



“Business update call of Minda Industries Limited
on the acquisition of Delvis Group Germany”

October 09, 2019



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Moderator: Ladies and gentlemen, good day and welcome to the Business Update Call of Minda Industries Limited on the acquisition of Delvis Group Germany. This conference call may contain forward looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the 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. Sunil Bohra, Group CFO. Thank you and over to you sir!

Sunil Bohra: Thank you very much and thanks for joining the call. Good afternoon and a warm welcome to all of the participants. On the call today, I am joined by my colleague, Mr. Tripurari Kumar, SGA, our IR Consultant. I hope you all had a look at the presentation that has been uploaded on the stock exchange as well as the company website. I am very pleased to inform you that MIL has entered into definitive agreement with shareholders of Germany based automotive lamps engineering, design and testing company, Delvis GmbH to acquire 100% interest in the company.

The enterprise value of the company along with its two subsidiaries, Delvis Solution & Delvis Products is around €21 million subject to adjustments if any at the closing. The transaction is subject to customary closing conditions and other regulatory approvals. The transaction is expected to be concluded in next two months, it is expected to be funded by a mix of debt and equity.

I will begin with background of the target company, Delvis established in 2002. It is a complete system developer for automotive lightings. It has proven capabilities in design, development and manufacturing of innovative lighting solutions for the next generation vehicles. Delvis focuses on exterior and interior lighting, lighting electronics and testing services. It offers full range of products from cost-optimised basic headlights and design solutions up to adaptive LED headlight systems with dynamic lighting functions. Interior lighting solutions include overhead control units, ambient lighting, indicator and locator lighting and LED backlights. It has two subsidiaries, 100% subsidiaries, Delvis Products & Delvis Solution. The consolidated turnover of the Delvis was €24 million for calendar year 2018.

I will briefly explain the rationale for this acquisitions. The acquisition is part of our strategy to strengthen technological capabilities in existing product lines. Minda will get access to global lighting technology and deep R&D capabilities of Delvis. Minda will be able to broaden its product offering



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and ensure a robust pipeline of new product launches for PVs specifically headlamps. Minda would like to improve its share of business with key Indian OEMs, improve revenue mix, etc.

In terms of customer synergies, Minda & Delvis can expand their businesses with complementary customers. It provides access to global markets with manufacturing base located in low cost countries like India and Indonesia.

It compliments both LSTC and iSYS RTS. Just to remind LSTC is part of our two wheeler lighting business a design center based in Bilbao in Spain and iSYS Company, which we acquired basically in lighting and controllers in Germany last year. Both of these are focused on lighting electronics and design, and will strengthen group's European foothold. It caters to some very distinguished customers like Volkswagen, Audi, Bugatti and Mercedes, etc. That is all from my end and I would like to open the floor for question and answers.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Basudeb Banerjee from Ambit Capital. Please go ahead.

Basudeb Banerjee: Congrats Sir for the deal. Just wanted to understand like though the revenue base is pretty low, one can see that global peers like Koito, Hella, even our Indian player like Varroc, who is in global car lighting market going through a rough phase in their business. So similarly if you can highlight how was the EBITDA margin of this business compared to global players of operating at 9% to 12% levels and as you highlighted in the initial part of your call that it seems the acquisition is largely to get technological assistance for ramping up market share in Indian car lighting space. So how much of the focus is for Indian market and how much is focus for expanding the global base, so in that way if you can explain?

Sunil Bohra: Basudeb I think a very good question. In terms of margin I think let me explain a little bit more in terms of their revenues and businesses. So Delvis has been mostly a design development, testing and solution company, which gradually has moved towards the manufacturing company as well. So they do a significant number of projector lamps and logo projectors. These logo projectors they do get contract manufacturing, so what happens is, in terms of margins obviously who is manufacturing has some of the margin and they do purely in terms of buying and selling, which is primarily trading, they do designing development and contract manufacturing. So that is the key reason why their margin as of now it is lower compared to what you see in terms of peers, but once it comes into our fold and you know the strength of Minda, which is primarily into manufacturing and development both. So once it comes to Minda we will see at appropriate time how we can bring the cost of manufacturing down, which in turn will help the group to maximize and improve the margin profile. That is on the margin



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or the business per se. In terms of technology, we all know that, we have lighting as a legacy business, which is a very strong business. We have got Rinder acquisition three-and-a-half years back in 2016, which has complete end-to-end strength in terms of design and production and development, but in terms of lighting we had a TLA with a Korean company called AMS, so while we had some of our design and engineering capabilities we were also having some technology tie-up with third partner. So now with the Delvis acquisition not only that dependence of TLA goes off we have got a very strong partner or very strong division now, which has got complete end-to-end design engineering, so we do firmly expect that with this acquisition we will be able to expand our business in the first phase in India because that is where the first need is and then gradually we will take it up to other geographies.

Basudeb Banerjee: So it is roughly around €21 million so if you can explain broader range of ROCE of the existing business so that all investors can get a clearer picture of the incremental ROCE?

Sunil Bohra: Their margin profile as of now is single digit Basudeb.

Basudeb Banerjee: No, single digit is fine Sir, it can be 5, 6 anywhere, but overall ROCE wise because it is a contract manufacturing, so as it turns, might be higher, so broader ROCE level, if you can make us understand?

Sunil Bohra: In terms of existing ROCE definitely it is lower. It is not in 20s what we enjoy in our existing business, it is in the low double digit, but once it comes into our fold and we are not factoring in any benefit as of now, which it will bring into the Indian business. So what the numbers you are talking are without factoring in any advantage or any synergy benefits once you load the synergy benefits this will go into a higher teens.

Basudeb Banerjee: As you said lower teens ROCE that is good enough even global players also do not enjoy much higher ROCE in this space as such and if you can explain any like customer wise benefits you are looking at through this deal in India in terms of graduating within the market, so getting new customers or what kind of benefit you are targeting through this?

Sunil Bohra: Definitely we are targeting both in terms of getting higher share of business because while in two-wheelers our SOB is very high, in four-wheeler in specifically head lamps our SOB has got a huge room for improvement so that is our immediate first task and second is in terms of customers we definitely will work towards getting newer customers like they do work with Volkswagen, Skoda, etc., who are there in Europe and in India as well, so definitely we will work to expand our SOB with those customers as well.



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- Basudeb Banerjee:** That is great Sir. Thanks.
- Moderator:** Thank you. The next question is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.
- Ashutosh Tiwari:** Sir firstly you said that they basically mainly outsource the production to other entities, so what is the current outsourcing for them in terms of total production supply they have to do what part is outsourced?
- Sunil Bohra:** No whatever manufacturing they do for logo projector is 100% outsource. They do not have in-house manufacturing.
- Ashutosh Tiwari:** For logo projectors?
- Sunil Bohra:** Yes. Otherwise they primarily focus on engineering development, design and testing services.
- Ashutosh Tiwari:** So whatever headlamps and all they produce that is all outsourced?
- Sunil Bohra:** Yes.
- Ashutosh Tiwari:** And those are the entities to which they outsource are mainly located in Germany only or how they are spread?
- Sunil Bohra:** They are outside of Europe as well like Taiwan etc.,
- Ashutosh Tiwari:** So those are in low cost locations or?
- Sunil Bohra:** Competitive to India.
- Ashutosh Tiwari:** So what is our thought process on that part, what part of their outsourcing we can bring to India over time?
- Sunil Bohra:** That is independent decision Ashutosh. I would say whenever we would like to bring to India that investment has to justify on its own and it has to meet our internal targets. We will look at manufacturing in-house and whatever manufacturing we will do, we definitely need the new manufacturing facilities to be setup and that will go through its own approval mechanism and it has to justify its investments on its own.



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Ashutosh Tiwari: So, if basically initially the outsourcing will remain where it is right now in the country so then what would be levers for margin expansion for the business?

Sunil Bohra: I think it is too premature to talk of margin expansion immediately because you will appreciate while you acquire a company there is always the limited kind of depth you go into in terms of transaction. While we have a strategic visibility we know we have done DD, etc., but the timing of that manufacturing in-house outsource that cannot be committed immediately, it will happen today or it will happen 6 months down the line or 12 months down the line that is the independent decision.

Ashutosh Tiwari: You have given the names of different OEMs to which they supply, but which one would be largest customer for them?

Sunil Bohra: VW and Audi.

Ashutosh Tiwari: Obviously being European company and the customers profile lot of them are basically premium luxury car makers so the cost structure would definitely be on the higher side, so if we basically are looking at supplying headlamps for Indian OEMs, which are very cost conscious so how is the thought process in terms of cutting cost for supply to Indian OEMs?

Sunil Bohra: That manufacturing Ashutosh will happen in India, what will come from there is primary technology. So as of now what we have been relying on AMS of Korea, we use to have TLA with them, by now with Delvis this will be our own arm. So definitely in terms of timing, in terms of expertise, in terms of knowledge, expertise everything will be like available on your tips so that will definitely fast track our development and also that current gap, which was felt by all the OEMs and that is why we all know that the SOB of our headlamp business has been low, so this definitely will strengthen and before acquiring this I am sure you will assume that we would definitely would have shown to at least one OEs and sort of align their expectations as well.

Ashutosh Tiwari: They are present across LED, halogen, xenon, all the lighting?

Sunil Bohra: Yes, in fact they have even further, they have something called laser lights, which is I do not think people have been started talking about it.

Ashutosh Tiwari: You talked about something in presentation in terms of automatic band lights and all which are there.

Sunil Bohra: Yes.



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Ashutosh Tiwari: Okay fine, thanks a lot.

Moderator: Thank you. The next question is from the line of Siddharth Bera from Nomura Securities. Please go ahead.

Siddharth Bera: Sir my first question is on the LED business, we already have been doing certain type of LED lighting, ambient lighting, interior lighting for a lot of domestic players, so just wanted to understand slightly more what will be the additional thing this partner will bring to the table and how feasible or how quickly can we localize them to meet the cost targets for our Indian business?

Sunil Bohra: There are two things Siddharth, you are 100% right that we have been doing LED head lamps, LED tail lamps in fact all the lamps of the recent one of the Mahindra models has been supplied by us. So while everything is in sourced a while back there has been dependency in terms of specifically LED lamps on one of our TLA partner and to be very honest we wanted them to do lot more, but obviously it was since they are not a partner or a JV partner you cannot force them right, so information development use to happen but then we could do much more and we could sense that opportunity, which you could not capitalize and I think with this acquisition and technology in-house we should be able to capitalize on the technology and we should see a faster growth in our lighting business in maybe when we start seeing the next model refreshes or next model launch from few of the OEMs, we do expect increase in our LED lamps business SOB.

Siddharth Bera: The benefit we should start seeing from I mean say a suppose in two months we will get answer, what will be the earlier timelines when we should get some benefits coming from and if you can also highlight what is the share of business in four wheelers right now for us and what can be the trend eventually say one two year down the line which should benefit from this acquisition?

Sunil Bohra: Siddharth, to say what will be our SOB but you know that our stated goal is to have at least 30% market share of the business we are in so that I would say will be our goal in terms of lamps and which is as of now it is in teens, SOB we say for lamps is around 22%, 23% but if you see specifically four-wheelers then it is lower whereas in two-wheeler it is significantly higher, so our immediate goal will be to see that we reach our target SOB or market share of 30%, but in terms of timing we know that this transaction is subject to few regulatory approvals as well so once we close the transaction the timelines are roughly two months from the date of signing post that we definitely will get on board and as I said little while back whatever new model refreshes or new launches happens within Indian market we would definitely be pitching for those businesses and see that we sustain or increase our market share and normally you know the cycle time is once you start entering into RFQ it takes roughly around 12 to 18 months minimum to sort of materialize into revenue.



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Siddharth Bera: Sir lastly in terms of the revenue profile, which you have shared, there seems to be a very sharp jump in the last two years CY2018 is roughly about 30%, CY2019 actually if I annualize it, it is like 40% up, so any particular reason why we have seen such a sharp uptick in the last few years?

Sunil Bohra: Yes one of the products has been a hit and they have sort of LED logo projector and all that so that has been a significant hit and that is giving a significant sort of volume / revenue to them, which is what I said is mostly a contract manufacturing.

Tripurari Kumar: So Siddharth there are three companies one is if you see the flagship company called Delvis GmbH, which is mostly into engineering solution then you have two subsidiaries below it so the products company, which is called the Delvis Products, which is predominantly into manufacturing or outsourcing and developing that model with the OEM. So they manufacture LED projector lamps and all that, where we think there is a lot of traction and which is also the most important piece of the transaction and then there is the third company, which is called Delvis Solution that is predominantly into lighting electronics and some testing benches for these electronics for lighting.

Siddharth Bera: Sir, with the transaction, how should we understand any change to the annual capex or investments probably this will lead to, I think we have shared Rs. 400 Crores of capex for this year, which is over and above on top of the product?

Sunil Bohra: M&A is not factored in the annual report, because we do not know what will happen or not, that definitely is outside of what numbers we have been talking about.

Siddharth Bera: And this will be a positive in CY2019 or can we share that?

Sunil Bohra: We will say it is accretive.

Siddharth Bera: Thank you. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Mukesh Saraf from Spark Capital. Please go ahead.

Mukesh Saraf: My first question is just trying to get an understanding you mentioned Delvis outsources the logo projector business, but do they also outsource the head lamps business or is that separately done by the OEM?

Sunil Bohra: It is a mix of both Mukesh so they do lot of designing, engineering, etc., which in turn gets manufactured by OEM, but if we see for example they themselves make lamps for Lamborghini, but



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we all know how many Lamborghinis are sold in a year, so you will not see a significant volume there, but they do that kind of high-end lamps.

Mukesh Saraf: Sir my question is more say for the higher volume OEMs the Mercedes or the Audi or the Volkswagen. So apart from the logo projectors obviously they are also designing the head lamps and the interior lamps and tail lamps, so just wanted to understand do they also outsource that business or is that not part of their business and that is separately done by the OEM on its own or through some other manufacturers?

Sunil Bohra: Mukesh it is mix of both, they do lot of design, engineering, development, etc., which in turn gets developed by OE they also manufacture themselves or supplies lamps, which in turn the bike is outsourced, they do not have large in-house manufacturing plants.

Mukesh Saraf: If at all the India manufacturing like now that you have acquired this and if at all you want to kind of move manufacturing to India, initially it would be the logo projectors and I am not saying immediately, but whenever it is done it would be the logo projectors is what you are saying?

Sunil Bohra: It is too premature Mukesh to comment on whether it will be in India or any other geography. So let us sort of slip on it, we will find the best strategic fit for those products. Now we have to see not only the logo projector we have to also see what else we can do, and put capacities in first mind.

Mukesh Saraf: And are you also looking at for this specific business whether it is India or whether it is outside India are you also looking at some capex if you want to start manufacturing these things obviously designing part is now taken care of, but are the current plants capable of manufacturing these high-end lamps, etc., that say for an Audi or a BMW or for a Lamborghini, are your current plants capable of doing that or whether you need a high amount of capex?

Sunil Bohra: Mukesh very good question I think this is what I little while back also said that whatever capex needs are it has to go for independent approval process and it has to stand on its own feet, now whether that part of the capex will be or part of portion is from my existing plant whether that capex will be required in a brownfield expansion or it is a greenfield expansion that is all matter of return, which has to be dealt on a case-to-case basis and that investment has to justify our internal return metrics before we take any decision to put up any capacity whether Greenfield or brownfield.

Mukesh Saraf: Finally if you could just tell then according to your priorities or what you see first coming from are you seeing market share improvement in India because of the technology coming first or are you seeing the outsourcing business moving to some of your plants coming first how do we understand in



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terms of the benefits that we get from this acquisition in terms of say the next two years what will come first?

Sunil Bohra: Mukesh Saraf you are right eventually both of it will come but in terms of first I think the sequence will be about what you said is the technology piece in India and getting a better SOB in India will be the first that we have to expect because that is immediate and does not need any investment and outsourcing will be the one to follow because it has to go its own justification of undergoing a capex.

Mukesh Saraf: Thank you. I will get back in the queue if I have any more questions.

Moderator: Thank you. The next question is from the line of Soniya Varnekar from Equentis Wealth Advisory Services. Please go ahead.

Soniya Varnekar: You have shared revenue data in the presentation, can you share the EBITDA and PAT numbers for the same period?

Sunil Bohra: Soniya that numbers are not shared because Delvis is not listed or a public company and those numbers have not been audited and consolidated. So we have not pointed those numbers at this point in time, but once it comes into our fold at appropriate time I am sure we will share those numbers.

Soniya Varnekar: No problem. Sir my second question is on the valuation front now since we have the sales data if we look at EV by sales, it is at 0.8 times so the immediate competitors or the peers of Delvis they are valued at the same range or it is quite higher?

Sunil Bohra: No, if you see their current eight months revenues it is roughly 24 million and if you extrapolate that their revenue this year should be north of 30, so it would not be 0.8 it will be significantly lower.

Soniya Varnekar: No, no, I was taking it on 18 okay I got it, yes it is 0.6. So the peers are valued in what range?

Sunil Bohra: It is very difficult Soniya to put peers because the kind of peers we see, there also people who do their in-house manufacturing and once you put a manufacturing plant the entire valuation everything is in a very different tangent, normally what you would expect globally is a pure technology play companies do trade at much higher multiple given that I think we have got a very good deal because if you see like iSYS, RTS, which you acquired last September it was at a valuation of almost 1x sales, which was the acquisition price almost same as the annual revenue. So if you factor that as a benchmark, our own benchmark this is like significantly below our own benchmark.



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Soniya Varnekar: Thank you Sir.

Moderator: Thank you. The next question is from the line of Vimal G from Union Mutual Fund. Please go ahead.

Vimal G: What was the exit rationale for the erstwhile promoters of this particular company?

Sunil Bohra: This company was held by PE, it was not held by a long-term investor, so this investor has bought some time back and when they bought obviously it was company in red, so they sort of turnaround and any PE would do, they would exit when the company turns green right, so I think it was there for them it was not a strategic investment, that is for them a pure financial investment and I think that is what normally people will do worldwide.

Vimal G: And secondly Sir because you said that the ROE is probably in the early double digit range so this particular company does not have a manufacturing base, given that fact that it is difficult to fact them what is it that is pulling down the ROE apart from is it the margins or how is it?

Sunil Bohra: No, because the numbers which we are talking in terms of ROE that will be based on our acquisition price it is not on their existing ROE, if you see their existing ROE it will be significantly higher.

Vimal G: So you are saying this Delvis per se has a very high ROE right?

Sunil Bohra: If I see this year their ROE will be huge.

Vimal G: Got it fair enough. Thank you Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Jigar Shah from Maybank. Please go ahead.

Jigar Shah: My question is on the company's technological capability. Now you already have your own setup for the lighting business you have acquired Rinder a few years ago and some other technological capabilities are there, so what exactly benefit this acquisition brings and given that in India you do not have many leading European car companies so how this will help you to use in growing the Indian market share in the lighting business?

Sunil Bohra: Good question Jigar. So first of all the two-wheeler light engineering and four-wheeler light engineering are very, very different animals they do not go hand in hand. So while we have excellent setup for two-wheeler lighting center in Bilbao in Spain, they do not do anything in four-wheeler, it is not that they do not want to do even if they want to do their skill set is very, very different so you would not find pure play at two wheeler company to have skill set of four-wheeler R&D had it been



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there you would have done that three years back. So in terms of capabilities while two-wheeler has all the capabilities it needs for development of the lighting solutions they do not have that spent on in terms of four-wheeler that is number one. Number two on four-wheeler as I said a little while back we have been dependent on technological license agreement with AMS of Korea and there was a general feeling that while we could do lot of things because of that TLA relationship it was constraint and had it has been JV it would have been very different so the gap in terms of technology was always felt specifically in terms of four-wheeler head lamps it is specifically for the LED headlamps. So I think the management believes that with this acquisition that gap to get fulfilled and to cement our position further in terms of four-wheeler lighting and it definitely will help grow. Your second question business in India and we have pass through one of the major OEs in the country and we do believe that whilst that company into our fold we should be able to get some new business wins in the next 12 months or so max.

Jigar Shah: We are positive and one more point does this company have any patents?

Sunil Bohra: Yes they have

Jigar Shah: Yes, I am saying that the current revenue track record of three, four years that you have provided seems to be quite good and does it mean that the focus on the international clients will also continue?

Sunil Bohra: As of now I think the opportunity in Europe itself is humungous for this company while the growth looks good it is relatively very small company if you see in terms of absolute revenues \$20, \$30 million company it is not a big company in Europe considering the size and scale so while their aspirations will be there to grow globally I would say that the opportunities within Europe are there to grow significantly from here on.

Jigar Shah: That is good to know. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Nidhi Babaria from Dalal & Broacha. Please go ahead.

Nidhi Babaria: Sir I just wanted to ask what would be the topline and bottomline contribution like how much are we expecting?

Sunil Bohra: Nidhi we have not shared the bottomline numbers, in terms of topline their current year eight months revenue is around 24 million, which was their last full year revenue.



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- Nidhi Babaria:** And for logo projectors what would be the market size in India?
- Sunil Bohra:** Too premature I do not think we have any logo projector as of now in India so that is potentially huge it is definitely comes at a cost. We will see first in the high end cars I think it is not possible initially to comment on the numbers without seeing it commercially sort of accepted in India.
- Nidhi Babaria:** And first this acquisition specifically who would be our main competitors?
- Sunil Bohra:** No, so it is not about competition Nidhi this company is a niche company, it has its own patents which it has been capitalizing on in Europe and in terms of scale we just touched about it is not from European channel it is not a very, very huge company it is a 100 odd people company with some 25 million of revenue last year and 24 million for current YTD so in terms of competition I think we are very nicely placed and there is no much large competition which they face currently in Europe.
- Nidhi Babaria:** So main focus is going to be in Europe only?
- Sunil Bohra:** Yes, main focus is going to be in Europe plus as I said a little while back is the benefit which we are expecting in India immediately because one of the key strategy, which we said is to strengthen our technological offering in India and we believe that this will fill the gap in terms of our four-wheeler lighting technology.
- Nidhi Babaria:** Thank you.
- Moderator:** Thank you. The next question is from the line of Anand Vyas from Bajaj Holdings. Please go ahead.
- Anand Vyas:** Any debt on the books in the company?
- Sunil Bohra:** The amount is 21 million is the enterprise value so while as of now there is no debt if there is anything it will get adjusted.
- Anand Vyas:** And Sir any other liability which should be known?
- Sunil Bohra:** Nothing other than their normal working capital so there is no specific liability, which we are assuming.
- Anand Vyas:** Thank you.



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Moderator: Thank you. The next question is from the line of Basudeb Banerjee from Ambit Capital. Please go ahead.

Basudeb Banerjee: In a nutshell is right to assume that historically you have been acquiring or coming out with sunrise products and developing them and making them more affordable and indigenizing them so that those premium stuff can be offered by the likes of say Maruti or Honda in the Indian consumers. So those premium lighting products, which this entity has been offering to the likes of the Mercedes so that you can indigenize that and cater to the domestic OEMs is that the right way to look?

Sunil Bohra: Yes that is the right way to look Basudeb and in addition as I said little while back we do have been filling the technological gap into our four-wheeler lighting it will fill that gap as well.

Basudeb Banerjee: Surely Sir and second question Sir roughly what is the size of India four-wheeler car lighting market now and what is your market share as of today?

Tripurari Kumar: In our Rs. 600 Crores turnover in four-wheeler lamp we do headlamps in the range of around Rs. 150 Crores, which is almost 15%, 20% of our revenue in four-wheeler and our market share is almost 12%, 13%.

Basudeb Banerjee: 12%, 13% market share and Rs. 150 Crores roughly of headlamp car revenue.

Tripurari Kumar: Correct.

Basudeb Banerjee: So basically this will add on to that Rs. 150 Crores down the line through various products.

Tripurari Kumar: That is right.

Basudeb Banerjee: Thanks.

Moderator: Thank you. The next question is from the line of Nishant Sharma from HDFC Securities. Please go ahead.

Nishant Sharma: First of all congratulations for the deal. Sir just one question from my side you said that the deal will be funded through combination of debt and equity so is there any thought what would be the combination on debt and equity?

Sunil Bohra: Little early Nishant maybe we will let you know once disclosed, but definitely debt will be large part because our thought process has been that while the acquisition is in Euro and we are in India



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whatever fund we raise we should ideally raise in the same currency so that the servicing, etc., becomes easy and you do local funding so that also insulates company from any potential currency risks.

Nishant Sharma: So currently what is the debt that is there on our book or in terms of debt equity what would be the ratio for us?

Sunil Bohra: Our debt equity Minda Industries consolidate is roughly 0.5.

Nishant Sharma: So that is nothing major to look at it. Apart from that Sir is there any revenue contribution that you can highlight for Delvis that could be coming from design and that could be coming from like manufacturing or the trading business?

Tripurari Kumar: No, like I said, of the 25 million revenue that it has achieved for the last calendar year close to 14 million is from products and remaining 11 million is from services, so that is a mix of revenue between products versus services.

Nishant Sharma: Okay Sir thank you very much.

Moderator: Thank you. The next question is from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead.

Ashutosh Tiwari: Can you throw some more light on the services part you said the €11 million sales came from services so what kind of services you provide exactly; we understand products very well?

Tripurari Kumar: These are similar to the line of iSYS RTS we also do lot of lighting electronics, they do engineering solutions, embedded systems then they also work on the concept level so because they work with the next generation cars so they do lot of engineering services for those models platforms so if you have time please just have a look at the website you will be able to see very innovative lighting solutions that they provide to these models.

Ashutosh Tiwari: That I have seen basically so you mean to say that design engineering services are basically as part of services revenue and whatever we supply as a structured outsourcing that is part of product.

Tripurari Kumar: Correct.

Ashutosh Tiwari: Thank you.



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

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

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