

November 19, 2024

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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 November 12, 2024**

Dear Sir/Madam,

Please find attached herewith transcription of Conference call with Investors/Analysts held on November 12, 2024. Kindly take the same on record and acknowledge.

Thanking you

Yours faithfully,

For Minda Corporation Limited

Pardeep Mann  
Company Secretary  
Membership No. A13371

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“Minda Corporation Limited  
Q2 FY25 Earnings Conference Call”

November 12, 2024



**MANAGEMENT:**      **MR. AAKASH MINDA – EXECUTIVE DIRECTOR**  
**MR. VINOD RAHEJA – GROUP CFO**  
**MR. SAMEER SHARMA – GROUP HEAD - STRATEGY AND M&A**  
**MR. NITESH JAIN – LEAD INVESTOR RELATIONS**

**Moderator:** Ladies and gentlemen, good day and welcome to the Minda Corporation Limited Q2 FY25 Earnings Conference Call, hosted by Nirmal Bang Institutional Equities 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 please signal and operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prateek Ladha from Nirmal Bang Equities. Thank you, and over to you, sir.

**Prateek Ladha:** Thank you, Joshua. Good evening. On behalf of Nirmal Bang Institutional Equities, I welcome you to the Q2 FY25 earnings call of Minda Corporation. From the management team, we have Mr. Aakash Minda, Executive Director; and Mr. Vinod Raheja, Group CFO; Mr. Sameer Sharma, Senior VP and Group Head, Strategy and M&A and Mr. Nitesh Jain, Lead Investor Relations. I now hand over the conference to Mr Aakash Minda, for his opening remarks. Over to you, sir.

**Aakash Minda:** Good afternoon. Thank you very much, Prateek, and I thank Nirmal Bang Institutional Equities for hosting this call. Good afternoon, everyone, and welcome to the Q2 and H1 FY25 earnings conference call of Minda Corporation Limited. I hope you're all doing well. It is a pleasure to connect with you all today and I look forward to presenting our performance for the quarter and offer insights into the recent developments.

We will begin with an overview of the industry performance, followed by a detailed discussion of Minda Corporation's financial and operational results for the quarter. In Q2 FY25, industry growth has been moderate with the 2-wheeler segment leading in demand. The passenger vehicle segment experienced a slight decline, reflecting softer market demand. While the utility vehicle category showed robust performance, underscoring strong consumer interest in the SUVs and multifunctional vehicles. The commercial vehicle segment faced challenges due to a high base effect, prolonged monsoon delays and adverse weather in all which constrained the market activities.

Coming to the company performance highlights, I am very pleased to share that Minda Corporation continued its journey of balanced growth. The company achieved highest ever quarterly revenue. The revenue from operations for the quarter were INR 1,290 crores, an 8% Y-o-Y increase and 8.2% Q-o-Q increase. In domestic, OE business performed better than the industry, though it faced some headwinds due to subdued export demand from the European market, slowdown in ASEAN markets and downturn in the commercial vehicle segments.

In terms of profitability, for the quarter, the company reported its highest-ever EBITDA in value terms at INR 147 crores at an EBITDA margin of 11.4%. PBT stood

at INR 96 crores with a PBT percentage of 7.4%. PAT margin was INR 74 crores with a PAT margin at 5.8%. Now, let me take you through the key developments during the first half of the financial year. In the Q2, lifetime order wins surpassed INR 2,400 crores with EV platforms making up over 25% of these order wins.

In the first six months of FY25, the company's order book exceeded INR 4,750 crores, reflecting our expanding product portfolio, product premiumization and rising demand for ICE and EV products across segments and geographies. To meet this growing demand, the company is coming up with four new facilities, two in diecasting, one in the instrument cluster division and one in the wiring harness component division.

In line with our strategic vision, Minda Corporation has also acquired a 24-acre land in Uttar Pradesh for future expansion. The company also signed a technological license agreement with Sanco, company from China to enhance its wiring harness product portfolio in line with offering our complete system solutions in the EV segment.

I will now take you through the presentation and cover the key highlights of the Q2 and first half of the FY25 performance. I request you all to now look at the presentation uploaded. From the Page 2, which shares Spark Minda at a glance. In the FY24, we recorded INR ~4,650 crores turnover company with INR 514 crores of EBITDA, 28 manufacturing plants, 17,000 people, five business verticals, customers spread across the world, focused on engineering, products, ten partnerships and stable financial structuring.

Moving on to the next slide, which shows the Indian automotive industry performance. In the Q2 FY25, the industry overall grew by 8.8% where 2-wheelers grew the highest of 12.5%, passenger vehicles were almost flat. 3-wheelers vehicles grew by about 6%, commercial vehicles de-grew by about 13.3% and tractors were also almost flat but grew by about 3%. In the 2-wheeler space, the premiumization trends remain in the focus with premium 2-wheeler segments in the demand.

The expectations of good monsoon and festive season is likely to grow demand further in the H2. Passenger vehicles showed a slight decline during the quarter due to softer demand in this segment. However, the utility vehicle category showed its overwhelming performance during the year. Commercial vehicle growth was low due to various factors, including extended monsoons as well as the higher base. The tractor segment showed some signs of recovery with expectations of above average monsoon is also likely to demand in the next half of the year.

Moving on to the next slide, which is the key highlights and the key strategic developments. On the left side, which is the Q2 developments for the financial year. The company delivered its highest ever quarterly revenue with 8% Y-o-Y increase.

EBITDA margin stood at 11.4%, increased by 38 basis points. Total lifetime order book won was INR 2,400 crores with EV constituting to about 25% of the total order book.

The company signed a technical license agreement with Sanco, and we filed eight new patents, taking the total patents to 285, showing our commitment towards innovation and investment in the technology and R&D. For the first half of the year, the revenue grew by 9% despite macroeconomic challenges. We posted highest ever EBITDA margin of 11.2%, growth of 38 basis points. Total lifetime order book in the first half was about INR 4,750 crores. we signed two strategic partnerships and total patents in the first half were filed about 14.

Going on to the next two slides, which shares about the technology license agreement signed with Sanco. This partnership is for the products integrated to the wiring harness segment and the backward integration of the connectors in the high voltage and the EV area. This partnership will deliver comprehensive and customized electrical distribution systems for the electric vehicle market and there will be various new products, which will bring into the portfolio of Minda Corporation such as the connectors, charging gun assemblies, sockets, bus bars, cell contact systems for batteries, power distribution systems and Battery Distribution Unit. We are further expanding in our brownfield facility in our component division to come up and offer these products to the Indian market and even exports.

Moving on to the next slide shows the Q2 financial numbers, which shows our operating revenue increased by ~ 8% Y-o-Y. Gross margin increased to 37%, which is 38 basis points. EBITDA stood at INR 147 crores. EBITDA margin was about 11.4%. PBT was INR 96 crores at 7.4% and PAT was INR 74 crores at 5.8%.

Moving on to the next slide, which shows the Y-o-Y and Q-o-Q growth momentum on the financial highlights. On the top of the table shows the Q2 numbers and the bottom part shows the half year numbers. If you look at again on Q-o-Q and Y-o-Y movement. On the Q-o-Q, we also moved from INR 1,192 crores to INR 1,290 crores. In the half yearly from crores INR 2,270 crores, it grew by 9% to INR 2,482 crores.

At EBITDA, to show our balanced growth, our EBITDA for the fifth straight quarter has moved from consistent 11% to 11.4% in this quarter, marking a 11% jump from Q-o-Q basis and 12% jump from Y-o-Y basis from INR 131 crores EBITDA to INR 147 crores EBITDA. On a half yearly basis, the EBITDA has grown from INR 246 crores to INR 278 crores from a 10.8% margin to 11.2% margin with a growth of 13%. PAT from INR 59 crores from previous year to INR 74 crores, showing a growth of 26%. And at a half yearly basis has grown from INR 104 crores to INR 139 crores, showing a growth of 33% on Y-o-Y basis.

Moving on to the next slide, which is the business vertical performance for the Q2 and first half. On the top-left, it shows the Mechatronics, aftermarket and other businesses, which has grown from INR 575 crores to INR 639 crores on Y-o-Y basis which is at 11% growth. And on the right side, on a Y-o-Y basis on the first half, it has grown by 12% from INR 1,088 crores to INR 1,213 crores.

The major factors that led to growth was the strong demand in the domestic 2-wheeler segment and premiumization of the existing products. However, it was challenged by subdued export demand and slowdown in the ASEAN market. In the bottom part, which is the Information and Connected Systems, the sales grew from INR 621 crores to INR 651 crores, marking 5% growth. Major challenges were due to the commercial vehicle downturn and on a half yearly basis, we grew from INR 1,182 crores to INR 1,269 crores, marking a 7% growth.

Moving on to the next slide, which is the revenue breakup for the year by product and by geography and end markets. If you look at Q2 FY24 to Q2 FY25, wiring harness continues to be about 30% to 35% and this quarter is 32%. Lockset and vehicle access is about 23%, die casting division, which is DCD stands for about 18% as this segment is growing as well as our instrument cluster business is also continuing to grow, which is now contributing to about 17% and other new products, which is the EV products and other products such as the sensors are also moving towards 10%.

By geography, Indian domestic market continues to be on the growth, which is contributing to about 88%. Pure exports to Europe and North America are about 8% and South Asian market, which is the Indonesia and Vietnam are about 5% of the revenues. By end-market, 2-wheeler and 3-wheeler constituted about 46% to 47%. Commercial vehicle is about 26%, aftermarket is about 11% to 12% and passenger vehicle is about 15%.

On the next slide of consolidated leverage position and the financial snapshot of the first half, the net worth has increased from INR 1,981 crores to INR 2,102 crores in six months. Long-term borrowing has reduced from INR 203 crores to INR 170 crores. On a short-term borrowing has increased by INR 20 crores from INR 145 crores to INR 164. Our gross debt has come down by about INR 14 crores, making our total net debt to INR 160 crores and net-debt to net-worth is about 0.08x. Capital employed at INR 1,873 crores and our ROCE is about 21% with our focus to increase this to about 25%.

We now move to the last section on the ESG and transforming towards sustainable mobility. At Minda Corporation, we are focused on sustainable operations, care for people, ethical businesses, inclusive growth and responsible value chain. Further details can be taken online from our company website.

On the next slide, we continue to give back to the society by our various activities and initiatives such as the World on Wheels for training people and students across villages for empowerment of PwD people and employing them at our facilities and plants. Our prison programs, which are the most exclusive programs in India and other activities as well. The last slide, which shows about awards and achievements, where our customers and industry bodies continue to award Minda Corporation on account of quality, technology, development, employment and HR practices.

Beyond this, there is a group company profile and presentation, which I believe and I request that all of you can read and understand more and if there are any questions, we'll be more than happy to answer. With this, I will now request to open the floor for questions. Thank you.

**Moderator:** Thank you so much. We will now begin the question-and-answer session. The first question is from the line of Raghunandhan NL of Nuvama Research.

**Raghunandhan NL:** Thank you sir, for the opportunity. Congratulations on strong set of numbers. Firstly, on Sanco, now that you are working towards building a series of products, which you highlighted. Number one is, how does it open new revenue opportunities for you? And number two is, in your efforts relating to localization, how can this help and how can the percentage of localization increase?

**Aakash Minda:** Thank you for your question. So, Sanco is a very well-known company in China, supplying to almost all the OEMs in China, whether they are German, Japanese or Chinese or even American OEMs. So, this product category is in our short-term and long-term plan for doing backward integration and making our own competitiveness and building our company capabilities for connection systems. While the EV penetration is increasing, we are focusing on how we can continue to localize, backward integrate and build our competitive edge.

There are various products that are part of this alliance as a first step in terms of the technical license agreement. As I mentioned before, there are these high voltage connectors, then there are the EV charging guns and charging sockets, bus bars, battery cell contact connectors and various other product lines. We are already working with various customers in 2-wheelers, 3-wheeler, commercial vehicles, passenger vehicles OEMs in India, where we've already received RFQs and almost towards business nomination as of date for increasing our competitiveness. So, this is going to be as a system solution offering. And with an immediate EV penetration that is there in the current market, this can increase our business potential to more than INR 1,000 crores in the current products that are offered in the first phase.

**Raghunandhan NL:** So this INR 1,000 crores is the potential revenues you are looking at, sir?

**Aakash Minda:** No, this is the current immediately total available market in the current products that are there as well as new market that is available.

**Raghunandhan NL:** Understood, sir. And given that Sanco has tie up with German, Japanese, American OEMs, would you be able to leverage Sanco's relationship to win new businesses?

**Aakash Minda:** Yes, of course. So, we already have received various RFQs from Sanco's customers in India. So, we are working with them in order to cater to these customers also.

**Raghunandhan NL:** And sir, with the efforts on localization and also your revenues are seeing a decent scale improvement plus your ongoing cost reduction efforts, you have already posted a wonderful margin this quarter. How are you in the journey towards the 12% margin target?

**Aakash Minda:** As Minda Corporation we are pivoting the organization to be a more stronger company and being more competitive in our vision to create long-term shareholder value creation. So, we are focusing on quality of revenue by focusing on sustained customers. We are focusing on quality of product mix with the new order book and new products and technology that we are launching.

We are focusing on quality of earnings, which are more economically value-accretive to Minda Corporation. So, we are taking conscious call on all of these parameters when we are approaching and winning any new business or customers going forward. In spite of within our core, we are able to deliver about 8% growth. We are not in the race or sales growth race. We are focusing on how we can be more competitive and build our core and while building our core, we have been able to deliver 8% which I am very confident that with the initiatives and the investments that we are doing, we are going to grow this even beyond.

Of course, in one or two segments maybe in a quarter, for example, this year, this quarter the commercial vehicles may not have supported us, but with the right customer mix, with the right product mix, we are building a more sustainable and long-term company. So in the line with our commitments that we have made in the past few quarters and years to grow to about 12%. In the last five quarters, we have sustainably and consistently delivered a higher than 11% EBITDA margin, while growing our top-line as well, which is again in our commitment to build our core and being more competitive.

**Raghunandhan NL:** Got it, sir. Thanks for that comprehensive answer. Minda along with HCMF is setting the new plant in Pune to be commissioned in FY26 for Sunroof Closure systems. Can you talk about how the status, how that work is progressing? Any orders you can talk about?



**Aakash Minda:** Yes. So, as we've already explained before, we are under discussion with various customers. The customer models that are expected to launch soon with our HCMF customers being in India. We are working with them aggressively. The facility that we have already started commissioning with our partners is underway. Also with the other products that HCMF is offering, we are under advanced discussions with Indian OEMs to win those products and start SOP maybe 2 years or in the upcoming models.

**Moderator:** Thank you. The next question is from the line of Shridhar Kallani from Axis Securities Limited.

**Shridhar Kallani:** Thank you for the opportunity and good evening, Aakash sir. My first question is continuing with the previous query regarding Sunroof and Closure systems. So are we on track for the plants to be commissioned in Q1 FY26?

**Aakash Minda:** So yes, we are in line with the Q1. Of course, there could be maybe a month or two delay, but yes, we are in line in order to move forward and set up the facility.

**Moderator:** Thanks so much. The next question is from the line of Nihal Shah from Prudent Corporate Advisor.

**Nihal Shah:** Hello. Thank you for the opportunity and congratulations for the great set of numbers. So, as you've alluded as well that the passenger vehicle number has been a bit soft for this quarter. So, how do we see ourselves positioned in such a difficult time for the auto industry as a whole and how do we expect ourselves to grow in such an environment? And how much of the premiumization trend do you feel is behind us now?

**Aakash Minda:** So thank you, Nihal, for this question. As I mentioned, yes, see, in the long run, the automotive industry in India, particularly is expected to do very well. While there are a lot of macroeconomic factors which shows that industry is expected to do very well, all the customers which are the manufacturers are enhancing their capacities and many of the Tier 1 component players or automotive system solutions like us are also expanding capacities. So, we have been directed by our customers to invest in building capability, competencies and capacities which we are doing across segments and across products.

Also for the order wins that Minda Corporation has done, we are creating and setting up more facilities, as I already explained in this call and before, in order to deliver to the order wins that are already happening. Yes, in a Q-o-Q basis, maybe in the mid-term one-quarter or two-quarter, one segment may not do as better as the other one, but in the mid-term to long-run the automotive industry is expected to do well. Of

course, with the export opportunities that are coming up from the Indian space, it's something that Minda Corporation is looking-forward to harness.

Our growth drivers, as we have already shared before are going to be three or four. Number one is the product premiumizations across our product segments. So number one is the vehicle access systems, where we are offering new and new products as well as the annual selling price of our products are increasing. In this particular category, we have added new products in terms of the power tailgate, the flush door handles, the different latches coming in and other some products which we'll be launching soon.

Yes in the second business domain, which is the Electrical Distribution System for not only the wiring harness, but also other connectors, power distribution unit, battery distribution unit and other products like Sanco that we are looking at for the offering to the market as system solutions offering.

The third is the die casting or the light weighting where is more 4-wheeler driven and we've already won a lot of orders in terms of motor housings or battery casings and other such technologies even for domestic and export.

Fourth is our driver information system, where we are offering a system solution product, so not only standalone clusters, but cockpits, heads-up display and other technologies coming up increasing with it value and our newest vertical, which will be electronics, which offers products like shark fin antenna, telematics, intelligent transportation system, EV products as well, there's also adding new product lines. So this is the first category of products.

Second is the markets the additional new markets in terms of exports. Third is the customers. So, deeper penetration will be existing and new customers that we have in India are across segments. So, these are the three, four areas on how Minda Corporation is expected to grow further in terms of the market. Of course, as I mentioned, we're taking our conscious call, in terms of quality of our revenue, quality of our product mix and quality of our power earnings putting all together to become more agile going forward.

**Nihal Shah:** Okay. Thank you very much for the detailed answer. And what is the level at which we expect our debt to stay given the level of capex that we are expected to do in the next couple of years?

**Aakash Minda:** So, I will ask our CFO to take this question.

**Vinod Raheja:** Well, we are net zero debt company if you consider the value of investments that we have and over a period of next 2 years to 3 years, we feel that we should be doing capex

of about INR 300 crores INR 350 crores per annum. And given our internal accrual and cash flow generation, largely this should be funded through internal accruals only.

**Nihal Shah:** Okay. Thank you very much.

**Moderator:** Thank you so much. The next question is from the line of Jay Kale from Elara Securities. Please go ahead.

**Jay Kale:** Yes. Good evening, sir and thanks for taking my question and congrats on a good set of results. Sir, my first question was regarding your product segment. If I see your locksets division contribution on a Y-o-Y basis has declined and I understand locksets are mainly 2-wheelers and while segment-wise your commercial vehicles would have seen pressure. So just wanted to understand what would be happening in the locksets division?

Are you seeing some kind of slowdown in terms of the adoption of the smart key solutions or what exactly is the scenario over there? And in similar lines, we've seen a very strong growth in your DCD division. So, if you can just throw some light on are we gaining share over there? Is there any addition of new products, new geographies, anything on that side?

**Aakash Minda:** So again, our SSD division continues to grow, but it is just that the other divisions are continuing to grow a little faster. So, that's the only thing. Of course, the smart key penetration continues to align with our forecast before, particularly in the 2-wheeler area and now going into other segments. So we have for the first time launched new products in other vehicle segments, which you will see in the upcoming months with new vehicle launches.

Due to confidentiality, I can't share, but we've been present in the 2-wheeler and 4-wheeler space and now you will see in other segments also coming out of Minda Corporation. So coming to the die casting division per se, that is a division which is growing fast as because of the kit value offering that is there, particularly in the EV segment and the 4-wheeler space. So, here we are offering a good amount of exports business to Europe and US markets, both for ICE as well as EV powertrain products and further penetrating into the Indian 4-wheeler market as well.

So, these are our initiatives that we are seeking for the die-casting, and we are also coming up with two new facilities, one in West and one in North for catering this demand and expanding into other segments within the aluminium cast business.

**Jay Kale:** Okay. Understood. And also on your export side, we have seen that being a drag on your revenue growth for last few quarters. Now it seems to have stabilized in terms of

contribution. So, how do you see exports going forward? have we seen the bottom over there or there is still some more pressure going forward?

**Aakash Minda:** So as far as exports are concerned, I think compared to last year until previous quarter there was a Y-o-Y decline, but now I think we are flattish when it comes to the states. Of course, the order intake continues. However, we do not see a higher uptake in the next six months when it comes to the exports, primarily in Europe region, various macroeconomic factors.

And now with the new elections in the US, we have to really see on how this market pans out, but we have put in our actions in place in order for dual shoring, near shoring when it comes to the opportunities in the American markets.

**Jay Kale:** Okay, understood. And also, just lastly on the TLA with Sanco. You had mentioned about connectors, but you'll be providing the entire high voltage Electrical Distribution System along with all the components. So, when you do RFQ or you have an order from the OEMs, it will be directly to the OEMs and not necessarily as a Tier 2 supplier to the wiring harness players who would be taking your connectors. Is that understanding, correct? You're providing the entire high-voltage system to the OEMs?

**Aakash Minda:** It is both ways. In most of the cases, it is a direct to OEMs and in some cases, yes, it could be to Tier 1s also. And again for the battery pack, I would just like to correct you, we will not make the battery pack. It is health contact systems that go through the battery, which of course will be a Tier 1 supply, but the connector systems, the charging guns, the BDU and the PDUs will exactly go to the OEMs.

**Jay Kale:** Yes, I meant to say battery-wise. But just wanted to understand, larger wiring harness players would also want to make the connectors or localize the connectors themselves rather than buying them out or are you seeing a kind of request from larger wiring harness players to get them trying to source connectors from outside players like you?

**Aakash Minda:** So it depends on the customer where the directed source is and how we are able to incorporate these products into customer drawings. So, yes, that's what we've been able to do. we've already received various inquiries and in an advanced stages of closure of businesses while putting our products into the architecture of the vehicle. So, that will depend and whether it will be from us or it could be others.

But since having the localized opportunities in India, we have the early-mover advantage, you can say, in order to offer the products to the customers in the design space.

**Moderator:** Thank you so much. The next question is from the line of Nandan Pradhan from Emkay Global.

**Nandan Pradhan:** Thank you for the opportunity and congrats on a good set of numbers. My first question is along the lines of the smart key order, we had mentioned in the Q1 call that it was meant to start from this year, so this quarter. So just wanted to understand the progress on that?

**Aakash Minda:** Smart key orders continue to get deeper penetration. And depending on the SOPs of the customers that are there. Of course, in Q1 we had sales to the 2-wheeler OEMs, but in Q2, our sales to Japanese OEMs have also started. So, yes, that is the SOP, or the start of production has already happened within the Q2.

**Nandan Pradhan:** Okay. And sir, secondly, on the TLA with Sanco, since we are developing it locally, just wanted to understand would the materials would be also sourced locally or would there be some level of import content in these products?

**Aakash Minda:** So there is a localization roadmap always and so we already have that aligned with our customers and partners on how we are going to have phase wise localization. But to achieve the higher domestic value add on day one we will be achieving that as per the government requirements.

**Nandan Pradhan:** Okay sir, I think that's it from my end. Thank you so much and all the best.

**Moderator:** Thank you. The next question is from the line of Parag Thakkar from Fort Capital.

**Parag Thakkar:** Yes. Congratulations for a very strong set of numbers. So basically, what we are observing is that, as you rightly said, that the macroeconomic environment is tough, and so the revenue growth is at about 10% at around 8%. But still you managed to grow your EBITDA by around 12%?

So, do you see that this trend will continue across, as you rightly pointed out that you're focusing on quality of growth? So, EBITDA growth will outpace the revenue growth? That was my first question.

The second question is, we have seen good numbers in October month from some of the 2-wheeler companies and all the OEMs in 4-wheeler also, like to be specific, M&M and all. So, do we feel that at least in second half, the revenue growth will also accelerate better than what we have seen in Q2?

And third thing, I'll just ask that. For example, many of your good customers OEMs, like M&M and all, are launching electric SUVs and all. So whether we'll be also part of their supply chain and whether content per vehicle will also increase in those kind of models which are going to be launched by OEMs like M&M, to be specific?

**Aakash Minda:**

Yes, Parag, I'll answer the last question first. Yes, we are part of the various products that are going into the battery electric vehicle of our customers. And yes, we continue to have a deeper penetration in line with our commitment to grow the 4-wheeler products in our customers and our product range. So yes, you will see the products when that product launches.

On your first and second question, when it comes to the revenue growth and the EBITDA growth, as I stated, we are in the midst of pivoting the group, and we complete towards leading it a more competitive organization in line with our commitment to outpace the industry as well as growing the line of the industry growth.

So while the domestic revenue has grown ahead of the industry, however, some factors like the export and the commercial vehicle segments have pulled us back. Also, when it comes to our quality of revenue with sustained customers is very important. While we had won some orders in the previous years from large 2-wheeler EV OEMs, but we are not seeing light in those customers due to some reason. The customers have not started production.

So, that is, slightly most important where we are pivoting. Second is the quality of the product mix, which is going to give us higher revenue in terms of the order book that we have done in the past. And we have been very, very conscious in terms of the customers and the products that we are doing.

And third is the earnings which you mentioned. Our quality of earnings is a focus for being economically more value accretive. So in this quarter and in the last five quarters, with our commitment to consistently and sustainable EBITDA numbers, we've been growing our EBITDA absolute value as well as percentage, Q-o-Q for the last five quarters and more.

So yes, we are going to achieve towards 12%, but most important for us is consistency and which is what we are delivering. So in the process of building our core, I am very confident that achieving the double-digit sales growth number is just for us a very easy. But in this overall scheme of being competitive, I think achieving an 8% at the moment is something that we are where we are.

So very, very positive in terms of the future outlook and taking this organization towards a double-digit growth as well as the 11.5%, 12% EBITDA numbers.

**Parag Thakkar:**

The last question, Congratulations for achieving 20% ROCE and of course, the net debt is also very negligible. So definitely you will be looking for inorganic opportunities also, to grow your business, one thing which as a shareholder, as an

investor, I would like to say, is that whenever you do any inorganic acquisition or something, the ROCE metrics will be kept in focus, right?

Well, you will not compromise too much on ROCE even if you are exploring inorganic opportunities, right? Because you see, definitely EBITDA growth is paramount, of course, and the PAT growth also. But ROCE, you are saying that you are aspiring for 25%, which makes us very happy as a shareholder. So while exploring inorganic opportunities, ROCE will be a metric which you will consider, right?

**Aakash Minda:** Absolutely. Parag ji, we have very strong financial footings metrics internally approved by Board of Directors on capital allocation, and any kind of inorganic or capital allocation cannot dilute our ROCE. So ROCE above 20% is our prime capital allocation financial prudence.

**Parag Thakkar:** Excellent, sir. Thanks a lot. All the best.

**Moderator:** Thank you so much. The next question is from the line of Shweta from Arihant Capital Markets Limited.

**Shweta:** Yes. Good evening, sir. There is a couple of questions with regard to export revenue. So, with export sales like flat Y-o-Y, what additional measures the companies are taking to boost the demand in Europe and the U.S. space particularly in response to the subdued demand for die casting business?

**Aakash Minda:** Yes, Shweta. We are taking various measures. Of course, I will not be able to share them due to our competitive advantage in that. But yes, we are always on creating new avenues, opportunities on how we can grow our export markets, whether for the existing older ones already or for the new businesses.

**Shweta:** So any specific growth targets for exports over the next 12 or 18 months?

**Aakash Minda:** Ma'am, I can share with you that in the midterm to long term from current about 7% in our growth on the exports, we expect it to be, and our target rather is to be about 10% to 15%. And in that respect, we already have the order book in place and we're continuously booking orders. I may not be able to comment in the next 12 to 18 months, as there are various macroeconomic factors that are developing.

**Shweta:** And sir, could you please provide the breakdown of our export revenue by product segment if possible?

**Aakash Minda:** Ms. Shweta, if I may request you could get in touch with our IR team after this for a detailed breakup and we'll be happy to share whatever we can.

**Shweta:** Okay. Sure, sir. Thank you so much.

- Moderator:** Thank you so much. The next question is from the line of Shridhar Kallani from Axis Securities Limited.
- Shridhar Kallani:** So, I have a question regarding the order book, where you have mentioned that you have INR 4,700 crores, INR 4,750 crores of order book. If you could help us understand what is the end user segment mix for the same and annual peak revenues that we can generate from this order book?
- Aakash Minda:** Yes. The annual peak revenues typically are divided by 4 or 5 and the peak value basically starts coming in from the second year after start of production. And again, in the automotive, once you win the business, typically, the start of production happens about 12 to 18 months from where we win the business.
- So if we won the business in H1 for about INR 4,700 crores divided by 4 or 5, you can say about INR 1,100 crores that would start coming in from the 18 to 24 months from now and the peak value that we should come at 2.5 years from here on. But out of this INR 1,100 crores, it also depends on how much is replacement business and how much is new business. So that also plays a factor, and typically it's about 60-40, 60 is new business and 40 is replacement business.
- Shridhar Kallani:** Understood. And sir, what would be the segment mix, like in the order book, 2-wheeler order book, like percentage for 4-wheeler and commercial vehicle, what would be the mix?
- Aakash Minda:** So it is in line with our current revenues. So again, 2-wheelers and 3-wheeler continues to be, I think, about 40% of the total order book, and 4-wheelers is over about 20%, and the rest is the commercial vehicles and offroad.
- Shridhar Kallani:** Understood. And does the order book include any orders for the sunroof and closure systems?
- Aakash Minda:** As I've explained before, we are setting up the facility there. So we are under advanced discussions with customers. Some of the product launches have been finalized already, been finalized with the customer. So I'll update as and when we will do that.
- Shridhar Kallani:** And my second question was regards to the commercial vehicle business. So, we mainly deal with MHCV segment or LCV segment, sir?
- Aakash Minda:** We're catering to all the segments of commercial vehicles, which is SCV or medium and even high commercial vehicles. So for the details of course, our IR team can give you. But yes we get into all these segments on the commercial vehicle, 1 tons, 3 tons, 15 tons, will come in.



**Shridhar Kallani:** So my main reason to ask was at the ground level, how are you seeing the trajectory of the commercial vehicle business going ahead, since it has been subdued for quite some time over the past one year? How are the ground level purchase orders or anything you could share your trend view in the commercial vehicle space?

**Aakash Minda:** So I would request you to ask questions to the commercial vehicle OEM manufacturers. They can tell you better. For our customers, I cannot comment, but for the industry outlook, definitely with the new government coming in and macroeconomic or the company, the infrastructure expense and the other investments that our government is doing, I think that definitely is going to improve.

If you see before a year, our mining quality as well as the 15% extra in terms of the weightage allowance that the government has done is created extra capacity for the commercial vehicle segments. So as and when these policies as well as the government changes and increases the expenditure, I think you will start seeing commercial vehicles will pick up more.

**Shridhar Kallani:** And my last question is a bookkeeping question. With regards to employees as a percentage to sales, which we have seen a decrease in this quarter, has there any appraisals in accounting? Or there has been some reduction in employees or any major steps that we have taken with regards to the employees?

**Aakash Minda:** So I will ask our CFO to answer. But on the employee front, all I can share is that as an organization, we value the employees the most, and we are taking various measures strategically to build our talent and capabilities and competency of people from within, from the lowest space even to the highest. So we are taking various measures in order for optimization, better productivity and talent growth from within the organization.

**Moderator:** The last question is from the line of Shailly Jain from Dolat Capital.

**Shailly Jain:** Sir, where do we stand in terms of localization and what are our targets for next coming one or two years for how are we localizing? And what steps are we taking on?

**Aakash Minda:** That's a very broad question. But if you look at our RMC, it's about 63% and we are not importing too much, but there are some commodities and components like semiconductors, displays and some connectors that we are currently importing from China, or if there are some directed materials from our customers.

As a localization, we as an organization are investing in terms of building our capability as well as our supplier base in order to meet the localization or import challenges and creating competency within India.

So we continue to invest some of the equipments as is their technology capabilities for offering localized positions to our customers and end products which we are really currently boarding and selling or for our backward integration in terms of the child parts of the components that I explained to you, which open up new avenues for us as a business segment as well as our creating competitiveness for our customers in terms of the electronics or connectors and other commodities.

So, I may not be able to give you a percentage or a number on the call at the moment. But we have created a small team in order to focus on increasing localization and reduction in import costs.

**Moderator:** Thank you so much. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

**Aakash Minda:** Thank you very much and once again good evening for joining this call. I would like to again share that Minda Corporation is on the trajectory to honor our commitments for existing and a sustainable growth on Q-o-Q and Y-o-Y basis. We are pivoting and building more competitive organization and investing further in our competency, capabilities and capacities in our manufacturing as well as in our engineering footprint.

Our focus is how we can invest and become a technology-led company in India, with focus on best operational excellence. Our growth focus is on how we can outperform the market as well as become the leader when it comes to the financial parameters within the automotive segment. We continue to look for inorganic partnerships, and this is going to be a driving force for us going forward.

Thank you very much for joining us and calling and we'd be happy to take any questions outside. Thank you.

**Moderator:** On behalf of Nirmal Bang Equities, which concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.