



“Minda Industries Limited Q2 FY-20 Earnings
Conference Call”

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**MANAGEMENT: MR. SUNIL BOHRA - GROUP CHIEF FINANCIAL
OFFICER - MINDA INDUSTRIES LIMITED
MR. TRIPURARI KUMAR – CORPORATE FINANCE,
STRATEGY, & INVESTORS RELATION - MINDA
INDUSTRIES LIMITED**

Moderator: Good day ladies and gentlemen, and a very warm welcome to the Minda Industries Limited Q2 FY2020 Earnings Conference Call. This conference call may contain certain forward looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal 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. Sunil Bohra from Minda Industries Limited. Thank you and over to you sir.

Sunil Bohra: Thank you very much, and good afternoon and a very warm welcome to all the participants. On the call today, I am joined by my colleague, Mr. Tripurari, SGA, our IR Consultants. I hope you had at a look at our financial results and presentation that is uploaded on the stock exchange as well as company website. I will speak briefly on the industry and then update on our performance following which we will be happy to answer your queries or clarifications if any.

As you all know the auto sector has been facing sluggish demand for more than a year now, which is also the weakest in over a decade. During the second quarter of FY20, the wholesale volume fell by 15% in two wheelers, 24% in PVs and 38% in CVs. The sector also witnessed some deferment in demand due to anticipation of reduction in GST rates. Most of the OEMs had revised their volumes downwards in the quarter under reference. Towards late part of the quarter certain OEMs did announce a launch of few models for the festive season. OEMs have also started to launch the BS-VI vehicles with PVs taking the lead and to two wheeler OEMs chipping in from Q2 2020. There was good retail growth in October owing to festivities. The passenger vehicle also witnessed high demand for BS-VI vehicles as against BS-IV vehicles. The cost of ownership will be a material factor in transition from BS-IV to BS-VI and hence, the market may see better clarity in the short to medium term. We are hopeful that the government will take initiative to revive the demand by making investment in infrastructure. Considering the support already extended to the real estate sector. The rural demand is still to show improvement despite above average monsoon. The reduction in tax rates by government from 30% to 22%, for corporates will benefit most of them and more cash will be available with corporates to fund future growth. Favorable moment in foreign currency and commodity were positives for the sector. However, the benefits have been absorbed due to lower operating leverage. Over medium to long term starting next year, we expect the sector to grow in the range of 8 to 10%. And with PVs leading the growth, despite challenges thrown up by shared mobility, ownership models and fuel system changes.

Now coming to our performance in Q2. Despite significant volume cuts by OEMs across segments we have been able to arrest fall to some extent, due to our diversified product portfolio and customer mix. Company is proactively rationalizing its overall cost structure, including implementation of certain austerity measures to keep the overheads in check. The management is continuously exploring opportunities to optimize overall revenue mix, while being focused at

enhancing the kit value. OEM business accounted for 90% of the overall business, aftermarket business is around 10%. In terms of segment mix, four wheelers have contributed 54% of the overall revenue mix. The company has continued its out performance by registering a fall of 10% as against the sector decline of 24% in PVs and 15% in two wheelers. At a consolidated level during Q2 FY 20, the company registered a revenue of Rs. 1,357 crore as against Rs. 1,522 crore for Q2 FY19, a decline of 11% and Rs. 1,440 crore for Q1 2020 a drop of 6%. We have renegotiated our handlebar assembly business with certain OEMs and are now billing on job work basis which has resulted in a decline of Rs. 27 crore in sales and hence, gross margin of its business improved marginally. New products have also started contributing to the top line like Katolec, iSYS and controller and one of our loss making JV has turned positive which is TTE DAPS which is into the reverse parking and ADAS businesses.

Despite adverse business environment, the EBITDA for quarter is Rs. 162 crore versus Rs. 189 crore in Q2 FY19 and Rs. 172 crore for the preceding quarter. The EBITDA margin for Q2 is at 11.9% in comparison to 11.96% for Q1 of FY20. The cost control initiatives, favorable moment of commodity and foreign exchange during the quarter has ensured protection of margins. The management is proactively exploring measures to enhance its profitability profile. The finance cost has increased compared to Q2 FY 19 due to increase in total borrowings from Rs. 683 crore in Q2 FY19 to Rs. 1,058 crore in Q2 FY20. These increase in borrowing are mainly for investment in controllers, two wheelers, alloy wheel, sensor projects, etc. It is to be noted that the net debt is lower than March 2019 by Rs. 62 crore despite the investment of Rs. 150 crore in project CAPEX. The PBT before exceptional item for Q2 FY20 was at Rs. 69 crore has against Rs. 123 crore in Q2 FY19. The decline in PBT as we spoke while back is largely on account of lower sales, lower operating leverage at certain facilities and partial utilization of certain new facilities in Gujarat. The PBT was also negatively impacted by higher interest and depreciation charge. The management is closely reviewing every CAPEX prior to its commitment. The profit after tax attributable to MIL declined to Rs 49 crore in Q2 FY20 as against Rs. 73 in the corresponding quarter last year. Certain subsidiaries like MRPL and Minda Kosei have opted for new tax regime and are likely to benefit.

Coming to our product lines, first is switching systems. The segment achieved a revenue of Rs. 483 crore for Q2 FY20 contributing about 36% of the total consolidate turnover. The EBITDA margin in this segment was around 11% this year. Mindarika has reported lower turnover by about Rs. 45 crore in the quarter on account of lower volumes of PV across the customers, and two wheelers has been restructured, which has resulted in lower sale by Rs. 27 crore. Moving to lighting systems division, the lighting division achieved a revenue of Rs. 112 crore for Q2 FY20 contributing 23% of our total turn. The EBITDA margin in this segment was around 9% this quarter. In terms of new launches, we are supplying lamps to the newly launched S-Presso. – DELVIS acquisition is expected to augment our engineering and technology capabilities of this movement. Moving on to the light metal technology business, LMT as we call achieved a revenue of Rs. 202 crore for Q2 FY20 contributing 15% to our turnover. The EBITDA margin in this segment was around 28% this year. The segment has benefited from favorable commodities moment, operational efficiencies and certain price increases. And Minda Kosei has

been accorded a purple rating which is highest in class by M&M for quality, cost delivery and development. Moving to our acoustic or horns business, the division achieved a revenue of Rs. 159 crore for Q2, contributing 11% to our total turnover, the EBITDA margin in this segment was around 7% this quarter. Domestic business was flat and overseas business showed marginal decline. Margins were moderately impacted on account of FOREX impact in Mexican business and tepid European business.

In the other segment, the product lines have started contributing and are now showing good traction. As a whole we achieved a revenue of Rs. 182 crore for Q2 FY20 from other products. Most of the products in this segment are sunrise businesses. We have been able to achieve an EBITDA of around 8% in this segment. Katolec, iSYS, KPIT have further added to growth of this segment vis-à-vis corresponding quarter last year.

Moving on to the update on the recent mergers and acquisitions. The first being Harita Seating Systems merger, the shareholder and creditor meeting is being convened by NCLT in Delhi on November 19th, 2019 which is just next week. Regarding the merger of four wholly owned subsidiaries the shareholder, creditor meeting being convened by NCLT Delhi in second week of December and now 16th of December by NCLT Mumbai. As expected, both the schemes are expected to be completed by Q4 FY20. On to the DELVIS acquisition, we are on course and transaction is expected to be completed by first week of December 2019.

The sector is responding to near term challenges post by weak demand, environment through incentivizing sales and by taking proactive cost management initiatives. We believe the decline in the sector to have bottomed and we should start seeing revival soon. We will continue to engage with all our stakeholders and emerge as a stronger player. That is all from our side. And now we can open the floor for Q&A.

- Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Ashutosh Tiwari from Equirus. Please go ahead.
- Ashutosh Tiwari:** Standalone numbers are quite good considering the moment that we are operating into. Firstly on lighting side I think there in standalone which is mainly because here we have done very well. So if just a standalone lighting part how much decline has happened in the quarter?
- Tripurari Kumar:** Standalone there is no decline, there is growth.
- Ashutosh Tiwari:** How much growth?
- Tripurari Kumar:** Around Rs. 12 crore.
- Ashutosh Tiwari:** On a base of, total sales was how much?
- Tripurari Kumar:** I will get back to you with the numbers.

- Ashutosh Tiwari:** Because we got S-Presso order, delivery started only say around September so I think probably a full impact of that will come in third quarter only right?
- Sunil Bohra:** That's right.
- Ashutosh Tiwari:** Secondly, in the alloy wheel plant also, like we got new model orders from Maruti and M&M you mentioned so how was sales in the last quarter and how it will pan out going ahead because this more order that we got?
- Sunil Bohra:** Sales are broadly in line with the industry demand I would say because our sales are directly linked to the model Ashutosh.
- Ashutosh Tiwari:** Okay. So my question is that, now that we got new model as well. So, going ahead the growth should be out perform industry growth for that alloy wheel business?
- Sunil Bohra:** We are definitely, you are right we are definitely expecting a little better performance from the alloy wheel business in the coming quarter.
- Ashutosh Tiwari:** Okay. And Minda Denso we mentioned we got new order of Rs. 120 crore, right. So can you just provide what kind of revenue we are doing in that business?
- Tripurari Kumar:** These are for the new models to be launched.
- Ashutosh Tiwari:** That's okay, just I wanted to know what is the base right now how much we have been doing last year, how much was sales in that business?
- Tripurari Kumar:** Okay, so first of all this was around t Rs. 107 crore last year we have done Rs. 116 crore so that is around Rs. 10 crore of four wheeler lamps that you were asking which is in standalone. Then question you are asking where are we in terms of alloy wheel? So in Minda Kosei we have done Rs. 127 crore as against Rs. 150 and we did last year.
- Ashutosh Tiwari:** Okay. On Minda Denso basically, Denso Minda how much was sales last year and with this order how much revenue potential we have?
- Tripurari Kumar:** That is not part of top line.
- Ashutosh Tiwari:** Yes, I got it. I just want to know how much growth you have seen in this business?
- Tripurari Kumar:** I will give it to you separately.
- Ashutosh Tiwari:** And lastly on the tax rate. So we have probably adopted certain subsidies and certain we have not, but on aggregate level what kind of tax rate we will have for the full year?

Sunil Bohra: So, we should have covered in our talk track. So, on a full year basis we are expecting a tax rate of around 25 to 26%.

Ashutosh Tiwari: Okay, and next year is also similar rate?

Sunil Bohra: So it depends, So what happened Ashutosh is that for some of our subsidiaries wherever possible we have moved to the low tax regime but like in MIL or other entities where we have more of accumulated minimum alternate tax credit available there we have not moved for the low tax regime this year. The timing specifically depends whether next year or year after based on various metrics, like how much of MAT we will be able to utilize, or how much of the profitability so the call on that we will take at the right time, difficult to say next year or year after.

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

Basudeb Banarjee: If I see the consolidated cash flow statement which were provided in the presentation, it shows improvement in working capital scenario by almost Rs. 91 crore. So, two things one, if you can highlight how you have managed to reduce working capital in this kind of adverse environment which resulted in your debt reduction, which you highlighted along with what are the cost cutting initiatives you have already taken and what one can expect down the line because anyhow, growth is not going to pick up soon as such. So, cost cutting environment should continue ideally. So, if you can highlight working capital management and cost cutting initiatives as such?

Sunil Bohra: Sure Basudeb. So, in terms of working capital, as you know that we are always focused on managing our inventory, debtors and CAPEX very closely. In terms of inventory and debtors, we have taken a lot of strong measures in order to sort of optimize the flow. And there's two aspects one is obviously, once your sales is lower obviously, your money which is locked in into debtors is lower because as long as you are able to receive your money in specific number of day cycle, our target is always to maintain that number of days. So, if your sales obviously it's going down, the debtors ideally should come down. So that what's we have ensured that it actually happens and money does not get stuck. In addition, we have been focusing a lot on inventory management, because in a similar way when the businesses volumes are little bit shrinking on a case to case basis we have also pressed brakes or stricter controls on inventory procurement. So both of them have yielded good results. Co-related to this, I must maybe touch on sustaining CAPEX, which we have initially at the beginning of the year set around Rs. 250 crore for full year. I am happy to say we should be able to finish less than Rs. 150 crore in the full year starting at the beginning we said Rs. 250 300 crore we will be able to limit around Rs.150 crore and we are on track for that. In terms of cost control measures, Basudeb these are general phenomena, there is no rocket science in terms of cost control. I am sure every industry has cycles and we are not doing anything different than what everybody has to maybe in terms of looking at your quality of hiring your additional resources, we are looking at in terms of whatever contractual manpower we have and where we have flexibility, how we sort of optimize

that you look at every spend, which is rupee being spent be it on admin expenses or others is being looked at very closely. We are negotiating our rental agreements. So, basically these are all, I would say, things which we read, right, and we implement when the times are such which makes you do all this stuff, basically. I won't say that its cutting fat, but I think it's like getting slimmer.

Basudeb Banarjee: Surely. And second question sir, as your business is very much related to domestic OEM production. So last four, five months industry has been going through aggressive production cuts to manage inventory, and hopefully most of the players have reached an optimum level during October. So how are you looking towards production, lead requirement from your key OEM customers in coming months?

Sunil Bohra: Very difficult to say Basudeb while we are obviously seeing a little bit of positive momentum from maybe couple of OEMs for November or December because we all know that the kind of sales we see on October let to lot of inventory cleaning also because the production was lower. If I take example of Maruti only we all know numbers, there a huge mismatch between production and sales. So I am sure that inventory refilling also will happen so how much of this demand will be able to sustain in the next year I think it's like anybody's guess but yes in short term, immediate November, December we are expecting little bit better volume in couple of OEs.

Basudeb Banarjee: Not from a one year pursue I was just coming from the fact that on the aggressive production cut this is your consolidated revenue which you reported today. So if the slight improvement in retail demand but where inventory led production cut phenomena is largely over. So, how do you see rising production resulting to your improvement in revenue for next couple of quarters? So, from that angle I was trying to understand?

Sunil Bohra: That is what I was trying to say that the inventory in terms of OEs obviously is much better than what it was a few months or quarters back in terms of market availability of inventory. Now what is also critical is how fast the OEs get transition from BS-IV to BS-VI right. So obviously, people will not be manufacturing BS-IV for long. And all the OEs who have transition to BS-VI are fast ramping up their BS-VI production, like MSIL has I think almost like 7, 8 models which are already BS-VI compliant. So they have I think, the BS-IV inventory at less than two weeks which I think he heard from them in their inventor communication. So same way, gradually that inventory addition will happen that is the little expectation.

Basudeb Banarjee: Sure. And last any major new customer or new order worthwhile mentioning this quarter?

Tripurari Kumar: We have given one infotainment business order so that is there in the press release.

Basudeb Banarjee: Okay nothing will be on that?

Sunil Bohra: In addition we are also working for addition of one major order which as of now it's not close. So, it is very difficult to because it can go either way, we will not be able to communicate but in

terms of S-Presso we have what all the lamps excluding the headlamps, we got inner and rear lamp and there is a lot of traction happening post DELVIS acquisition in terms of our offering on headlamps. So we do expect some positive moment in coming quarters in at least the headlamp businesses.

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

Siddhartha Bera: Sir, first on this industry we understand that in this quarter four wheeler production industry level was down nearly 20% and 14% in two wheeler. So under this circumstances delivering a 11% decline in revenue. So will it be fair to assume that generally as a trend in the longer term we can outperform industry growth by close to 6-7%. Just on broad and average level, will it be fair to say that?

Sunil Bohra: Yes, I think that has been our broad guidance that we continue to work on enhancing our kit value, which in turn helps us outperform and we are pretty confident that in medium to short term, we will be able to continue our outperformance. Difficult to stay what exact percentage because it will move quarter to quarter but yes we are working towards to see that this outperformance continues.

Siddhartha Bera: And sir in the quarter you have also mentioned that revenues have been supported by some new products which are ramping up if you can indicate what are these new products and how will the ramp up happen over the next two quarter?

Tripurari Kumar: . So Minda Katolec is doing box build assembly. We are also talking about start of the KPIT and controllers and we believe controllers should start to pick up good numbers from its financial year and iSYS is a contributor to the new business and they should also do better and beginning December onwards we will also have or the Q4 at least we should have DELVIS as well coming in.

Sunil Bohra: And on top of DELVIS from maybe end of next year, we should have addition of sensor plant and also from the Q1 of next year addition of two wheeler alloy wheel. And that's what will be continuously increasing our kit value and will help significantly in outperformance. And don't forget, once that deal gets approved by NCLT that also will start adding almost Rs. 800 1000 crore to the top line.

Siddhartha Bera: Sir, I was just trying to check that, in a sensor controller and KPIT business probably around Rs. 100 odd crore which we expected for in FY20 has a part of it already come in or large part of it will come only in the second half of this year?

Sunil Bohra: Some of it has come in and let me tell you upfront that in terms of the business which we were expecting to add from KPIT has not been honestly as we expect because the large part of KPIT business was related to CVs and CVs had seen a significant drop we all know about it right? And that is a key reason in terms of KPIT the addition is very small it's roughly Rs. 7-8 crore only in the quarter. And in terms of you said, other is sensor than controllers Controller plant is

yet to be commissioned, and it should get commissioned by end of the year and so is sensor by end of March.

Siddhartha Bera: Okay, so I think sensor was earlier plan to be commissioned in the beginning of second half or something like that?

Sunil Bohra: Ideally it will get started trial production from December. So we are expecting the line to gradually start. And maybe by the end of the year it is expected to be little bit sort of at a stabilization mode.

Siddhartha Bera: Okay, so we will see some revenues in quarter four or that will be more in FY20?

Sunil Bohra: Little bit revenue should come.

Siddhartha Bera: Okay. And lastly sir if you can give us the revenues of Mindarika and Minda Kosei for the first half if you, revenue and EBITDA if you have it readily available?

Tripurari Kumar: Which two businesses you said?

Sunil Bohra: Mindarika and Minda Kosei.

Tripurari Kumar: Minda Kosei I already talked about so half year is around Rs. 276 crore as against Rs. 310 crore last year.

Sunil Bohra: Mindarika is roughly Rs. 345 crore.

Siddhartha Bera: Mindarika is Rs. 345 crore and Minda Kosei is Rs. 276 crore?

Tripurari Kumar: And Rs. 345 crore against Rs. 410 crore odd last year.

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

Rounak Sarda: First question on DELVIS, can you just highlight what are the financial performance. What kind of numbers should we see once it gets merged with the business? And related question on lighting business, if I see the EBITDA margin has quarterly come down in the last four, five quarters. So what's the action plan here is it mainly related to volume drop or is it something more than that?

Sunil Bohra: No, it's largely volume dropped Rounak, you are right. In terms of DELVIS, I think we covered this in the release post the DELVIS announcement acquisition but anyway. So our 8 month revenue was roughly if I remember EUR 25 million compared to EUR 28 million for last full year. So that is the numbers currently we are available in terms of but they have been growing

at more than 25 to 30% year over year. So this full year which is calendar year 2019 if the same sales proportion continues, the annual revenue should be around EUR 3738 million.

Rounak Sarda: Okay. And on the light metal technology purely on the alloy wheel side what would have been the volume drop for the first half. Is the alloy wheel penetration still going up despite the slowdown in the industry which I think has so if you can just help us what was the volume drop there, you gave the top line numbers but if you have the volume numbers?

Tripurari Kumar: The volume we don't have handy. We will provide this separately

Rounak Sarda: And on the sensors now, we are very close to BS-VI transition. So if you can share some more clarity on how the share of business is and how the ramp up could be over the next one year?

Sunil Bohra: Sensor we already have an existing business Rounak which gives annual revenues of roughly Rs. 130 crore, the new sensor plant which has got a series of sensors. That as we said little while back we expect it to start gradually, sort of trials from end of December early January. In terms of full scale capacity it should give additional revenue of roughly Rs. 250-300 crores additional beyond Rs. 130 crore.

Rounak Sarda: No, I know what you had said earlier. What I wanted to understand was, what's the kind of share of business have we won, which clients are they if you can share some more minute details now because it's pretty close to the transition now. So would start supplying around Q4?

Sunil Bohra: It is very difficult to give Rounak, SOB today because normally if you get SOB once you start supplies and you have some data points, so as of now it is very difficult to share what will be the eventual SOB once we start the business.

Tripurari Kumar: And the fact is we don't share this in public domain.

Moderator: Thank you. The next question is from the line of Bharat Gianani from Sharekhan. Please go ahead.

Bharat Gianani: I just want to know like, just want to understand the margin profile. So, the products that we are planning to launch as you pointed out the sensors and other products which would be controllers and stuff, which would be handy in BS-VI environment. So just wanted to understand what kind of contribution they will have on the overall margins. So the product profile of this products, how it is, how it will aid the overall margin improvements. So, any comments on that would you like to share?

Tripurari Kumar: Bharat our guidance is that there are 4-5 broad categories against which we give both sales, EBITDA margins. And again these is what we would like you to look at the story. And whatever there is forward looking in terms of what will be the margin so we will wait and see how these numbers pan out. And ordinarily when the segment gets large enough, we will discuss sensors and controllers. And this point in time there's not sufficient number to add up.

- Moderator:** Thank you. The next question is from the line of Ashutosh Tiwari from Equirus. Please go ahead.
- Ashutosh Tiwari:** On this Harita Seating I think the thought process when we acquired was that, will probably add new customers in two wheelers as well four wheeler where we are present. So have we started talking to customers or those things will start only after acquisition gets complete?
- Sunil Bohra:** There are two things Ashutosh, yes we have started warming up but you will appreciate the serious discussion happens once only you have the company in your fold.
- Ashutosh Tiwari:** Okay. So maybe after acquisition get completed, this will be completed by December right so Q4 you will see the impact?
- Sunil Bohra:** No. It will be completed by March, we have a court convened meeting for Harita next week on 19th of November, post that there is a process of roughly three months. If everything goes fine so somewhere around February or March this should get closed.
- Ashutosh Tiwari:** Okay, got it. Secondly on this two wheeler alloy wheel plant is that on schedule to come up by Q1 FY21 right?
- Sunil Bohra:** Yes, that is on schedule for commissioning around in April of next year.
- Ashutosh Tiwari:** And in that as of now we have got orders from Bajaj Auto right?
- Sunil Bohra:** Yes, that is our anchor customers.
- Ashutosh Tiwari:** Okay, but any other customer you added as of now?
- Sunil Bohra:** No, we are talking to lot of them actually people want us to put another two wheeler alloy wheel plant so which we are saying no let us first do this then we will talk of something else.
- Ashutosh Tiwari:** Okay, go it. And lastly on the ASEAN business, how is that panning out basically. Are we seeing growth over there and also in terms of margins how things are panning out over there?
- Sunil Bohra:** I think that's stable business. And that's doing well.
- Tripurari Kumar:** And there's growth despite the weak demand environment
- Moderator:** Thank you. The next question is from the line of Vijay Karpe from BryanStone Capital. Please go ahead.
- Vijay Karpe:** Sir just wanted to understand what the Gujarat plant capacity, the LMT division is and what has been the production for Q2?
- Tripurari Kumar:** We don't give plant level details in the call. We have given to you the numbers for the quarter and that is all.

- Vijay Karpe:** Okay. And in your early remarks you said you are positive on the LMT division why so?
- Sunil Bohra:** Sorry, didn't hear clearly.
- Vijay Karpe:** In the call you mentioned that you were positive on the LMT division why so?
- Sunil Bohra:** Because the momentum towards steel wheel to alloy wheel is better plus also we have got couple of models that we discussed little while back to add to the volumes and third thing, is that the after sales which is through the like Maruti OES wherein you can go to the showroom and buy a steel wheel car base model and get the alloy wheel refitted that is doing very well we are selling almost like 5,000 to 8,000 wheels a month there, so that business also is growing. So, we feel that that business should do better compared to the overall volume growth.
- Vijay Karpe:** Alright and any more expansion on the four wheeler alloy wheel side?
- Sunil Bohra:** Nothing, as of now, nothing on plate as of now.
- Moderator:** Thank you. The next question is from the line of Vijay Chawla from Oracle Wealth. Please go ahead.
- Vijay Chawla:** Can you give us the trajectory on your debt levels of the company. Because with so many acquisitions, would you reduce the debt and do it with internal accruals or you would increase the debt?
- Sunil Bohra:** No. So whenever you do an acquisition definitely you fund it with a mix of debt and equity. But if you see that first six months, despite spending almost Rs. 180 crore on project CAPEX which is a growth CAPEX for future we have reduced our net debt by Rs. 60 crore, so it's a journey it's very difficult to say on a given day you will do a purely debt or a purely equity ideally it will always be a mix of both.
- Vijay Chawla:** As a policy of the company when would you project become debt free?
- Sunil Bohra:** There is no policy to become debt free. Our stated guidance's that we do not want to go significantly beyond one is to one of debt equity ratio and that has been our stated guidance.
- Vijay Chawla:** Okay, and one more question on the kit value can you enlighten us on the kit value, as vis-à-vis last year and now?
- Sunil Bohra:** So, maybe I would humbly request you if you can have a look at our investor presentation because kit value we update only on annual basis. And the year to year movement is available there. So, if you want we can send you separately as well Mr. Vijay.
- Vijay Chawla:** Yes, that one I have seen because it was not there in this, that's why I thought if we could enlighten?

- Sunil Bohra:** Normally we share that only annual, it's very difficult to do on a quarterly basis.
- Moderator:** Thank you. The next question is from the line of Siddhartha Bera from Nomura. Please go ahead.
- Siddhartha Bera:** Sir can you please indicate the CAPEX overall CAPEX target for FY 20?
- Sunil Bohra:** Yes, so overall CAPEX for this year, as we said in the last call we are on track it should be for project CAPEX around Rs. 300 odd crore and for sustaining CAPEX around Rs. 150 crore.
- Siddhartha Bera:** Okay. And will this also include, we had indicated earlier about consolidating another subsidiary TR Minda. Is that on track or?
- Sunil Bohra:** That has timing up to March of 2021? So that is unlikely to happen in next five months.
- Siddhartha Bera:** Okay, so that will mostly happen in FY 21 only?
- Sunil Bohra:** Yes, if at all.
- Siddhartha Bera:** And sir lastly if you can help us with the performance of how the TG Minda is doing because airbags have become mandatory now so how has been the revenue and margin performance for this subsidiary? So just wanted to check about the performance of TG Minda revenues and EBITDA how it has been in the first half of this year?
- Sunil Bohra:** So TG business has been just to tell you has been doing well obviously not that well as we expected because when the regulation came for airbags it came as both driver and passenger airbags being mandatory. But just before the launch prior to that the regulation was revised to make only driver bag mandatory and not the co-passenger. So as of now as we speak, it is only the driver airbag which is mandatory and not the co-passengers. So that obviously has impacted our growth aspirations.
- Tripurari Kumar:** So, the quarterly numbers are around Rs. 130 crore for the top line, and at PAT level the number is Rs. 73 lakh our share.
- Siddhartha Bera:** Okay, this is for the Q2?
- Sunil Bohra:** Yes.
- Siddhartha Bera:** And sir in case of Roki also we had expected with BS-VI now coming up we should get a very healthy growth in revenues because of the filters and canisters. So how do you see their performance because Maruti already has close to 70% of vehicles in BS-VI? So if you can share something on that front also it would be great.
- Sunil Bohra:** Roki has been doing relatively well, but obviously the full significant volume uptake will come only from maybe Q4 onward.



Siddhartha Bera: Okay, so right now how much it is doing broadly in the first half. Otherwise if you indicate the run rates?

Sunil Bohra: Maybe Tripurari can get you the details offline of those H1 revenue for Roki.

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

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

Moderator: Thank you. Ladies and gentlemen, on behalf of Minda Industries Limited that concludes this conference call for today. Thank you for joining us and you many now disconnect your lines.