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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 2nd February, 2024

Dear Sir/Madam,

Please find attached herewith transcription of Conference call with Investors/Analysts held on February 2, 2024. 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

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“Minda Corporation Limited Q3 FY24 Earnings Conference Call”

February 02, 2024



**MANAGEMENT: MR. AAKASH MINDA – EXECUTIVE DIRECTOR –
FINANCE AND STRATEGY**

MR. VINOD RAHEJA – GROUP CFO

MS. PUSHPA MANI – LEAD INVESTOR RELATIONS

Moderator: Ladies and Gentlemen, Good day and welcome to Q3 FY24 Conference Call of Minda Corporation.

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 this 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 Mr. Raghunandhan NL from Nuvama Research. Thank you and over to you, sir.

Raghunandhan NL: Thank you Neerav. Good morning ladies and gentlemen. On behalf of Nuvama Research, we welcome you all for Minda Corporation Q3 FY24 Earnings Call.

We thank the Management of Minda Corporation for providing us the opportunity. We have with us the Management Team represented by Mr. Aakash Minda – Executive Director (Finance and Strategy), Mr. Vinod Raheja – Group CFO and Ms. Pushpa Mani – Lead Investor Relations.

To remind you of the safe harbor the Management may be making some forward-looking statements that have to be understood in conjunction with uncertainty and risks that the Company faces. We'll start the call with brief opening remarks from the management and followed by a Q&A session.

Now I hand over the call to Mr. Aakash Minda for his opening remarks. Over to you Aakash.

Aakash Minda: Good morning. Thank you so much, Raghunandhan and Nuvama for organizing this call. Good morning, ladies and gentlemen and welcome to the Quarter 3 FY24 Earnings Conference Call for Minda Corporation.

On behalf of the Company, I thank you all for joining us on this conference and I hope you are all keeping safe and healthy. The quarter was marked by growth across vehicle segments except tractors. This upsurge is attributed to the strong festive buying, improved consumer sentiments and various other factors. Overall, we are optimistic about the industry's trajectory and poised to capitalize on the emerging opportunities.

Coming to the “Financial Performance” of the Quarter:

Minda Corporation delivered revenue of Rs. 1,166 crores up by 9.1% year-on-year attributed by the growth in domestic business by 16%. However, growth was partially offset due to the delay in SOPs and subdued demands from export attributed by macroeconomic scenarios.

EBITDA margin stood at Rs. 130 crores at 11.1% with the growth of 13.8% year-on-year driven by focus on component localization and increasing operational efficiencies among other factors.

Moving on to the “Bottom Line”:

The profit after tax stood at Rs. 52 crores with the PAT margin of 4.5% partially impacted by increase in finance cost and depreciation attributed to the strategic investments in capacity expansion and technology upgradation. These initiatives are instrumental in positioning us for accelerated growth in the future. The Board of Directors has recommended an interim dividend of 25% on the face value that is Rs 0.50 paisa per equity share.

Now I would like to take you all to the key developments during the quarter:

At first lifetime order wins of more than Rs. 2,300 crores with EV platforms constituting more than 30% of the order win. In first 9 months FY24 order book stands at Rs. 8,900 crores while for the full year previous year FY23 our order wins were approx Rs. 8,000 crores showcasing our growing product portfolio, product premiumization across segments and growing demands across customers in ICE and EV products.

Moreover, we secured order wins with multiple first time ever orders in new technology products across ICE and EV segments from key domestic and export customers in the area of die casting, wiring harness, vehicle access, instrument clusters representing our expanding capabilities in delivering sustainable mobility solutions.

To facilitate the growing demand, the Company is proactively enhancing its capacities in smart keys, EV products, clusters and cockpits, sensors, die casting parts. In line with our customer centric approach, the Company inaugurated smart key facility in Vietnam strategically positioned to serve customers in Asian countries.

During the quarter, the Company demonstrated its commitment to innovation by filing 8 patents, bringing the total patent number to 265. This underlines the Company’s ongoing efforts to stay at the forefront of technologically advancement in the sector.

Lastly, it gives me immense happiness and pleasure to state that we have strengthened our leadership by reinstating Mr. Ravi Sud in the Minda Corporation Board again as an Independent Director. His vast experience in strategic and financial management including cost control will help us drive more value for our stakeholders.

Moving ahead, we would be focusing on the premiumization of our core products expanding market share with our existing clientele and acquiring new customers by emphasizing technology advancements through in-house research and development as well as global strategic partnership and alliances in our core products such as vehicle access, wiring harness, instrument clusters and light weighting die casting.

Additionally, our ongoing efforts to include localization and connection systems to minimize reliance on imports and enhance profitability.

Now, I will take you through the presentation with “Key Highlights” for the Quarter. I would request you to take note of these presentation which is online:

We move from Slide #4. Just as a summary and snapshot, we are one of the leading automotive component manufacturers in India focusing in mechatronics, information and connected systems, lightweighting, aftermarket and green mobility solutions. We have more than 27 facilities in India with two R&D centers and two plant location overseas, more than 16,000 employees and 9 partnerships.

If I look at the first 9 months our revenue has been Rs. 3,436 crores. EBITDA has been at Rs.376 crores and the margin has grown in the first 9 months to about 11%. Our PAT margin stands at 4.5% and as on 31st December the promoter shareholding stands at 65% and institution and others and corporate bodies with the remaining.

Now move to the next slide, Slide #5. This is experienced leadership board. As I mentioned we on-boarded two Independent Directors in the recent two quarters – One is Mr. Gajanan Gandhe and the second is Mr. Ravi Sud ji.

Moving to the next slide, which is Slide #6 on the “Key Performance Highlights” for the Quarter 3 and the 9 months:

Quarterly revenue of Rs. 1,166 crores with the growth of 9.1% year-on-year and in 9 months revenues of Rs. 3,436 crores with the growth of 7% year-on-year. We delivered double digit EBITDA margin of 11.1% in Quarter 3 with the growth of 46 basis points year-on-year and 10.9% EBITDA margin in the first 9 months with the growth of 26 basis points year-on-year.

In Quarter 3 lifetime orders won were Rs. 2,300 crores with EV platforms constituting more than 30% of the order wins and marquee order wins across existing and new technology products. We inaugurated first smart key plant in Vietnam to cater to customers in Asian region and other exports.

Last, not the least undertaking capacity expansions in vehicle access, die casting, instrument clusters, EV products and sensors to cater to the growing demand.

Moving to the next Slide on the “Business Highlights and key order” wins:

In this quarter, we have won multiple smart key order in the 2-wheeler and 4-wheeler EV and ICE segments from the marquee OEMs. We have won lifetime orders worth more than 400 crores from multiple leading OEMs for their upcoming models. We have won marquee customer order wins for new sensors such as tire pressure monitoring systems.

We have also won large orders for LCV wiring harnesses for the upcoming models for orders worth Rs. 450 crores to be SOP from next year onwards. In the area of die casting we have also

have been winning orders in the die casting products for EV battery and motor housing for domestic and exports 4-wheeler OEMs.

Moving to the next Slide is this snapshot of some pictures of the inauguration of the smart key plant in Vietnam. In Slide #9, we are showing here the expanding capacities to cater to our growth requirements in the upcoming years in the area of instrument clusters at Pune, sensor division in Pune, smart key facility also in Pune, expanding die casting facility in Greater Noida in North and also die casting facility in West for exports.

Moving to the next Slide on the “Financial Performance” for the Quarter:

In Slide #11, we see Indian automotive industry performance in the Quarter 3 in terms of year-on-year growth, the industry grew by about 14.8% where the 2-wheelers grew by 19%, passenger vehicle by 5%, 3-wheelers by 13%, CV by 6% and tractors degrew by 13%.

On a quarter-on-quarter basis, the industries degrew by about 5%, 2-wheelers degrew by about 2%, PV by about 11%, 3-wheelers by 9%, CV by 8% and tractor by about 29%. Quarter 3 in FY24 saw an uptick in demand across most segments, mainly driven by robust festive season and improved consumer sentiments and pickup in demand for entry level segments in 2-wheeler as well as premiumized products.

In the 2-wheeler segments it was mainly driven by the festive season as well as these sentiments as well as the wedding season. Growth in PV volume was driven by demand in HCV vehicles, 3-wheeler segment the year-on-year growth was led by passenger carriers as well as goods carriers. In CV growth was supported by increasing demand in infrastructure projects.

Going ahead 2-wheeler demand is expected to pick up in the entry level segment as well as the premium level segments with a strong order book in PV longest CV cycle and revival in exports.

Moving to the next Slide as the “Financial Statements” for Minda Corporation Limited:

The revenue has grown from 1,068 crores to 1,166 crores as on year-on-year with 9% growth. At EBITDA level, we have grown from 114 crores to 130 crores on year-on-year basis with a 14% increase in EBITDA and at PAT level we are almost flat at 52 crores year-on-year basis.

At the 9-month level, the revenue has grown by 7% from 3,226 crores to 3,436 crore. EBITDA has grown in the first 9 months from 345 crores to 376 crores from 10.7% to 10.9% in the first 9 months, showing a growth of 9% and PAT margin has been almost flat at about 163 crores to 156 crores.

Moving to the next Slide in further details:

Our operating margin has grown from year-on-year basis by 9.1% from quarter 2 to Quarter 3 we were almost flat. In the first 9 months we have grown by 6.5%. At EBITDA level from

Quarter 3 to Quarter 3 this year we have grown by 13.8% and in the quarter 2 sequentially to Quarter 3 it is almost flat, but our basis points have increased by 46 basis points from Quarter 3 to Quarter 3 and by 16 basis points from quarter 2 to Quarter 3.

In the first 9 months we have increased 26 basis points from 10.7% to 10.9%. PBT stands almost at the same level from year-on-year basis to 74 to 76 crores and also from 77 to 76 crores. In the first 9 months the PAT or the PBT has gone from 230 crores, 216 crores basis on our investments and interest.

The consolidated revenue on the domestic front grew by about 13% to 16% led by strong industry growth. However, the growth was partially offset by delay in some SOPs and subdued exports on the back of macroeconomic scenarios. EBITDA margin we were delivered double digit margins on the back of increasing efficiencies while low-cost automation and component localization incentives. Board of Directors have declared interim dividend of 25% that is 50 paisa per equity share.

On the diversified revenue model by geography:

India continues to be our largest focus area which is about 85% to 87% as this quarter the exports has subdued the exports is almost flat about 8% of the total revenue and Southeast Asian markets with Vietnam it is from 8% to 5%. By end market 45% is approximately the revenue depending on 2-wheelers, in passenger vehicle is about 15%, in aftermarket is about 11% and commercial vehicles and off road is about 25% to 28%.

In the areas of products wiring harness constitutes to about 30% to 33%, lockset is about 25%, die casting is about 15%, instrument cluster is about 15% and other products which are the new products such as EV, sensors and other electronics areas are about 13%.

Moving to the “Business Vertical Performances” on Slide #15:

In our mechatronics and aftermarket division these revenue has grown from 547 crores to 575 crores with the 5% growth on a quarter basis, in the information and connected systems the revenue has grown from 522 crores to 590 crores with a 13% growth.

On a 9-month basis the mechatronics division grows by 9% and the information and connected system is grown by 4%. In the mechatronics and aftermarket, the revenue grew in Quarter 3 FY24 driven by the domestic 2-wheeler segment and premiumization partially offsetting due to the subdued exports and CV segment.

In the information and connected systems the revenue growth driven by demand across segments was partially offset by delay in SOPs and subdued demand for exports. Our focus towards component localization resulted more than 15% component secured in house due to our efforts in the localization of connectors boosting our sales.

Moving to the next Slide of Slide #16 shows our transforming current business line as per the technology trends how we are moving from the locking systems to a vehicle access solution, from a wiring harness system to an electrical distribution system Company, from a cluster division to a connected and safe mobility, from lightweighting to lightweighting and plastics and EV Power Electronics as a new division. This is in line with our LAS strategy going forward and how we're increasing our kit value in ICE and EV products going forward.

Moving to the next Slide of Slide #17, which depicts our kit value in the 2-wheeler EV segment per se. So, all of power products are engine agnostic while more and more EV or other engines are going to come across segments. Our kit value will go through the premiumization. On the right side we can see that the kit value has further increased with the new products under development to about Rs. 22,000 to Rs. 27,000.

We have also added a few customers in the EV segments in this quarter. On the next Slide #of the strategic pillars of growth on Slide #19 we continue to focus on enhancing our core in the core products of safety security systems, wiring harness, instrument clusters, die casting, innovation and technology by focusing on our in-house R&D and partnerships inorganically through joint ventures and global partnerships enhancing the electrical vehicle growth opportunity by investing further into the EV product lines and strengthening passenger vehicle offerings.

Last not the least is our engineering capabilities by end of Quarter 3 we had more than 550 engineering team working only on advanced engineering more than 265 patents filed, spending now more than 3% of our top line into R&D and having two technical centers in Pune and Bangalore focusing on our enhancing of our product lines. Last but not the least is on the ESG CSR and awards.

We continue to give focus on our ESG sustainability framework and now enhancing on the carbon neutrality footprint and the carbon credits and the CBAM. In corporate social responsibility in Quarter 3 we were given various awards and continue to give back to the society across states and organizations we are associated with and last not the least is our awards and achievements given by our customers in recognition of our performance on quality, cost delivery showing significant growth in our order wins and its trajectory.

With this, I would like to conclude my presentation and open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mumuksh Mandlesha from Anand Rathi. Please go ahead.

Mumuksh Mandlesha: Sir, in the presentation you have talked about the delayed SOPs. Can you share when this orders will again start and what will be the size of these orders and also can help us understand what are the orders being delayed?

Aakash Minda: So, again, I will not be able to give the details of which orders they are, but they are to the tune of about 3% to 4% of our revenue. This is coming across segments primarily from the information and connected systems segment.

Mumuksh Mandlesha: And it would be resuming back by which quarter?

Aakash Minda: So, we are expected to start again Quarter 4 and then Quarter 1 of next year.

Mumuksh Mandlesha: Sir, wiring harness have you seen a strong double digit growth in end of year to date numbers. So, what has been drivers for the outperformance sir?

Aakash Minda: One of the areas that we have continuously been sharing is our localization of our connection systems over the past 2 years. We have driven various initiatives for localization of the connectors for the wiring harness in terms of moving from the import to domestic.

This has of course helped us in terms of our being more cost competitiveness as well as further our deeper engagements with these customers while we have been committed to have a deeper engagement on the product portfolio of each customers, how we can increase our share of business, addition of the new platforms which are coming in as well as our export side is the areas that we have been continuing to drive in the wiring harness segment.

Of course, as you have also known in the past few quarters we consolidated our plants in order to get better economies of scale and create capacities for the growing businesses and hence these are some of the factors that have led to our increase in the wiring harness penetration.

Mumuksh Mandlesha: And just lastly can you share the EV specific components revenues for the 9 months that's for DC converter, telematics and battery charger and what is expected ramp up over next 2 years?

Aakash Minda: So, I will maybe not able to share the details, but what I can share is EV as a percentage of total sales is about 5% to 6% at the group level. If I speak about the 2-wheeler segment it is about 11% to 11.5%.

Moderator: Thank you. Next question is from the line of Ruchita from Max Life Insurance Company Limited. Please go ahead.

Ruchita: Really heartening to see quarter-on-quarter such strong order wins from our side and just a little help understanding two aspects. So, one how should we think of these orders translating into revenue for us, what kind of ramp up duration should we be expecting and secondly export seems to have hurt us this entire year wherein we've relatively done well on the domestic end, but export has dragged us down.

So, how are we looking it seems to have stabilized on a quarter-on-quarter basis if I'm not wrong this quarter. So, how are we thinking of this going forward? What is the outlook for exports? Is there still pain left and how should we think about it those would be my two questions?

Aakash Minda: So, I'll answer the first question in terms of the ramp up of the sales. So, the order wins typically in the automotive industry are coming from into SOP from order win into SOP in about 12 to 18 months or 12 to 24 months depending on the vehicle segment, it could be 2-wheeler, it could be 4-wheeler. It is much higher.

So, the order that wins that happen should typically come in about 6 to 8 quarters from the order one that has come and that is the SOP debt, but the peak volume should come in about 36 months from the order wins.

So, that is how it should be looked at. The orders that have been won in some cases are or in most of the cases are new developments which will take a longer lead time in some cases they are communized parts which very less products would come into SOP soon.

On the second front in terms of the exports yes you're absolutely right it is a concern for us as well that the exports for the first 9 months have been subdued due to various reasons.

Firstly, I would like to give assurance that we will continue to win orders in the exports all across our segments, die casting, vehicle access, instrument clusters, wiring harnesses, etc., but the intake of the customers has been slow. In Quarter 3 per say our exports have degrown to the tune of about 15% due to the concerns in terms of the exports on the North America and the European region.

In the first 9 months as I mentioned on the 9 months has also come down at similar levels which is impacting our sales growth. So, while export continues to be our one of the areas of focus for growth in the future, the actual sales in the first 9 months and quarter are not very encouraging.

Ruchita: Quarter-on-quarter have export stabilized or quarter-on-quarter also you are experiencing decline?

Aakash Minda: So, quarter-on-quarter they are at a similar level. So, if I may say the uptake versus the order book is to the tune of about 85%. So, throughout the year if you see the sales have been about 85% of the order book that we have in terms of every quarter.

Ruchita: So, you said that usually it takes about 3 years for your order books to translate into peak revenues. So, just you would have a fair amount of visibility what the couple of years are going to look like.

So, on that front just wanted a broad idea from you what kind of performance are we thinking of over the next 2 or 3 years and also what could possibly be a risk factor that could keep us from achieving our vision?

Aakash Minda: So, at a group level we definitely continue to work on outperforming the market that is our first importance and with the order wins that we have secured across customers and platforms and

technologies we would like to achieve that. So, there are majorly 4 factors which are going to lead us to our growth. One is of course the new order wins that we have made.

Second is in the premiumization of our products enhancing the kit value of all the products that we do. The third is the new markets in terms of the exports and the fourth is of course the new products that we are adding through organic and inorganic initiatives like we have seen some of the marquee orders that we have won.

So, these are the areas or the four or five pillars that are going to help us achieve this growth in outperforming the industry over the next few years.

Moderator: Next question is from the line of Bhalchandra Shinde from Kotak Mahindra Life. Please go ahead.

Bhalchandra Shinde: So, regarding the order win if you can give more clarity like how one should look at it like if now Rs. 8,900 crore order win is for us. As you said it takes 2 years, 3 years to ramp up, but what kind of a visibility in revenue growth prospects wise it gives us means like if based on current sales if you want to draw a picture how one can draw a line between order book and sales?

Aakash Minda: The first 9 months the export orders have been won to the tune of about Rs. 500 crores plus again these are all lifetime numbers. In the mechatronics division it is to the tune of about Rs. 4,200 crores out of which 20% have been on the replacement business and 80% have been on the new businesses. From the 2-wheeler segment it is about 60% on the PV segment is about 33%.

In the information and connected systems they are about 3,500 crores out of it 31% are about replacement businesses and 70% are about the new businesses and again in terms of these segment in the 2-wheeler segments we're about 40% and in the PV and other segments they are about 50%.

And other product lines which are upcoming new are in the tune of about 1,100 crores and 100% of these orders are new orders because they come in terms of the electronic products like the EV product lines or maybe some sensors or other electronic products.

Moving on to the overall numbers in out of 8,900 crores about 4,000 crores are the replacement businesses. So, these are the businesses where the models are running of the customers.

So, they are needing new faceclips or just the same model coming in, for example, let's say Bajaj Pulsar is just going to be a refresh in the next year which is what we consider as a replacement order, but if there is a new model or a totally new platform or a model where we were not there present before if we consider that then it is about 5000 crores that we have won in the first year.

So, to put it into numbers about 4,000 crores in the lifetime order will continue to have the sales in our current sales, but the 5,000 crores out of the 9,000 crores that we have added that will be spread over a lifetime for about 4 years starting from the 12 to 18 months from now.

Bhalchandra Shinde: And second question regarding our recent collaboration on Sun Group and also if you can give any further update of any advancement on the customer addition or not and second is there any other development or any other partnership we are targeting and then which segments?

Aakash Minda: So, in terms of the joint venture between the HCMF and Minda for the sunroof and other product lines. We continue to engage with the customers and showcasing the products. We have received formal multiple interest from the various customers which again in the term of NDA I cannot share.

So, we will be formalizing the agreement by the end of this month and of course looking at concluding some of the orders to start production by next year that is our first interest. Moving on to the other partnerships per say we continue to engage with the various companies globally and in India for technical license agreements and forming joint venture for the growing market in India in our own product lines.

Last but not the least on the acquisition or the merger and acquisitions front we are very clear that we are what we are not going to do. So, we are not looking at companies which are overseas in terms of large operations, we are not looking at commoditized product lines such as sheet metal, rubber, etc. We are only going to be looking in terms of the products and companies which are in our domains of vehicle access, instrument clusters, electrical distribution systems, EV and lightweighting.

So, these are the areas where we continue to evaluate various companies and of course as and when we move forward, we will update you.

Moderator: Thank you. Next question is from the line of Basudeb Banerjee from ICICI Securities. Please go ahead.

Basudeb Banerjee: Just to continue with the previous couple of questions. One, you said out of the four pillars of growth adding newer market is one of the key and second thing is post liquidation of the cash on balance sheet must be moving up significantly other than the cash flows which you are generating.

So, if we combine these two things that is access to new markets and the healthy balance sheet, where M&A can be done. So, in the longer run how to look at that your strategy will be make in India and target new export markets or set up facilities in new export markets to add new markets. So, which kind of strategies will you be looking at?

Aakash Minda: So, yes, of course, we are now having healthy cash flow which we've always been having. So, our focus continues to generate free cash flow from our operations, and we continue to do that

quarter-on-quarter and year-on-year. We have created watches for any kind of an inorganic growth and so we are continuously looking for opportunities with various segments, but only in the automotive space.

Thirdly, our areas of collaboration are going to be for India make in India in terms of exports, localization opportunities. We currently map what is currently imported and what we can localize.

Secondly, in the areas of comfort and convenience and our own product lines where the technology is changing more and more premiumization is coming into India basis on the LAS mega trends. So, we continue to invest organically and inorganically. So, in the space of organically we are going to be now expanding our technical center and hence investment in engineering and also continue to invest in our partnerships and alliances for adding the products in the passenger vehicles as well as other areas for degrowth, but we are not looking at any kind of acquisitions overseas.

We may like we have shown earlier in the presentation grow and follow our customers to start our smart key facility in Vietnam and we will use that facility for local markets as well as exporting from there to other countries.

Basudeb Banerjee: So, basically post KTSN no such plans of having major investments in the Western world as such?

Aakash Minda: No at all. We are very open to look at engineering centers which will give enhancement to our technology in India, but we are not looking at any kind of large operations or large manufacturing footprint companies which has overseas in the West. So, this is we continue to keep focus with Mr. Minda himself on the capital allocation across the globe.

Basudeb Banerjee: And second question sir in terms of imported components for your business or exports, are you seeing any logistical challenge currently and what kind of cost inflation for your logistics cost you are currently seeing which can have an impact on next couple of quarter results?

Aakash Minda: There are mixed of course the semiconductors have definitely eased off from our electronics perspective, but various displays like TFT and all continue to be imported. So, that is one aspect. With going forward the customers as well as our risk mitigation we are looking at inventory increases from the aspect of securing any kind of uncertainty coming forward, whether in terms of design size or in terms of minimum size.

Also when it comes to the connectors we are continuously reducing our imports and now investing further and further in our internal component division for which the results can be shown as suggested earlier.

Moderator: Thank you. Next question is from the line of Abhishek from Dolat Capital. Please go ahead.

Abhishek: Sir, in instrument cluster business you have market share in passenger vehicle is hardly 1% or 2%, but you have won many new business. So, what is your revenue target from this business for the next 2 years and what will be the market share in the passenger vehicle instruments?

Aakash Minda: So, in the passenger vehicle instrument clusters we have already won few orders in the last year in the space of advanced TFT clusters with large marquee OEMs. As I mentioned, this is one of the reasons for SOPs. So, these SOPs will be coming into the Quarter 4 or Quarter 1 of next year and here is where we will be once present we'll be having our further increased share in our cluster space in the passenger vehicle segment.

On the new technologies front, we are working in terms of the driver information system which is going to be connected in terms of the complete cockpit, in terms of the rear view, in terms of the other electronics that go with it. So, we will be further increasing our kit value and offering it to our customers.

We have already started engaging with various customers on account of demonstrations and RFQ's that we have received organically as well as through our partners. So, we continue to look for more orders, but currently if I may say in our passenger vehicle segment once the SOPs come into effect next year or in the next 12 months we will be having a share of business about 4% to 5% in that range.

Abhishek: So, what would be the quantum of that business incremental revenue from FY25?

Aakash Minda: So, in FY25 our instrument cluster business per say would be to the tune of about Rs. 800 to Rs. 900 crores something what we look at moving forward in the next few quarters.

Abhishek: And the Company is also looking in organic growth as you mentioned with the deployment of cash of around 600 cores. So, what would be the key product additions from that?

Aakash Minda: Sorry, in the investment of where please?

Abhishek: So, you have around Rs. 600 crores cash in your groups, and you are looking for inorganic growth opportunities. So, what would be the key product addition in your portfolio?

Aakash Minda: So, as I mentioned earlier we are very clear on what we will not do as a Company and that is what is most important. So, we are not entering, or we will not enter into the commodity items such as sheet metal or rubber or any such things.

Number two, we will not do anything which is purely ICE engine related. Thirdly, we are not looking at investments into the West market as explained to the previous question in terms of the acquisition.

So, what we are going to be focusing on is in our area of core products which is into the vehicle access space number one. Number two is into the wiring harness or the electrical distribution

space. Number three is into the instrument clusters and sensor space. Number four is into the die casting or lightweighting space and number five is into the electric vehicle mobility.

So, we are looking at both in terms of the component expansion as well as the system expansion and this could come from talent acquisition or this could come from asset acquisition.

Abhishek: And my last question is that what is your CAPEX plan for the next 2 years and what is the current gross and net debt?

Aakash Minda: So, here I will ask my group CFO to maybe share some words on this thing.

Vinod Raheja: So, historically in the course last 2 years we have been spending about 200 crores to 300 crores and since we are looking at expanding capacities. So, over next 2 years we should be spending in the range of 300 to 450 crore type per year.

Abhishek: So, you are talking about FY'25-26 or '24-25?

Vinod Raheja: '24-25 and '25-26 every year.

Abhishek: And what is the current gross and net debt of the Company?

Vinod Raheja: Well, the net debt of the Company as at 31st of December was about 450 crores, but as on date we have net cash in our books having investments.

Abhishek: So, are you all not looking for the debt repayment because that interest cost is very much high now?

Vinod Raheja: Well like I mentioned this is sort of more a financing need and we will always look at judicious mix in terms of say our own internal accrual debt, etcetera.

Moderator: Thank you. Next question is on the line of Amin Piranani from JP Morgan. Please go ahead.

Amin Piranani: Sir right now have low share coming from Asian market, but you've recently started a plant in Vietnam. So, my first question on that was is the customer OEM Vietnamese or Asian OEM or is it a Indian OEM?

And secondly given the size of the Vietnamese market and it can be an entry into the larger ASEAN piece as well, do you think ASEAN over the next 3 to 4 or 5 years could be a much larger chunk of your consolidated revenues?

Aakash Minda: So, firstly to answer your question we follow our customers. So, it is mix of all customers and it is not only for the ASEAN countries, but even exports to the West from there. So, whether there are European OEMs, Japanese OEMs or Indian OEMs. There are various different business models we continue to see.

So, ASEAN market continues to be an area where having multiple free trade agreements. So, that is something that what we are leveraging as well as growing from that part of the world to the other West regions is something that we are looking at.

So, yes it may not be a very large portion of our revenues going forward, but yes once the market picks up again as well as in the other areas that we're exploring it could be an area of importance for us because we have a presence in the ASEAN countries with two locations which is Indonesia and Vietnam for the last 10 years and plus.

Moderator: Thank you. Next question is from the line of Shreyansh Talesara from Vasuki India Fund. Please go ahead.

Shreyansh Talesara: Sir we see that we've been expanding our capacity in various verticals. So, just wanted to understand what does our current capacity in these verticals look like and what would it be the expanded capacity say in terms of die casting, smart key facilities or sensors or instrument clusters and even when sir said our CAPEX for next 2 years would look like say from 300 to 450 crore, could we have any break up of what the CAPEX would be for these each verticals?

Aakash Minda: Yes, maybe I may not give you the detailed breakup of the each vertical per se because we have a very clear financial prudence for each division, each plant and each vertical where each division has to be profitable and giving free cash flow as well as the ROCE. So, hence basis on that. So, we plan our financial prudence and capital allocation that's point number one.

Point number two on the capacity utilization, different verticals and different divisions have different capacities. Our first and foremost importance is how we can sweat our assets more and increase the FATR from the current and existing plants. Now with the current growing technologies that we have and coming in future we are setting up these new facilities to increase our capacities merely from the areas of electronics.

So, in the vehicle access space now with the new facilities that we're coming in, we're currently having a capacity utilization of about 80%. So, with the new facilities, this will increase. In the wiring harness space we have recently consolidated and open larger facilities in the three regions. So, there we have more than about 55% to 60% of our capacities. In the instrument clusters and sensor space we are running high on capacities and hence the two new plants.

So, yes these are our areas on where we are currently focusing. In die casting with the new export orders primarily and in the domestic orders we are coming up with two new facilities, one in the North and one in the West on this aspect. So, this is what we're currently looking at from each of these capacity utilizations on the FATR as well as on the financial prudence and capital allocation against each division and each location.

Moderator: Thank you. Next question is from the line of Raghunandhan NL from Nuvama Research. Please go ahead.

Raghunandhan NL: Trying to understand the product mix over the medium term in terms of smart keys last quarter you had indicated that within 2-wheeler the penetration has come to 15% given that the industry is seeing premiumization and also you are focusing on more products and winning more customers, how do you see this share of smart key increase in the future.

Similarly within instrument clusters how do you see the share of digital clusters increasing currently if I'm right it's around 25%, 30%. How do you see that increasing and lastly in EV share which has now reached 5%, 6% of revenue given that the share in your order book is higher, do you think that by FY26-27 the EV share and overall revenues will also increase similar to the share in the order book?

Aakash Minda: So, when it comes to the keyless solutions definitely it is on the increasing trend because it's the number one reason is on the comfort and convenience that the end consumer would like to face because the trend in technology moves from the 4-wheeler to 2-wheeler.

So, from the current about 15% in the next 26 to 27 as you asked should be in the range of about 20% to 25% of this because our target or our expectation by 2030 and the keyless penetration should be in the range of about 35% to 40% is what we are expecting.

When it comes to the instrument cluster in the 2-wheeler space primarily again on the TFT, I mean, there are multiple segments. So, one is the analog cluster and second is the LCD and third is the TFT.

So, hence they are categorized in three different aspects. So, in the analog cluster which are primarily the needle based clusters they are taking the highest amount of share, but the more of premiumization that is happening. The LCD cluster and its penetration is much faster right now or much greater right now and the TFT is of course much more expensive.

So, that is taking shapes in the EV customers per say as well as then penetrating into the high end ICE bikes. So, I may not be able to give you an exact number against each of them, but we can get back to you on how the two segments in terms of the digital are moving forward. Third on the electric vehicle mobility or the electric platforms, we have about 5% share of our overall revenue coming from this in the 2-wheeler space we have about 11% revenue.

Moving forward in about 26 to 27 this 5% is expected to be about 10% to 15% of our revenue because the order books are being done, but we would like to be cautious on the uptake of the EV vehicles and the EV platforms as some are success and some are not so success and hence the overall group level we expect this to be about 10% to 15% in the FY25 to 26.

Raghunandhan NL: A couple of questions, Sir, on the tax rate it was higher this quarter and there was some impact of tax related to earlier quarters. So, would this be a onetime impact and for FY25 should we work with about 25% tax rate would that be a fair assumption?

Aakash Minda: First of all, effective tax rate both current and deferred of about 25% would be fair assumption as regard your other query in terms of tax in relation to earlier it is more a classification from deferred to classification. So, both should be seen together.

Raghunandhan NL: And sir you earlier mentioned CAPEX around Rs. 300 to Rs. 450 crores would it be fair to assume that given that this CAPEX is to meet the future requirements or the large order book which the Company has. Would it be fair to assume that within this CAPEX more than 20% would be going towards EVs?

Aakash Minda: So, there are again the CAPEX you can largely say like that because EV particularly there are two separate things. So, one is of course on the product side per say so that's one. So, while we come up with the new products in the EV space the 20% of our R&D could go there, but the others could move in terms of our premiumization of our own products which are regardless of the EV or ICE segment.

So, as I've said earlier whether it's a vehicle access or instrument cluster or a wiring harness or a sensor it is engine agnostic. So, hence the investments continue to be there, but EV particularly the new product lines could have that amount of share. We are currently under the planning our strategy for the investments for the electric vehicle, new mobility product lines going forward and there we are investing further much higher than 20% of our R&D into the new products in the 4-wheeler segment into the charging space as well as in the commercial vehicle segments in the alternate fuels.

Raghunandhan NL: Sir, with reference to the smart key facility at Vietnam, what was the investment and what is the revenue potential and when do you see the revenue commencement here?

Aakash Minda: So, basically it is an assembling facility right now. So, exact numbers I would not be able to share online due to confidentiality, but it is not high if I would say it is less than a couple of crores. So, that's where it is because this is for the domestic market of ASEAN for our various customers as it is exporting from there to the European market as well.

Raghunandhan NL: On localization you have achieved 15% which is an improvement versus earlier quarters. How do you see the further increase in localization over next 2 years and how that can flow into benefits on margins?

Aakash Minda: So, we continue to invest organically as well as invest inorganically for the component localization. We have taken various initiatives and steps on the component localization front both on ICE and EV and across segments for 2-wheeler 3-wheeler commercial vehicle etcetera.

Moving forward again as I mentioned in our target is to become or gather get the larger share in these segments where we are having a larger market share. So, we would like to grow. I will not be able to share exact number because we don't give that guidance, but what we're looking at is how we can grow in the EV space in the 2-wheeler with the localized connection systems and

also in the pickup or the commercial vehicle space in the in the LCV segments and of course in the tractor space where the new regulations are coming in. So, this will again further enhance our kit value maintaining our share of business in the 2-wheeler of about 35% and our in commercial vehicles is to the tune of about 40% plus and tractors is of course much higher.

Moderator: Thank you. Next question is from the line of Radha from B&K Securities. Please go ahead.

Radha: Sir my query was that you mentioned in your presentation that this quarter you won orders of 400 crores in smart locks both for the 2-wheeler and 4r wheeler? So, just wanted to understand that what is the total order book in smart locks for the 2-wheeler and 4-wheelers as of now if you can give the bifurcation?

Aakash Minda: In the first 9 months as I have shared earlier in the mechatronics division we have won orders to the tune of about Rs. 4,300 crores out of which 20% are replacement and 80% are new and again 60% of this constitutes from the 2-wheeler segment and about 30% constitute from the passenger vehicle segments.

So, that is what we're looking at on this front from the particular quarter in this year we have this Quarter 3 we have won Rs. 1,100 crores from the vehicle access space out of 40% are replacement and about 60% are from the new business per se and these are again from the marquee customers and not from startups.

Radha: Sir, actually, I just wanted to understand the order book in smart locks for 2-wheelers and 4-wheelers only the smart locks?

Aakash Minda: So, ma'am we'll come back in terms of the details in terms of smart lock because there are multiple components that go in a system in a smart access where smart lock is only one part of it which is the locking system then there are other electronics part of it.

So, yes, we will come back to you in detail when we look at it, when we speak about what we have presented in our presentation there is multiple orders and not just one order for this particular technology.

Radha: Sir secondly wanted to understand these 2-wheeler EVs like Ola, so they are also using smart lock. So, would you tell us who is supplying smart locks to them, are we present there?

Aakash Minda: Ma'am we are under NDA, but yes we do to various customers in EV.

Radha: Yes, sir you have customers in EV, but are we also supplying to Ola?

Aakash Minda: Ma'am we are under an NDA, but as we mentioned earlier in our calls we have one businesses from Ola in this space.

Radha: Sir, last question in this quarter what percentage of your revenues is coming for smart locks?

Aakash Minda: Ma'am, this is also given in our presentation about 25% of our group revenue comes from the vehicle access space or lock or vehicle lockset space.

Moderator: Thank you. As there are no further questions, I will now hand the conference over to the management for closing comments.

Aakash Minda: Sure. Thank you very much. I would like to conclude by saying that with an unwavering commitment to quality, customer centric approach and a steadfast dedication to innovation, Minda Corporation aspires to position itself as a leading player in the automotive component sector.

Our focus extends beyond business success. We are delighted and we are dedicated to fostering growth opportunities for our employees, delivering profitable returns to our investors and making a meaningful contribution to the communities where we operate by focusing on growing ahead of the industry, by focusing on our internal operations and increasing our profitability, increasing higher ROCE margins as well as most importantly the right capital allocation. So, we thank you so much for your patient hearing and your questions.

Moderator: Thank you very much. On behalf of Nuvama Research that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.