to our total turnover. The domestic business has been flat and overseas business have been tepid primarily being in a Euro zone.

Coming to other segments, the product lines have started contributing and are now showing good traction. As a whole, we achieved revenue of 270 Crores for Q3 from other products. Most of the products in the segment are sunrise businesses. Catalac and ECS have further added to growth of the segment vis-à-vis corresponding prior quarter. We also remained focused on our EV journey and have secured orders for smart plugs i.e., chargers and DC/AC converters from leading two wheeler OEMs like TVS and Bajaj.

Moving to business update, on the recent M&A investments, the board has approved as part of the overall strategy to get all the business into MIL, the acquisition and amalgamation of Minda I Connect Private Limited into Minda Industries Limited at equity valuation of 17 Crores and it will be met through equity shares of Minda Industries and will lead to dilution of 0.15%. The merger process will be taken through SEBI exchanges and courts etc., and the entire process is expected to take around 10 months. As you all know, Minda I Connect, is a pioneer in connected car technology in India. It is credited with being the sole supplier to Honda Connect Program four years ago when the technology was at its early stage. It has since then expanded into other areas like controller based telematics and has developed capabilities for both hardware and software.

Some of the key synergies of the transactions are first, the product synergies that is product development and business synergies with our controller business, product definitions are fading with controllers and telematics getting integrated. Second customer synergies wherein it will help leverage the long standing and entrust customer leadership of group providing excess to new complimentary customers. Minda Creat has established brands like I Connect and Carot.

Moving to Harita Seating Systems, the shareholder and creditor approval has been received and the NCLT final hearing is scheduled on February 25, 2020. I would also like to highlight that on Harita acquisition, while it is still in process, we have started getting some traction from new potential customers, which we have been talking about and have secured business for passenger buses and certain components for four wheeler seating. On merger of four wholly owned subsidiaries, shareholders and creditor's approval has been received and NCLT final hearing is scheduled on March 16, 2020. As earlier envisaged, both the schemes are expected to be approved by NCLT by end of March 2020.

Lastly, we are glad to inform that the board has approved interim dividend at 20% of the face value. That is all from our side and now we can open floor for Q&A.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Vimal Gohil from Union Mutual Fund. Please go ahead.

- Vimal Gohil:** Sir, just wanted to understand further the decline in share of associates and we have seen quite a volatile trend in last few quarters, so what is our outlook there? Are we getting some more orders? Are we expecting things to improve probably from FY2021 or maybe it will take more time?
- Sunil Bohra:** Definitely we are expecting much better Q4 as compared to Q3 in some of our businesses as we have also mentioned that one of our major business which is TG Minda, there were some price increase approvals expected but could not materialize which we are hopeful will come in Q4 and also there are a couple of businesses which we are expecting to do a little better in Q4 than Q3. However, one business which is Kosei Minda, which is the alloy wheel manufacturer in southern part of the country, there the business remains challenging primarily because of the low volumes with its customers.
- Vimal Gohil:** What about the Onkyo business Sir?
- Sunil Bohra:** Onkyo is relatively better in Q3 compared to Q2 while still in red. So we have been working in terms of localizing its components over past few months and we have had some successes. So over the next few quarters, we expect that to materialize and then it should be sustainably in green.
- Vimal Gohil:** Sir my next question was, could you just help me, I missed what is your gross debt number right now and net debt number, both the numbers if you could help me with?
- Sunil Bohra:** Our total borrowing are at around 1133 Crores and cash is around 150 Crores.
- Tripurari Kumar:** Cash is around 150, so you can say Net Debt is 983 Crores.
- Vimal Gohil:** Basically, there is a 75 Crores reduction in the net debt number, on a quarter-on-quarter basis?
- Tripurari Kumar:** Yes correct, cash has gone up by approximately 40 to 50 Crores because of release of working capital. Short term liabilities have been paid down.
- Vimal Gohil:** Next thing I wanted to understand your performance versus industry while you have always outperformed your industry production, going forward assuming that passenger vehicle and two wheeler both grow at a sustainable level of probably 8% to 10%, would you still be able to grow at probably double the pace, is that sustainable? What I am trying to get to is that how much growth is left in that kit value per vehicle on a blended basis how much growth is still left to come by?
- Sunil Bohra:** Vimal based on the current pipeline what we have already announced, there are a lot of products which will increase our kit value significantly. If I have to name the larger ones, the two wheeler alloy wheel straight away will add roughly Rs.3000 to the kit value of two wheeler, it is a significant addition which

will start its trial runs from the first quarter of next fiscal and gradually it should start ramping up which will take roughly a year because there are 30 odd lines. So we will see its full potential may be in couple of years. Then we are currently working on a sensor project which is a total investment of roughly 275 Crores. At peak, we expect the revenue of the entire sensor business to cross 500 Crores in next three years. We are also working on few other products which is like controller. That will add significant volumes in next two years. Then the Harita acquisition will add roughly 750 Crores which they may do this year. So that will straightaway come to the topline of MI and there also, we are working to add a few more customers as we have said a little while back. We have added before the closure completion itself, we have added two customers. One is in bus seating and another is a small business in PV, so these are the early sort of positive value additions and there is a lot more in the offering in the future. Plus, we have just announced this entry into LPDC alloy wheel. So that is in the first stage. We are setting a capacity of around 25,000 wheel numbers which is around 3 lakh. Almost one third of it we have got a confirmed order from one of the major customer and this is our first step forward and we feel that this will open another leg of much significant growth in future.

Vimal Gohil: Great Sir, thank you for the detailed answer. Just one last question related to this. Would it be possible to give out your blended kit value and the things that you just mentioned, how much would that contribute to the present kit value, if you can just mention these two numbers?

Sunil Bohra: Vimal what we do is, we update our kit value on an annual basis, so we undertake that exercise somewhere in April. So when we come up with our next quarter financials, you will be able to see the kit value increase year-on-year in actually both, PVs and four-wheelers and across segments.

Vimal Gohil: Sir lastly I just wanted to understand the reason why the EBITDA numbers are not given for the product this quarter?

Sunil Bohra: So, what happens is we had discussed internally also a lot there has been a feedback that this is information, which is not actually not doing good to the company. In fact, there has been a pressure from the customers and investors also. We have spoken to a few investors, one on one as well and there was a general consensus that it is fine as long as we give overall margin and specifically if we are able to give segment volumes we may not need margin because at the end of the day whatever we give should not have any ramification on the business.

Vimal Gohil: Thank you so much. All the very best. Thank you.

Moderator: Thank you. The next question is from the line of Ronak Sarda from Systematix Shares. Please go ahead.



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- Ronak Sarda:** Thanks for the opportunity. Sir, first, quickly on the new order wins. I just wanted to check on two things. One is the lighting plant in Hosur. Can you highlight what kind of topline can we achieve in that plant at full level of utilisation and who are the customers?
- Sunil Bohra:** Lighting plant in Hosur Ronak, is more a shifting of business from Pune because Pune we were getting stressed on the capacity and the customer was in south, which is primarily RE, etc., and also to take advantage of the freight we had set up this facility in Hosur. So as of now it is more of a business transfer from Pune but definitely it creates a platform for future growth which we are constrained at Pune.
- Ronak Sarda:** Sir, in the light material technology as you had highlighted a new order win in LPDC. Is it for the Korean manufacturer? In your opening remarks you mentioned end of CY2021. Did you mean CY2020 or CY2021?
- Sunil Bohra:** CY2021.
- Ronak Sarda:** So that is almost 24 months from now?
- Sunil Bohra:** Not 24, because what happens is we have just signed technical license agreement then we have to get into the technical scoping and then we have to procure capex, which will be roughly around 50 Crores of capex and capex procurement installation, testing all these will take roughly 18 months. So we will see a business commissioning from end of CY2021. That is also linked to that model launch of the customer where we have got that business.
- Ronak Sarda:** So, can you highlight?
- Sunil Bohra:** Yes, it is one of the Korean customers.
- Ronak Sarda:** Related question on the light metal technology, the 23 Crores decline in topline YOY basis I mean how is the volume there? Is it similar?
- Sunil Bohra:** LMT one part which is the die casting business which earlier was MJCL so there the volume drop is a little more primarily because it is supplying components to two critical customers, TVS and Honda and both of them have got a big impact which is more than the other average and also to (inaudible) 23.51 where it is primarily CV.
- Ronak Sarda:** Sir, the Minda Kosei is it still growing because the alloy wheel penetration for the industry is still increasing? How is that business?



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- Sunil Bohra:** It is almost flattish I would say.
- Ronak Sarda:** In the inventory the contribution is still increasing, right? Sir, on the others part of the business, sensors and all, you have highlighted growth which would come over the next one year, how is the ROKI Minda business doing? Have we achieved the kind of orders when we were thinking of for the BS6 regime?
- Sunil Bohra:** Canisters are doing very well and ROKI is one of our businesses which has actually achieved their budgeted profitability. So, ROKI is fortunately is one of the business where we actually are spending less time.
- Ronak Sarda:** Right, but Sir, next year, Q4 I mean, we could start seeing the BS6 benefit as most of the OEMs have transitioned to BS6, so what kind of growth can now we see in that business? Finally, we have now the real numbers. So, if you can just help us Sir?
- Sunil Bohra:** For us there is nothing much impact from BS4 to BS6 transition. It is only a small speck change etc., which is primarily in some electronics and filters, only major addition which comes to through BS6 is our sensor businesses where there are new sensors which are required only in BS6 and not in BS4. Other than that there is no material impact to us for transitioning from BS4 to BS6.
- Ronak Sarda:** Because you were highlighting that there will be some gains in the carbon canister business because of the BS6 transition?
- Sunil Bohra:** It will come but Ronak I think we have to also keep in mind that ROKI does not get consolidated in the topline, so while it may have little better revenues and profitability, it will be consolidated as associate only .
- Ronak Sarda:** I agree that. Sir, also on the switches, you had highlighted four-wheeler switches is flat, so it is mainly the declines in the two-wheeler switches adjusted for the handle wires. No major impact on the four wheeler Mindarika business?
- Sunil Bohra:** Yes.
- Ronak Sarda:** Sir, final question on the Harita seating merger. So, you have highlighted the last hearing date in February, so what would be the process post that. When does this merger finally close?
- Sunil Bohra:** Once we get this hearing done. Normally courts take roughly 30 days to issue or to pronounce their merger orders so after that it is more of a process. In this Harita case, there is one more step which we have if you remember we are given that option of equity and preference. So, we have to issue notices



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to the shareholders of Harita and give us some time to tell us what do they want. Do they want preference shares or do they want equity shares. So, the entire of that may take another month or two, but from all practical purposes once we get an approval, we will start consolidating Harita to our financials.

Ronak Sarda: So, in Q4 we will have the entire consolidation done while the real merger or equity share exchange would happen in April.

Sunil Bohra: That is what our assessment is currently.

Tripurari Kumar: It would take two months from the date of announcement from NCLT for the change of shares.

Ronak Sarda: Sir, finally capex guidance for what was the spent till now and full year capex spend and next year spending?

Sunil Bohra: Capex, Ronak we have been in line with what we have been guiding, which is around 350-odd, or 400 Crores max for the project capex and 150-odd Crores of sustaining capex, so we are in the guiding range only.

Ronak Sarda: Next year what will be the maintenance capex?

Sunil Bohra: We will give you at the yearend results, Ronak. As of now the things are evolving fast and we had just announced this LPDC that will also add roughly 50 Crores of capex now, whether it will come in the current year and next year that all details need to be worked out.

Ronak Sarda: I have just one question on the two-wheeler capex, is the plant commissioned and because of the decline we will not see any major hit to our business, right? I mean this is more of an import substitution?

Sunil Bohra: Yes. So that is on schedule may be sometime in Q1 just to tell you we were expecting some support from the equipment provider from China and you know that as of now the travel from all Chinese inbound is banned. So, that may have some impact in terms of our commissioning timelines, but in terms of execution, we are on schedule.

Ronak Sarda: Thank you. All the best.

Moderator: Thank you. The next question is from the line of Sunil Shah from Turtle Star Portfolio Managers. Please go ahead.



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- Sunil Shah:** Sir one question that I have is one of the trends which is emerging is that Chinese car manufacturers are entering India in a big way. Sir, what is our role? Are we supplying to any of these manufacturers beside MG right now or are we working? Could you give us some indication because over a period of time maybe these guys could really gain huge market shares so what are we working? Could you give me some bit on that please?
- Sunil Bohra:** As of now the only Chinese car manufacturer which is present in India is MG, and we are in discussion with them; however, as you know that currently most of their parts are imported are imported from China, so normally what happens any OE who comes to India, he comes with his products because to develop your entire supply chain takes time and we are working with them and let us see that how much of our products we can get into the upcoming models, but as of now most of their products are imported.
- Sunil Shah:** Sir, again on the EV side, the auto expo which you are going to showcase as well is there anything which is there where we are working closely with any of those manufacturers right now even in the prototype?
- Sunil Bohra:** Yes, as you have observed that while all of or most of our products are agnostic to EV or IC engine be it on light, seat, everything what we have other than filters you need in EV or non-EV. On top of it we have just communicated that we have been successful in getting two products we are getting order wins specifically from EV perspective which is smart plugs, i.e., charges and DCDC converters from a couple of two wheeler OEMs.
- Sunil Shah:** Anything on the passenger vehicles CVs a bit?
- Sunil Bohra:** We are working on it. We will communicate once we see the light of the day.
- Sunil Shah:** Thank you Sir. All the best.
- Moderator:** Thank you. The next question is from the line of Ashutosh Tiwari from Equirus. Please go ahead.
- Ashutosh Tiwari:** Firstly, you said that you got the headlamp order for Celerio Maruti model right?
- Sunil Bohra:** Correct, new launch.
- Ashutosh Tiwari:** This is like one of the first model after a long time you got an order win from Maruti?
- Tripurari Kumar :** Correct. That is why we thought we will mention it.



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Ashutosh Tiwari: Congrats for this. What would be our share roughly in this model?

Tripurari Kumar: Now the norm is that in a particular platform there is only one supplier per platform.

Ashutosh Tiwari: So, we will be single supplier over there?

Sunil Bohra: Yes.

Ashutosh Tiwari: Secondly Harita you also mentioned we got some PV order, small order from PV, so which OEM is this?

Sunil Bohra: Not PV. It is passenger bus.

Ashutosh Tiwari: You said two things, like one passenger bus and one small order as well from four-wheeler?

Sunil Bohra: One is the sitting business for a passenger bus and another is from PV it is a small order which is primarily headrest.

Ashutosh Tiwari: The headrest, but this is from some bigger OEM?

Sunil Bohra: Yes bigger OEM.

Ashutosh Tiwari: Okay and in the last quarter what was the Delvis contribution to sale?

Sunil Bohra: Delvis contribution is roughly around 8 Crores to 10 Crores.

Ashutosh Tiwari: What was the sales from this alloy wheel Minda Kosei?

Tripurari Kumar: Minda Kosei is around 150.

Ashutosh Tiwari: This TG Minda the pricing that you said is you did not receive the last quarter, so we have already received in Q4 or do we expect to receive in this quarter now?

Sunil Bohra: That is broadly agreed. The last leg which is the getting the PO once we get it then we will account for it.

Ashutosh Tiwari: So, it is almost complete?

Sunil Bohra: Yes.



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- Ashutosh Tiwari:** TTE was profitable in the current quarter?
- Sunil Bohra:** TT yes.
- Ashutosh Tiwari:** How much contribution was there in terms of associate profits whatever we did this year?
- Sunil Bohra:** It is marginally green, Ashutosh.
- Ashutosh Tiwari:** The contribution was higher in the last quarter?
- Sunil Bohra:** Yes.
- Ashutosh Tiwari:** You also mentioned in two-wheeler alloy wheels there is some delay from getting equipment from China because of all these issues, so will the commissioning get delayed by this?
- Sunil Bohra:** Not really. We are still working to see that we commission the plant in the Q1 as we have been communicating earlier. It may be a few weeks here and there, but nothing significant. So we are trying to work on alternate solution because nobody can comment on what will happen to or when this virus will get settled down. So we are working on alternate options.
- Ashutosh Tiwari:** The sensor plant will get commissioned by the quarter end?
- Sunil Bohra:** So it will be gradual. There are various sensors. So, some of the lines will get commissioned in this quarter and some will go to next quarter.
- Ashutosh Tiwari:** But we have already shifted the orders for this, right? You said that for volumes perspective, all the lines will get commissioned, whatever sensors you are supplying, pressure, temperature and transmission, all things should start supplying from March or April?
- Sunil Bohra:** Yes.
- Ashutosh Tiwari:** Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Arpit Kapoor from IDFC Mutual Fund. Please go ahead.
- Arpit Kapoor:** Sir, my question is pertaining to Harita Seating. So with the current capacities that we have there what kind of revenue ramp up can we do before we have to again invest in capacities there? If you can share any colour?



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- Sunil Bohra:** I can share at a ballpark level. We have not gone to Harita personally, but this year they will do a revenue of roughly around 750 Crores in 2019-2020 between 700 Crores and 750 Crores and they were in process of constructing two more plants, so I would presume up to a revenue of roughly 1200-odd Crores, they will not need any material capex from here on.
- Arpit Kapoor:** So, to that extent probably once we consolidate and let us say we get more orders there would not be any dearth of capacity to that extent?
- Sunil Bohra:** I would say in the next future at least for the next 50% growth from here on.
- Arpit Kapoor:** So, we will be good to go there?
- Sunil Bohra:** Yes.
- Arpit Kapoor:** Thanks.
- Moderator:** Thank you. The next question is from the line of Nidhi Babaria from Dalal and Broacha. Please go ahead.
- Nidhi Babaria:** Thank you for taking my question. I just wanted to ask what would be our revenue contribution for other divisions like controller, infotainment and airbags?
- Sunil Bohra:** Airbags does not come as revenue first to start with. We do not consolidate TG. It is a JV where it is 50:50 but we do not consolidate and as far as margins go, we have stopped giving margin segment wise.
- Nidhi Babaria:** And volumes?
- Tripurari Kumar:** Volumes for which business you need?
- Nidhi Babaria:** Switches and alloy wheels?
- Tripurari Kumar:** We mentioned alloy wheel is already at 150, which is Minda Kosei and switches, we have already indicated that we are close to 230-odd Crores.
- Nidhi Babaria:** Sir, just wanted to know that our switches division was down by 15% where overall industry was down 14%?
- Tripurari Kumar:** Switches I think when we had started the call, we mentioned that there is a business called Handlebar Assembly, HBA in short that has been restructured and on account of which we have moved from to



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billing for job work and not the components that we sourced for assembling the handlebar on account of which 33 Crores reduction has happened in the topline that is why you see a higher drop.

Nidhi Babaria: Thank you.

Moderator: Thank you. The next question is from the line of Madan Sarana an individual shareholder. Please go ahead.

Madan Sarana: I want to ask that the current technology that is being used and with the advent of EV in the near future is there any threat to our company?

Sunil Bohra: No.

Madan Sarana: Now the Harita Seating which you have acquired, will that process be over by the year end?

Sunil Bohra: It is in court, difficult to comment but we are expecting by March to get the approval.

Madan Sarana: Has the company did any for R&D and do we have to do it going forward?

Sunil Bohra: Like we have announced for two-wheelers we have already started getting business for the EVs that we have just launched, so we have announced that the Bajaj, Chetak EV all the lamps are ours. We have also got orders for smart plus which are used for charging and DCDC converters with leading OEMs. So, we are on track. As and when the business grows we will be able to add more components.

Madan Sarana: That is a very good news. I will give you all the very best and let Minda Industries just go great guns. Thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference over to Mr. Sunil Bohra for their closing comments. Over to you Sir!

Sunil Bohra: Thank you Inba. I would like to thank everyone for joining on the call. I hope we have been able to respond to your queries adequately. For any further information, request you to please get in touch with us. Thank you very much and have a nice evening.

Moderator: Thank you members of the management. Ladies and gentlemen, on behalf of Minda Industries Limited that concludes today's conference. Thank you for joining us. You may now disconnect your lines.