



# “Minda Industries Limited Q1 FY16 Earnings Conference Call”

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**Moderator:** Good day ladies and gentlemen and welcome to Minda Industries Limited Q1 FY16 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees or future performances and involves risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen-only mode. 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. Sudhir Jain – Executive Director and Group CFO. Thank you and over to you sir.

**Sudhir Jain:** Good afternoon friends. Pleasure to meet you again after a quarter, so I welcome all of you to this Conference Call. Along with me I have my colleagues Rajesh and Tripurari and also my colleagues from SGA. I hope you have received our results and presentations by now. For those who have not, you can view them along with the presentation on our website. I will give the numbers which of course we will discuss some time from now stand-alone, consolidated, product wise performance etc.

Just touching upon briefly on the company performance, in Q1 FY 15-16 at a consolidated level, company has registered a turnover of Rs. 533 crores which amounts to growth of 10% year-on-year. EBITDA at Rs. 34 crores with a margin of 6.4%. PBT Rs. 15.8 crores 15% growth year-on-year, this was mainly on account of reduction in interest cost. However due to high tax incidence net profit grew marginally by 1% year-on-year to Rs. 13.7 crores. As far as the tax incidence is concerned let me explain these take into account both tax liability which is actually payable to the department and also adjustments on account of Deferred Tax Asset and core liability as the case may be. So this is a composite and number because of the deferred tax accounting entries the incidence is slightly higher.

In Q1 now coming to the stand-alone MIL Q1, the turnover is Rs. 341 crores growth of 12% over last year. EBITDA at Rs. 27 crores with a margin of 7.9%. PBT 17.30 crores giving a growth of 22% quarter-on-quarter. Here again due to high tax incidence because of the deferred tax entry net profit grew marginally by 1% year-on-year to Rs. 13.6 crores. This growth came mainly on account of volume growth across product lines.

As you are aware switch is one of the main products of Minda Industries, switch has contributed roughly about 45% to the total consolidated turnover within India. Out of these India sales is about 98%. Now during this year for this quarter we have won fresh orders from Moto Guzzi Italian manufacturer. As you are aware we are exporting switches from India to Europe, Moto Guzzi is an Italian motorcycle manufacturer from whom we have received the order and next full year 2016-17 we hope to achieve a turnover of Rs. 10 crores from this order. Recently this division has developed a Seat Heater Switch for High End bikes of BMW also. In European countries with very low temperature this will help maintain body temperature during ride. Seat Heating function is a popular feature in almost every vehicle in

Europe. Switch division in its first effort of its kind has developed a Low Ampere Rocker Switch, main features of this switch designed especially for high end vehicles are as follows:

Water and Dust Proof Design, Inbuilt Coupler; No wiring Harness, and Moulded with Better Operational Feeling.

Now, coming to the lighting. Lighting division contributed 18% to the total turnover in this quarter. Supplies has begun from the Brownfield field site at Manesar to Maruti Suzuki. New facility would supply head lamp, tail lamp, fog lamp and other small lamps to upcoming models of Maruti. Our lighting division offers exclusive range of Signature Led Lamp to OEMs. This division recently developed homogeneous LED diffused tail lamps for Tata Jeeps and Mahindra Scorpio. This was recognized by respective OEMs for its make as well as aesthetics.

Coming to the acoustic division, acoustic division contributed 24% to the quarter turnover. In order to keep up with the OEM demand, company has invested in commissioning an electronic unit within Clarton. Earlier we used to get electronic module from our supplier, for the electronic horns, which was patented by us of course, but now we have set up a small unit within Clarton by view of backward integration. This is more of a line extension as new machinery has been added which will lead to better operational efficiencies. The company is also building a Greenfield facility at Mexico. As Clarton already has an order visibility for this market, facility will become operational with an assembly unit by next month. Manufacturing will begin by April 2016. Approximately € 6 million will be invested in this site over a period of next three years. Our subsidiaries PT Minda ASEAN has also received orders from Piaggio, Suzuki, Yamaha for switches and horns from ASEAN markets. Other product lines have also started contributing though in a smaller way, The financial performance of the company. As shared with all of you few of our subsidiaries are showing clear signs of turnaround. Our JV with Kosei for alloy wheel which is Minda Kosei Alloy Wheel Company has achieved financial closure. The plant is expected to start commercial production in Q1 of 2016 and 2017.

Overall outlook as we have maintained previously and we continue to maintain that growing profitability is a strategic priority for the company. New orders from existing clients as well as entering in new clients will enable us to improve our utilization level across product line. Our intention is to simplify our organization structure and derive synergistic growth from all the product line across the group. I would like to reiterate Mr. Nirmal Minda's words at a recent event which fully emotes the underlying principle of our business, Minda group firmly believes in partnering with its customers in the most effective way. We would like to be not only where the customers are today but also be present where customers are likely to be tomorrow in terms of technology, capacity, and location.

With these brief remarks, I would like to open the floor and you are most welcome to raise any query questions and give any suggestions. Thank you.

**Moderator:** Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Saurabh Jain from Sushil Finance. Please go ahead.

**Saurabh Jain:** My first question is we have been aiming for double digit EBITDA margins for quite some time and had already witnessed some improvement during the last fiscal. However, we have again seen some pressure in this quarter. So are we still saying that we will be closing the fiscal with double digit EBITDA margins. And also we have been maintaining that we are targeting somewhere around 20% top-line growth. With Q1 coming at 10% are we confident of achieving 20% plus growth for the full year?

**Sudhir Jain:** First I would like to request that let us see these results in the light of these auto sector performance in Q1. In Q1 weaker productions across segments have grown by about 2%. This includes passenger vehicles, as well as commercial vehicles where the growth is about 4-5% and the two wheelers, motorcycles and scooters where there is a negative growth. So the net result is that the overall total vehicle production growth is about 2%. Against 2% our top-line growth is 10%, so additional growth which is coming to these 10% is naturally from the new products which were added in last one or two years, the new models in which we are already present and as the volumes of those models will grow top-line should grow at a higher rate. Now coming to how this sector would look like in Q2 and in subsequent quarters you will appreciate that there was a very serious concern about the monsoon about two months ago and the whole economy and the forecast and the predictions were that monsoons won't be good at as a result the GDP growth, etc., will get affected. Fortunately monsoons are good, fuel prices are down, inflation is under control, so we are quite hopeful and even considering this July numbers which are far better than the Q1 numbers in terms of vehicle projections and production, still we hope that auto sector should grow somewhere about 7-8% in this financial year. So we should make up for the vehicle number loss which we face in Q1. Assuming that the sector growth 7% to 8%, we feel that our top-line will grow around 20% during this fiscal year. This is subject to, of course, a caveat that the sector is growing 7-7.5% annually during 2016-2017. This will also get reflected in EBITDA and PBT margin. In the first quarter EBITDA is under pressure partly because of, the growth in numbers which is less than what we predicted and what the industry was expecting six months ago. Second, of course, just to again re-emphasize the point, in our sector in the way we have seen, H2 performance is better than H1. Of the total yearly turnover 60-65% comes in H2 and 35-40% comes in H1. Fixed costs remains the same over a period of one year or so, so definitely higher sales in subsequent quarters will result in better EBITDA margins and PBT margins.

**Saurabh Jain:** My second question is on the lighting division. The recent expansion for Maruti which we did at Manesar and that was completed in September 2014. I also saw this inauguration news of second manufacturing facility of Lamps at Manesar in April 2015, so is this the same one or this is the different one and how have been the utilizations over there and what kind of incremental turnover can we see for the full year from these new capacity expansions?

**Management:** Actually this facility was commissioned way back in September-October but a formal inauguration happened in the month of April and the incremental turnover from this lighting division or extension from the Brownfield facility is expected to be in the range of 45-50 crores primarily targeting Maruti.

**Saurabh Jain:** What was our current blended capacity utilization during the quarter? And what do we expect it to be for the full year? Also we have received new orders for the switches and horns and we have also talked about some new products in this annual report. Do we have capacities for these new products which we are talking about and like what is the opportunity?

**Sudhir Jain:** Firstly there is enough capacity already set up in order to meet the expected demand of the current financial year and even Q1 of the next year. Having said that, our various plants are working at different capacity level on an average in case I say, as a whole capacity utilization would be about 80-85%. Secondly, as I have explained in the past also, all critical operations are in-house and non-critical operations we have got a very sound vendor-based around the factories wherever we are located whether in Manesar, Pune, then in south Hosur and Bangalore. So as and when there is a spurt in demand, we also gear up our vendors and suppliers to meet that requirement, so there is some amount of flexibility into the system complete supply chain to ensure that higher volumes are met through procurement as well as in-house manufacturing and assembly. So that way we are quite assured that there will not be any shortage of capacity during this financial year and maybe in some part of the next financial year.

**Saurabh Jain:** I would like you to comment upon this realigning group structure like this is very exciting which you have mentioned in the presentation that consolidation of product lines and increasing stakes of the company, Minda Industries in JVs and group companies, so if you can tell me the roadmap and timeline what all to be included in the listed entity, if you can comment upon?

**Sudhir Jain:** As you are aware in auto component and particularly with us, over a period of time we have entered into various joint ventures and various companies have been set up. Equity of those companies are sometimes flowing from Minda Industries Limited, sometimes outside Minda Industries Limited from the group finance companies. And the conscious decision has already been taken to consolidate the group under Minda Industries Limited as a step towards that direction, our ASEAN countries operations already we have got two manufacturing plants, one in Indonesia one in Vietnam they make switches, lamps and horns and they supply to two wheel manufacturers in those countries which are mainly Japanese vehicles like Suzuki, Yamaha, Kawasaki, Honda, from there we shall cater to requirements of these four motorcycle assemblers manufacturers who are Japanese. So already we have in the month of July effective 1<sup>st</sup> July those operations. 51% equity has come in Minda Industries so they have become subsidiary of Minda Industries. Besides that there are few other companies where the equity is not flowing from Minda Industries. We have retained one of the big four firms and we are doing detailed exercise with them to come out with a consolidation scheme for the group so that maximum number of entities are under Minda Industries Limited. At an appropriate time

maybe after 3 months we would be in a position to tell very specifically what the final structure would be and what other companies are coming as part of Minda Industries.

**Saurabh Jain:** This Indonesian and Vietnamese operations, these are now our subsidiaries from July onwards so what was the turnover, what's the quarterly turnover can we see?

**Sudhir Jain:** Total turnover of the deal coming is 150 crores. We have double digit EBITDA.

**Saurabh Jain:** You will be consolidating from next quarter onwards?

**Sudhir Jain:** Yes we would be consolidating as a subsidiary from Q2.

**Moderator:** The next question is from the line of Bharat Gyani from Angel Broking. Please go ahead.

**Bharat Gyani:** Just wanted to know your CAPEX plans at the consolidated level for Minda Industries for FY16 what will be the CAPEX including whatever money we would be spending on acquiring the group companies?

**Tripurari:** This is Tripurari. In this year CAPEX plan will primarily be under the subsidiary named Minda Kosei Alloy Wheel for which the financial closure has already been achieved and just said that CAPEX is 200 crores and debt equity mix 60% debt and 40% equity, so that financial closure is already achieved. Apart from this we are expecting a 30-40 crores maintenance CAPEX and there are no other CAPEX plans planned for this year. Like you said acquisition of stake companies for PT, Minda, Indonesia and Vietnam company approximately 25 crores have been spent and for MGCL we have transferred approximately 14.

**Sudhir Jain:** As I mentioned earlier also we are working on the consolidation scheme for other companies also. Our main objective is that overall the whole scheme at the end of the day should be tax neutral and cash neutral but we are working on that and more specifically we would be in a position to discuss once the scheme is finalized and approved by the Board preferably maybe by the end of the next quarter.

**Bharat Gyani:** Cash neutral means you would not be giving cash for the acquisition? We would be giving shares?

**Sudhir Jain:** That is what we are working. As of now, that is the final target and object which we have given to our consultants that as far as possible it should be cash neutral.

**Bharat Gyani:** But this Vietnam and Indonesian subsidiaries that we have done that we have given cash for that?

**Sudhir Jain:** Yes, for that we have given some cash. But this is only part one of the consolidation, on the major part we are still working and things would be clear in next three months' time.

**Bharat Gyani:** I wanted to understand because of new product introductions and increasing our share of supplies in the new platforms we have seen decent top-line performance given the subdued OE sales as you pointed out earlier. So when there is no concern about getting headway top-line growth, what I am really concerned is about the margin front, so possibly the source of impact in 1Q as well, so do you have any timeline as to when we would reach a double-digit kind of an EBITDA number because still there seems we are very far away from that mark, so what realistically is our aim to get that kind of a margin level.

**Sudhir Jain:** I said earlier also, our target is to reach that number by the end of this financial number. Now partly, of course, it is internal in the sense we are continuously working for improving internal efficiencies, operating efficiencies, better capacity utilization, and consolidation. Partly it would be a function of how the auto sector grows during the current financial year which we are quite hopeful, the sector should grow 7-7.5% over a period of remaining three quarters.

**Moderator:** The next question is from the line of Kashyap Pujara from Axis Capital. Please go ahead.

**Kashyap Pujara:** In the Annual Report this time which has been pretty detailed, a group vision has been mentioned that we endeavoring to be a 10,000 crore revenue by FY18 if I remember right. So could you share with us as to what would be Minda Industries and the subsidiaries and associates under it, how much that would be coming from Minda Industries and how much would that be coming in from the other group entities?

**Sudhir Jain:** First of all let me say the reason we set up collectively within our group about five years ago, that by 2017-2018 in 2010 this vision was there that we should reach 10,000 crores by 2017-2018 raised on certain economic growth as well as auto sector growth. The vision is the same, the whole group is working towards that. But whether we will achieve 10,000 for group as a whole by 2017-2018 maybe it is not that there within reach as of now because we are not growing just for the sake of top-line growth. If vision and the growth is also linked to, as I said, economic GDP growth as well as the auto sector growth and we know that in last 6-7 years due to various political and non-political reasons Indian economy has not grown the way it could have grown. As second aspect is that we have started group consolidation exercise. We are endeavoring that our auto component business which is the main only and the main business is in the group under one umbrella which is Minda Industries Limited. So we are in discussions with one of the big four and we are working with them to come out with a consolidation scheme and which we hope to finalize in coming 3-4 months.

**Kashyap Pujara:** Just to get an idea, like say for example, FY15 if I were to say March 2015 what could be the group turnover at that time. Like say the consolidated turnover is 2200 crores what would be the group turnover as on say March 2015?

**Sudhir Jain:** Should be 4000+ crores.

**Kashyap Pujara:** Like say for example, we had a FY15 EBITDA consolidated at 154 crores. So what would be a group consolidated EBITDA?

- Management:** That number it will be difficult to predict, but it should be close to 200.
- Kashyap Pujara:** So now it is fair to assume that basically over the next three years hopefully if things move in the right direction this entire 4000 crores and the entire 200 crores that we are speaking now will be under one roof?
- Sudhir Jain:** Yes.
- Kashyap Pujara:** You said that this is not going to be a big cash gain or anything, it's going to be more like a neutral transaction which will be benefitting minority interest.
- Sudhir Jain:** Yes, that is our endeavor. That is our serious endeavor and therefore it is taking time also and we are open to consider any option for that, be cash neutral as well as tax neutral.
- Kashyap Pujara:** While I understand 10,000 crores group vision considering the times that we are in might not come through in 2018 and I appreciate the group is geared up to achieve that at some point in time but going by the current economy and the sign that you are seeing on the ground basically what is your expectation of say a reasonable growth that you are confident of achieving over the next three years, not one year per se but over the next three years how much would you expect 15-20% growth or 10%, where are we?
- Sudhir Jain:** Top-line growth for group as a whole should be 15% minimum and should be 20% plus.
- Kashyap Pujara:** So basically three years thence we can more or less see a 6000 crores kind of top-line under Minda Industries directly assuming that the consolidation would happen by then?
- Sudhir Jain:** I think let us first target for 4000 crores and once we reach that and then we will discuss and we will focus on the higher number.
- Kashyap Pujara:** In terms of EBITDA, like say for example, we are at a standalone EBITDA and then consol EBITDA and so far the good thing is that we are not seeing a big drain from the subsidiary companies. What is your sense, which are the companies there where you see good scale up happening in terms of EBITDA margins that we have hit a particular revenue mark and we can accelerate margins.
- Sudhir Jain:** Wheel is the one which is the latest venture and then followed by a blow moulding and aluminium dye casting.
- Kashyap Pujara:** Any update about the battery side, the battery business?
- Sudhir Jain:** A good question and a good query – battery side all legal requirements and other formalities all necessary approvals have already been obtained. One of the key approval was that we had to take the approval of the local authority on transferring of land and building to the new JV company. That approval has also come recently. And our target is to now complete the sizing of process to a new JV company by September, 30<sup>th</sup> so that from H2 1<sup>st</sup> October, our battery

division becomes part of the JV company. JV company is already in place by the name of Panasonic Minda Storage Batteries Private Ltd. Panasonic has already brought in its share of equity into the company and plant and machinery in order to modernize. The capacity has already reached the site and it is under installation as of now. Trial productions we expect to start from November or December. So from 1<sup>st</sup> October we should have off and transfer the battery business and from November or December trial production should start and January February our supplies should start to the market. Already we have appointed dealers and distributors throughout India for batteries. Already they are distributing our existing batteries which are mainly two wheel batteries and from January batteries from new plant which would be both automotive as well as industrial batteries will be distributed.

**Kashyap Pujara:** But we would be targeting more OEM? How would I work there? What is the strategy going to be like?

**Sudhir Jain:** At least 60% to the aftermarket and not more than 40% to the OEM. Our interest is that we sell more and more in the aftermarket.

**Kashyap Pujara:** This again our equity is only to the extent of our plant, we are not committing any CAPEX.

**Sudhir Jain:** Value of the running business which has been valued at 64 crores, we are not investing in cash any amount in this plant.

**Kashyap Pujara:** This was making a loss of how much annually?

**Sudhir Jain:** Now it is making a very small profit. Yes earlier about two years ago it was making losses but last year losses were very marginal, I think 1-1.5 crores, there was marginal profit even last year and this year also there would be a marginal profit.

**Kashyap Pujara:** How much equity would Panasonic be bringing in this?

**Sudhir Jain:** CAPEX equity of the company would be with Panasonic Japan and 40% with Minda Industries.

**Kashyap Pujara:** But in terms of capital what is their commitments towards growing the business?

**Sudhir Jain:** Total capital is 160 crores, 96 crores they have brought in as cash which is 60% of 150. Balance 64 crores is the value of the plant.

**Kashyap Pujara:** What is your expectation or say of the total revenue that this company can achieve say over 5 year period or a 3 year period?

**Sudhir Jain:** In the fifth year from the first year of production it would be about 4 million additional batteries giving a turnover of about 500 crores.

**Moderator:** The next question is from the line of Sreemant Dudhoria from Unifi Capital. Please go ahead.

- Sreemant Dudhoria:** As you highlighted we are targeting around 20% top-line growth in the current year. How much of that growth would be coming from internal the current companies that we have and from the restructuring that we are doing?
- Sudhir Jain:** Firstly this 20% top-line growth about which we are quite sure, again to reiterate, will be dependent upon that auto sectors grows at the rate of 7% which we are quite hopeful. Things will change in coming quarters. Of this 20% growth, about 80-85% will come from the existing products and existing company.
- Sreemant Dudhoria:** What would be our segment-wise utilization rate currently?
- Management:** It could be maximum in the range of 85% followed by horns in the range of 77-80% and lighting we are around 72-75% band primarily.
- Sreemant Dudhoria:** To achieve our long-term vision are we looking to launch any new products in addition to our existing product lines?
- Sudhir Jain:** No. As a strategy we have taken a decision not to add any more products to the Group. Yes, there are certain products which are not under Minda Industries which is part of consolidation scheme on which we are working. So as a Group I don't think we are going to add any new product in coming 2 years or so. Already we have got wide range of products, basically electrical, electronics and body related and few products are outside Minda Industries, they are also maturing and which we will bring under MIS.
- Sreemant Dudhoria:** On the same lines as the previous question, are we also looking for some acquisition like we did through Clarton Horns sometime back to reach our long-term vision?
- Management:** As a group, we keep on evaluating opportunities, so the strategy is to see if there is something good we can always look at it, but there is nothing which is planned for now.
- Sudhir Jain:** In any case we are not looking at, or we will not look at any possible acquisition which is outside the existing product range.
- Moderator:** The next question is from the line of Karan Batalia from India Infoline. Please go ahead.
- Karan Batalia:** I would like to know the year-on-year increase in your horn segment, lighting segment, and switch segment during the quarter.
- Sudhir Jain:** In terms of top-line?
- Karan Batalia:** Yes.
- Sudhir Jain:** Around 10% point increase in terms of switch business and in the lighting we have increased from 12-13% and on the acoustic side again there is a 7-8% increase there.

- Karan Batalia:** And how much of percentage comes from Indian business in terms of horn in light and switch business?
- Sudhir Jain:** 7% is my export business.
- Karan Batalia:** The overall business or you are talking of the horn division.
- Sudhir Jain:** It spread across the product line, the average is around 7%.
- Management:** And Clarton is over and above this.
- Sudhir Jain:** Clarton does not form the export part, the overseas business Clarton would be approximately 300 crores for last financial year.
- Moderator:** The next question is from the line of Umesh Raut from Equirus. Please go ahead.
- Umesh Raut:** My question is regarding battery business. We have done around 7 odd crores odd of top-line during last year first quarter and on that we actually had a breakeven on the PBT level but during this quarter we have done around 10 crores of top-line and we had 2 crores of losses on PBT front from battery division. Why is this so?
- Sudhir Jain:** You mean to say in batteries we have incurred loss?
- Umesh Raut:** Yes, during this quarter to the tune of 2.4 crores.
- Management:** We have made a profit of around 50 lakhs.
- Sudhir Jain:** Maybe you are referring to some other product. In battery products we are making profit, there is no losses but 2.4 crores loss you are referring to .
- Umesh Raut:** In your press release in the standalone result under the notes, number 4 actually you have mentioned in the table that you have made losses during this quarter of 2.4 crores.
- Management:** It is only 24 lakhs which is not operational loss, it is mainly just due to reversal of impairment loss, our gross block got increased so additional depreciation, is 24 lakhs.
- Sudhir Jain:** Firstly it is not 2.4 crores, all figures are in lakhs. As we have explained it is because of some reversal of some impairment.
- Umesh Raut:** So what is our current capacity utilization of battery?
- Sudhir Jain:** As you know as far as battery is concerned the whole plant is under renovation and modernization. Something ago I just mentioned that all the new plant and machinery has reached the site and all four wheeler battery lines are being upgraded so very difficult to say what capacity utilization but I think two wheeler battery capacity we must be using about 50%

of the installed capacity for two wheeler. Four wheelers is under renovation and complete re-overhauling.

**Umesh Raut:** How will be this Mexican opportunity for us and how we are going to fund this CAPEX over the next three years?

**Sudhir Jain:** For this Clarton, Spain will fund it. Spain has also taken a line of credit in order to finance this Mexico project over a period three years and this loan would be re-paid by the internal accruals of Clarton along with Mexico towards the next 4-5 years.

**Umesh Raut:** And how big is this opportunity? I mean in first year what kind of top-line you are targeting from this investment?

**Management:** First year we are targeting around 13 million sales in the third year.

**Umesh Raut:** 30 million of top-line by the end of third year?

**Sudhir Jain:** If it is in Euro then how many million?

**Management:** € 13 million during third year.

**Umesh Raut:** So cumulatively for over the first, second and third year?

**Management:** In second year it is 8 million and in first year it's around 3-4 million.

**Sudhir Jain:** About 25 million in three years.

**Moderator:** The next question is from the line of Bharat Gyani from Angel Broking. Please go ahead.

**Bharat Gyani:** Just wanted to reconfirm the numbers. You did point it out that Euro Minda group's turnover as of now is close to 4000 crores. Am I right?

**Sudhir Jain:** Correct.

**Bharat Gyani:** And at the group level the EBITDA would be close to 200 crores?

**Management:** That would be a rough estimate. But it should be a good indicator.

**Moderator:** The next question is from the line of Karan Bhatia from India Infoline. Please go ahead.

**Karan Bhatia:** I would like to ask the revenue contribution from the Alloy Wheel plant which will be starting from the quarter one of FY17, so how much of a top-line can we expect from this plant?

**Sudhir Jain:** Next year will be a partial ramp up so we should see revenue of approximately 200 crores and here after that we should see close to 270 crores in top-line.

- Moderator:** The next question is from the line of Saurabh Jain from Sushil Finance. Please go ahead.
- Saurabh Jain:** I just wanted to clarify on one thing, this 2200 crores of turnover is fetching somewhere around 150 crores of EBITDA and the remaining 2000 crores of group companies is fetching just 50 crores of EBITDA? Is it right?
- Management:** I will come back to you the precise number.
- Management:** Most of the products outside Minda are very new products, so they are at a very initial stage and making low profits.
- Sudhir Jain:** Yes, because they are very new products which has been added in the last two years, for example, filters and infotainment systems and other products so there of course our knower has started but it takes 1 or 2 years before they breakeven and come into profit.
- Karan Bhatia:** Because I was thinking if the consolidation and restructuring of organization is taking place that would further dilute the consolidated EBITDA margins?
- Management:** The idea would be to ensure that the ramp up happens and we are hoping that some of the companies which have already doing the operations, we should be showing signs of green shoots in time to come and we should be seeing some turnaround. So as a value accredited businesses will be consolidated as we move forward.
- Karan Bhatia:** So it would be quite gradual and would take 2-3 years to further....
- Management:** That turnaround time stamp that you consider is slight higher. We will be able to disclose it at the appropriate time.
- Sudhir Jain:** On an over scheme all these aspects we are also reviewing along with the consultant plus the other legal and other issues. So once it is ready of course, we would be more precise about number after consolidation.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for their closing comments.
- Sudhir Jain:** Thank you very much. Thank you all of you for participating and also I thank you for all kinds of your support suggestions and queries. I thank SGA team also and my colleagues here for all support and with the remark that we are quite hopeful and optimistic about the Indian economy, its growth and the resultant improvement in auto sector. With all of your support we will grow together. Thank you very much.
- Moderator:** Thank you very much members of the management. Ladies and gentlemen on behalf of Minda Industries Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.