

# MINDA INDUSTRIES LTD

INSPIRED BY MOBILITY  
DRIVEN BY TECHNOLOGY

Result Update Presentation – Q1 FY17



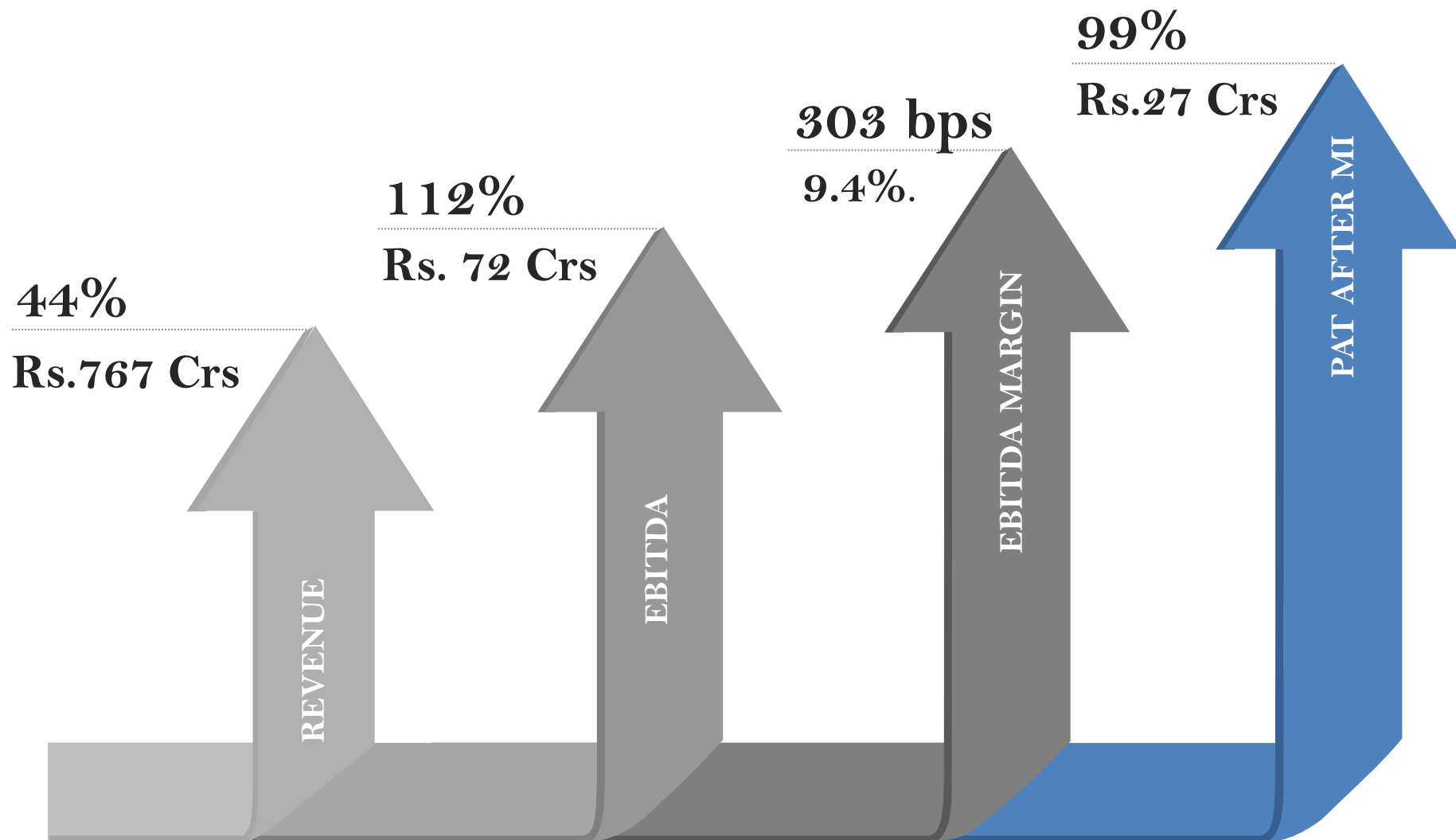


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# Growth Momentum Continues...



*Note:*

- Consolidated Results
- All comparison are year on year

# Management Commentary on Q1 Results



## **Consolidated Revenue grew by 44% YoY**

- Primarily driven by Consolidation of ASEAN Business, Minda TG, Minda Kosei Aluminum Wheel Pvt Ltd & MJ Casting Pvt Ltd
- Standalone business grew by 17% Y-o-Y

## **EBITDA Margin expanded by 303 bps to 9.4%:**

- Primarily driven by consolidation and improving product-mix
- Margin maintained at FY16 levels despite Minda Kosei Aluminum Wheel Pvt Ltd & Minda TG commencing commercial operations in Q1 FY17 (1<sup>st</sup> year of commercial production)

## **Increase in Interest cost on account of :**

- Acquisition loan of Rinder
- Consolidation of Minda Kosei (Interest capitalized till previous quarter)
- Consolidation of Minda TG Rubber



## **New Entities consolidated in this Quarter:**

- Rinder consolidated for 28 days in this quarter
- Minda Kosei Aluminum Wheel P Ltd. consolidated partially in this quarter
- Minda TG Rubber P Ltd. consolidated in this quarter

## **Update on Group consolidation**

- Roki Minda Co. Ltd to become 49% Joint venture company of MIL with effect from October 1, 2016
  - Turnover Rs.~215 Cr with a PAT of Rs.6 Cr in FY 2015-16
  - Product Air Filtration System & Canisters for 4W & 2W
  - Acquisition has been done at Rs.10.50 per share against a book value of Rs.10.23 per share

# Consolidated Profit & Loss Statement



| Rs.Crs                             | Q1 FY17     | Q1 FY16     | YoY           | FY16         |
|------------------------------------|-------------|-------------|---------------|--------------|
| Sales                              | 760         | 529         |               | 2,506        |
| Other Operating Income             | 7           | 4           |               | 21           |
| <b>Total Operating Income</b>      | <b>767</b>  | <b>533</b>  | <b>44%</b>    | <b>2,527</b> |
| Cost of Material consumed          | 479         | 353         |               | 1,610        |
| Employee Cost                      | 102         | 69          |               | 326          |
| Other Expenses                     | 113         | 76          |               | 353          |
| <b>Operating EBITDA</b>            | <b>72</b>   | <b>34</b>   | <b>112%</b>   | <b>238</b>   |
| <b>Margin</b>                      | <b>9.4%</b> | <b>6.4%</b> | <b>303bps</b> | <b>9.4%</b>  |
| Other Income                       | 2           | 5           |               | 14           |
| Interest                           | 13          | 5           |               | 26           |
| Depreciation                       | 28          | 18          |               | 93           |
| <b>PBT before exceptional item</b> | <b>34</b>   | <b>16</b>   | <b>113.1%</b> | <b>134</b>   |
| <b>Margin</b>                      | <b>4.4%</b> | <b>3.0%</b> | <b>143bps</b> | <b>5.3%</b>  |
| Exceptional Item                   | 0           | 0           |               | 5**          |
| PBT                                | 34          | 16          |               | 139          |
| <b>Margin</b>                      | <b>4.4%</b> | <b>3.0%</b> |               | <b>5.5%</b>  |
| Tax                                | 8           | 4           |               | 28           |
| <b>PAT After Minority Interest</b> | <b>27</b>   | <b>14</b>   | <b>99%</b>    | <b>111</b>   |
| <b>Margin</b>                      | <b>3.5%</b> | <b>2.6%</b> | <b>97bps</b>  | <b>4.4%</b>  |
| <b>EPS (In Rs.)*</b>               | <b>17.1</b> | <b>8.6</b>  |               | <b>70.0</b>  |
| <b>Cash PAT</b>                    | <b>55</b>   | <b>32</b>   | <b>71.9%</b>  | <b>204</b>   |
| <b>Margin</b>                      | <b>7.2%</b> | <b>6.0%</b> | <b>116bps</b> | <b>8.1%</b>  |

\* Face Value of Rs.10 per equity share \*\* Exceptional item pertaining to profit on sale of land in PT Minda Asean

# New Happenings



## Switch Division:

### Won Orders from Piaggio

- Received new export orders from Piaggio
- To supply for USB Charger & H2O Sensor worth Rs. 6 Cr

- Received export order for Accelerator Position Sensor from KTM &
- Received export order Handle Bar Switches from Arpillia

## Switch Division:

### Won Orders from KTM & Arpillia

## PTMA, Indonesia:

### Supplies to Yamaha begins

- Started supplies of Power Socket to Yamaha Thailand
- 1<sup>st</sup> time Yamaha employing a power socket in ASEAN market

- Received orders from Tata Motors for Q501 Project
- To supply Reflex Reflector & Rear Fog Lamp

## Lighting Division :

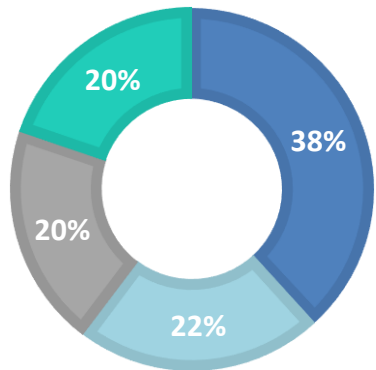
### Won Orders in India

# Consolidated Revenue Distribution – Q1 FY17



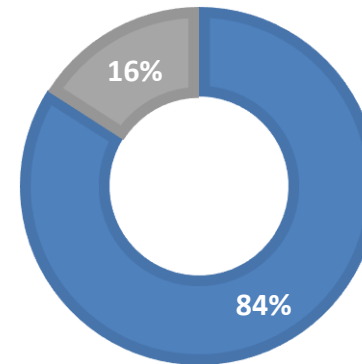
## Product-wise Breakup

■ Switch ■ Lighting ■ Horns ■ Others



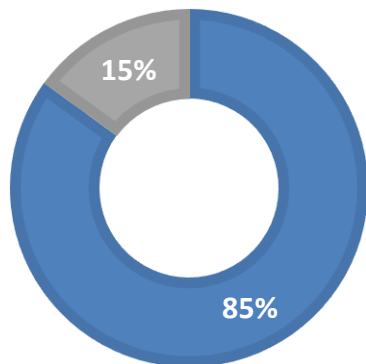
## Channel-wise Breakup

■ OEM ■ Replacement



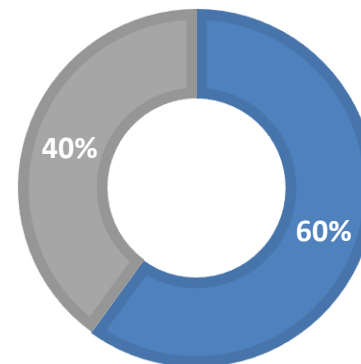
## Geography-wise Breakup

■ India ■ International



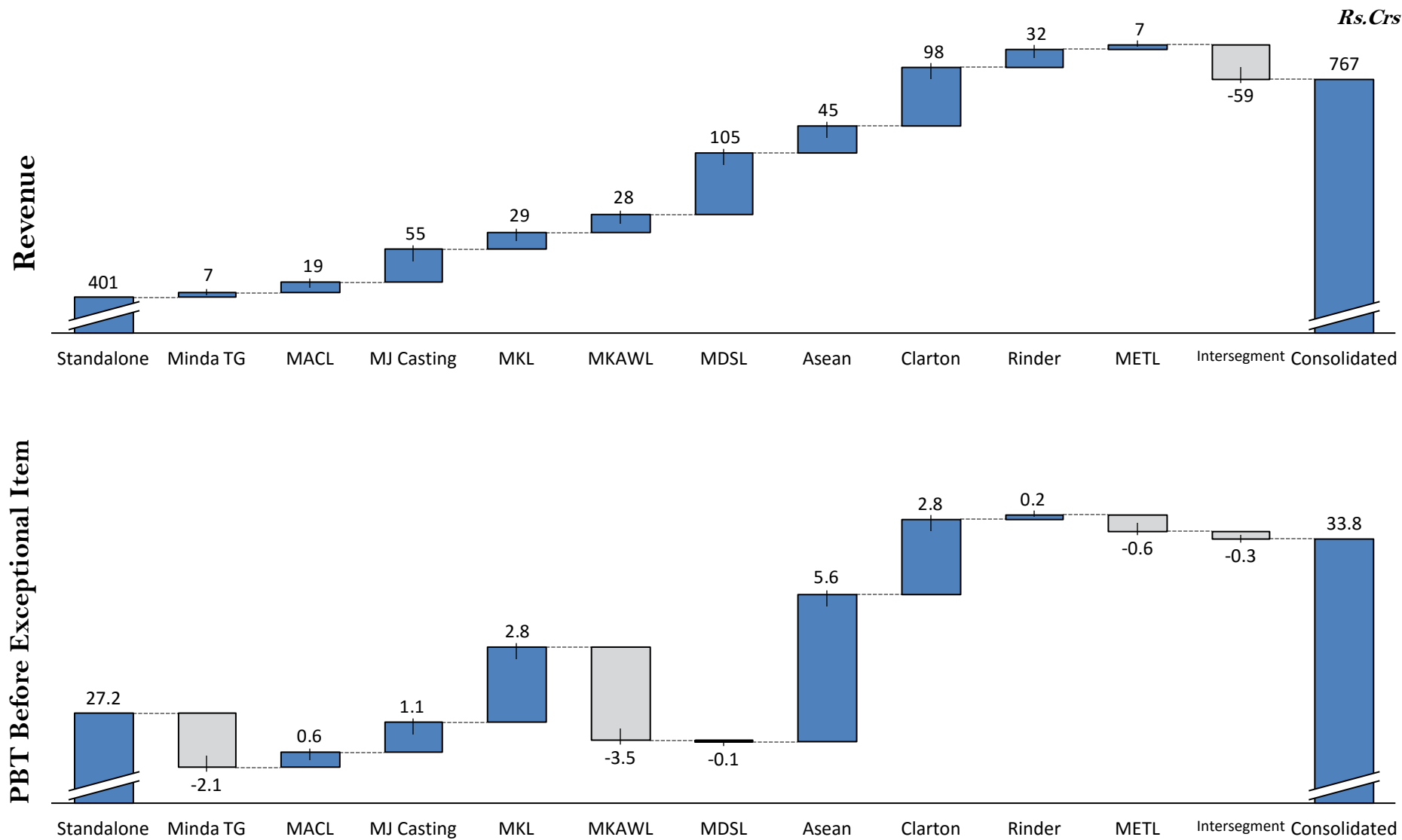
## Segment -wise Breakup

■ 2Wheeler ■ 4Wheeler





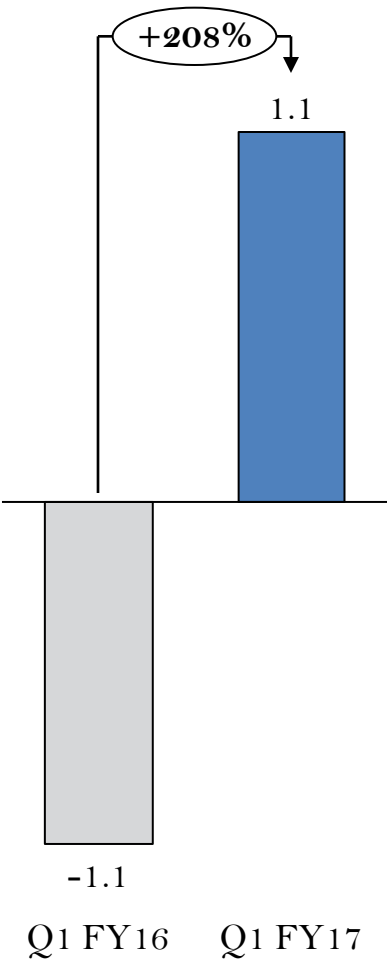
# Entity-Wise Break-Up : Q1 FY17



# Loss-making Subsidiaries Achieved Turnaround

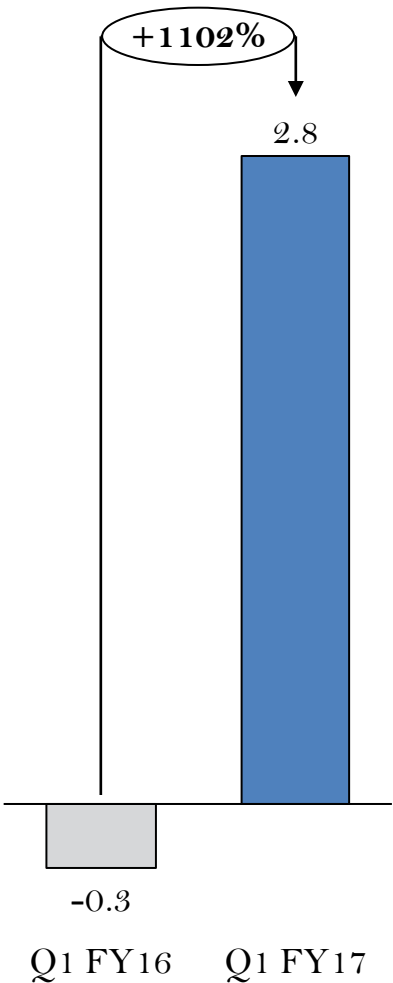


**PBT – MJ Casting**

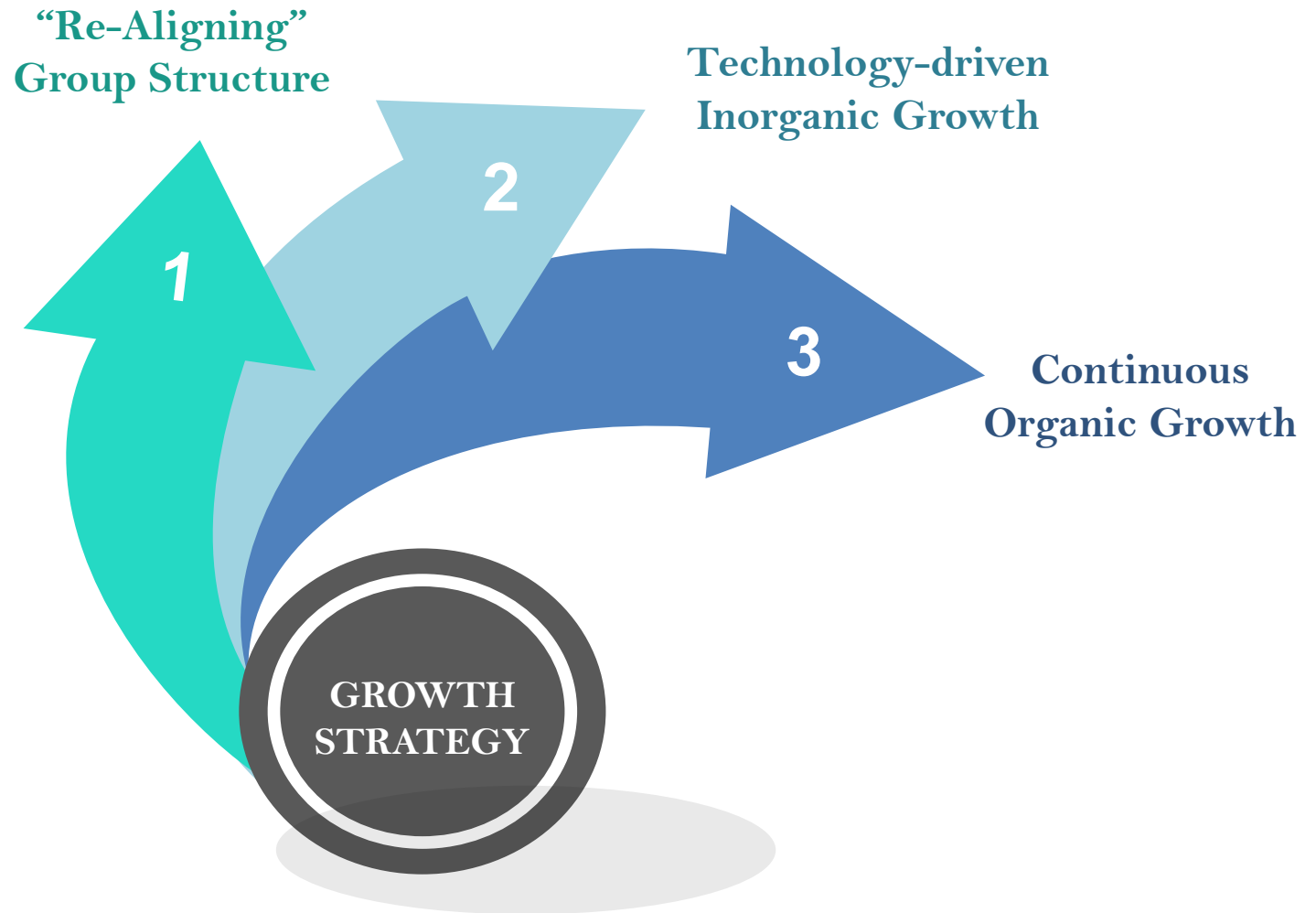


**PBT – MKL**

*Rs.Crs*

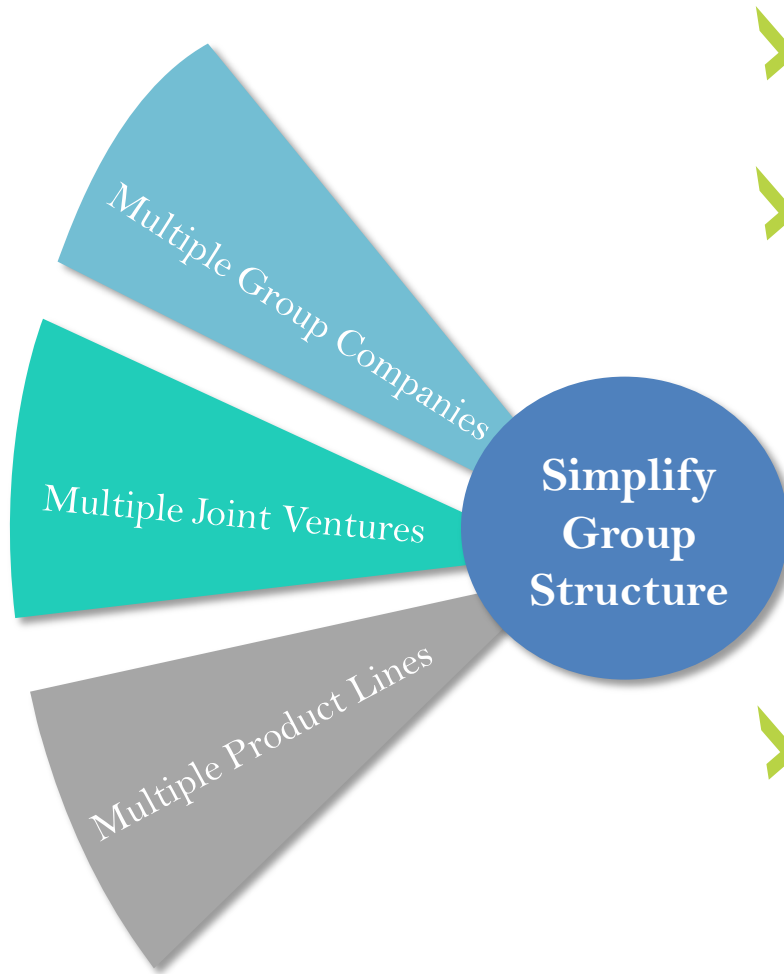


# Our Three Pronged Strategy for Growth





# 1. “Re-Aligning” Group Structure...



- Consolidate product lines across UNO MINDA Group
- Rationale:
  - Creation of single entity with better financial strength resulting in improved competitive position of the businesses of combined entity
  - Help in cost optimization / operating leverage
  - Enable company to optimize resources resulting in elimination of overlapping activities
- Appointed KPMG to work on scheme to simplify corporate structure in tax efficient manner
  - KPMG laid out 1st phase of Consolidation
  - Implementation of Phase 1 currently underway

# “Re-Aligning” Group Structure: Phase 1



## Phase 1, Stage 1 - Increasing MIL stake through Investment in JV companies & Group Companies

- Additional 48% in MJ Castings for Rs.14.04 Crs, increasing stake to 98%
- Invested Rs.19 .41 Crs SAM Global Pte Ltd, Singapore for 51% equity stake  
  
SAM Global Pte Ltd, Singapore holds 37% equity shares in PT Minda Asean Automotive, Indonesia (PTMA)
- Invested Rs. 6.13 Crs for additional 13% in PT Minda Asean Automotive (Indonesia), increasing holding to 32%
- Invested Rs. 17.85 Crs in Minda TG Rubber for 51% equity stake
- Invested Rs. 12.28 Crs in Kosei Minda Aluminum Co. for 30% shareholding

## Phase 1, Stage 2 - Increasing MIL stake in JV companies & Group Companies

- Board of Directors, subject to Shareholders and High Court approval, have considered and approved the following:
  - Merger of MJ Casting Ltd (MJCL) with company
  - PTMA, Indonesia will become 100% subsidiary of Minda Industries Limited
  - MIVCL, Vietnam will become 100% subsidiary of Minda Industries Limited
  - Proposed effective date of the scheme is from 1st April 2016

*All investments have been done at Book Value or close to Book Value to maximize shareholder's value*

## 2. Technology-driven Inorganic Growth



### Technology & Know-how

- Access to well-developed R&D base of Clarton Horns & Rinder Group
- Access to New Technologies viz., Electronic Horn in Clarton, LED lighting in Rinder Group

### Synergistic Fit

- Product Portfolio and Customer mix - complementary in nature



### Achieve Leadership Position

- World's 2nd largest Horns Player, post-acquisition of Clarton Horns
- India's 3rd largest Automotive Lighting Player, post-acquisition of Rinder Group

### Economies of Scale

- Cost Efficiency
- Operational Efficiency

### 3. Continuous Organic Growth



#### 2W / 3W Switches



**Extend**  
leadership  
position  
across OEMs  
& global  
platforms

#### Lighting



**Widen**  
presence  
across OEM  
to improve  
utilization  
levels across  
units

#### Horns



**Strengthen**  
with  
synergies  
from Clarton  
Horn across  
globe

#### Alloy Wheels



**Leverage**  
existing  
OEM  
relationships  
&  
JV  
relationship

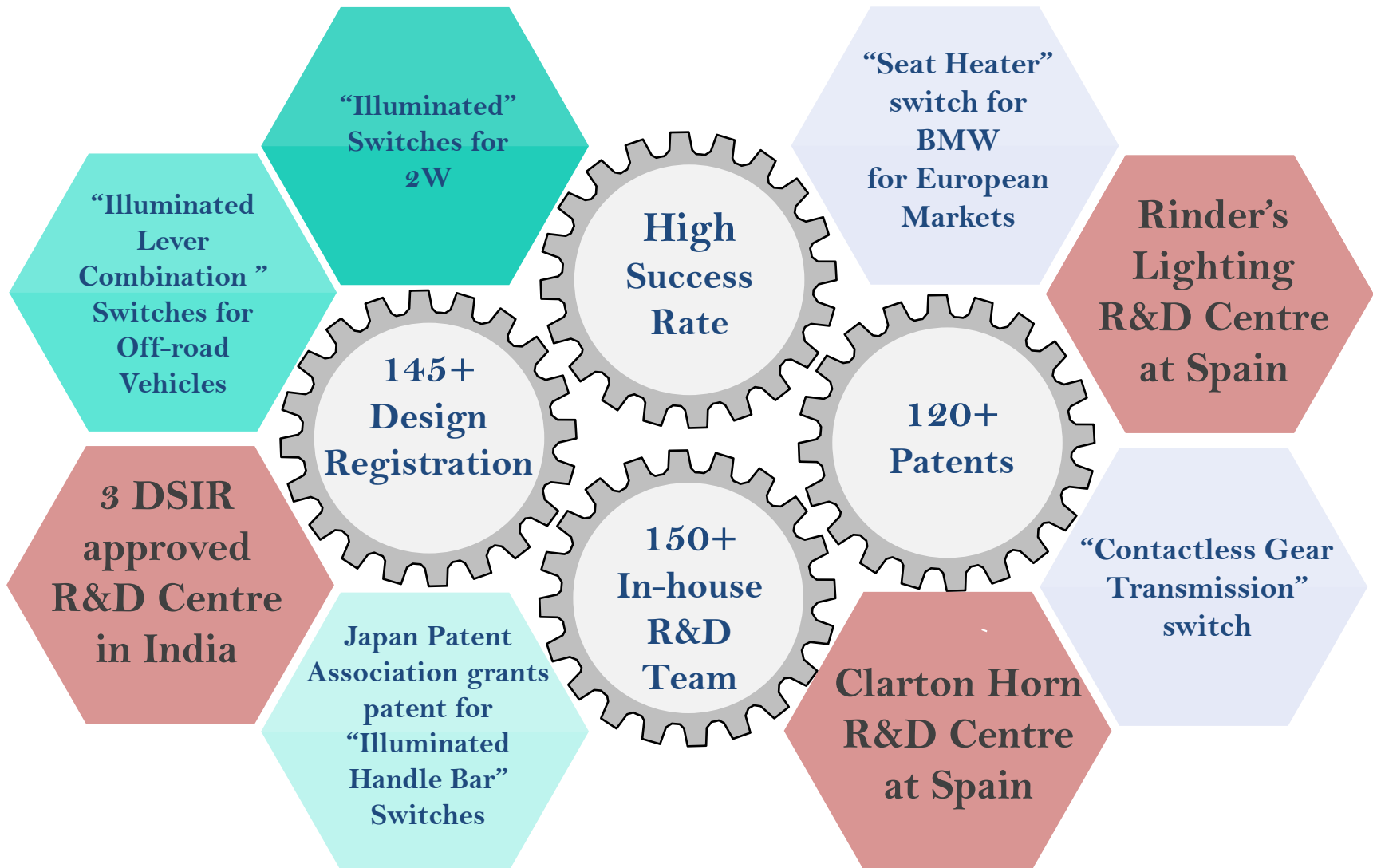
#### Others



**Leverage**  
existing  
OEM  
relationships  
&  
Distribution  
network

*...Across Existing Business Domains*








# Growth Strategy supported by Focused R&D...







# ... & Technology Tie-ups with Global Leaders

| Technology partner  | Country | Year of JV | Segment       | Comments  |
|---|---------|------------|---------------|---|
|  <b>TOKAI RIKA</b>                          | Japan   | 1992       | 4W switches   | <ul style="list-style-type: none"> <li>Tokai Rika is amongst global leaders in 4W switches with widest product portfolio in E&amp;M lockset segment</li> <li>JV is India's largest 4W switches manufacturer with ~ 47% market share in OEM segment</li> </ul> |
|  <b>emer</b>                               | Italy   | 2001       | CNG           | <ul style="list-style-type: none"> <li>Emer, a subsidiary of Westport is a global leader in natural gas vehicle technology</li> <li>JV is the only domestic manufacturer of electronic cylinder valves</li> </ul>   |
|  <b>TOYODA GOSEI</b>                        | Japan   | 2008       | Hoses         | <ul style="list-style-type: none"> <li>#1 manufacturer of Hoses in Japan; #2 globally for Brake hoses; #3 globally for Fuel hoses</li> <li>TG is one of the key ancillaries of Toyota with market leading technology in 4W hoses</li> </ul>                   |
|  <b>KYORAKU</b><br>CHALLENGE FOR THE BETTER | Japan   | 2008       | Blow Moulding | <ul style="list-style-type: none"> <li>Kyoraku is a leading moulding company with strong OEM relationships</li> </ul>   |
|  <b>TORICA</b>                              | Japan   | 2011       | Procurement   | <ul style="list-style-type: none"> <li>Torica is a subsidiary of Tokai Rika</li> <li>JV procures raw materials, primarily plastic related, for Minda Industries and other group companies</li> </ul>  |
|  <b>Kosei</b>                             | Japan   | 2015       | Alloy wheels  | <ul style="list-style-type: none"> <li>Kosei Aluminium, Japan is amongst the largest players globally in alloy wheels</li> <li>Kosei is global supplier for Toyota and Honda; in India the JV has started receiving orders from Maruti and M&amp;M</li> </ul> |
|  <b>Panasonic</b>                         | Japan   | 2014       | Batteries     | <ul style="list-style-type: none"> <li>Leading manufacturer of batteries in Japan; largest supplier of batteries to Electric Vehicles globally</li> <li>JV will manufacture and market batteries for 2W, 4W and industrial (Inverter/UPS)</li> </ul>          |

# Advantage MINDA INDUSTRIES



## Leadership Position

India's largest player in 2W / 3W Switches  
Among Top 3 players in Automotive Lighting  
World's 2nd largest player in Horns

## Established OEM Presence

Dominant among Domestic OEMs  
viz., MSIL, HMCL, Bajaj, TVS  
Established Global presence across  
OEMs viz., Yamaha, Suzuki,  
Kawasaki, Hyundai, etc

## Strong Financial Profile

Historically low D/E ratio  
Improving Return Ratios  
Credit Rating Upgraded to "ICRA A+"

## Strong R&D Capabilities

120+ product patents registered  
145+ design registrations  
5 R&D Centres Globally

## Global Technology

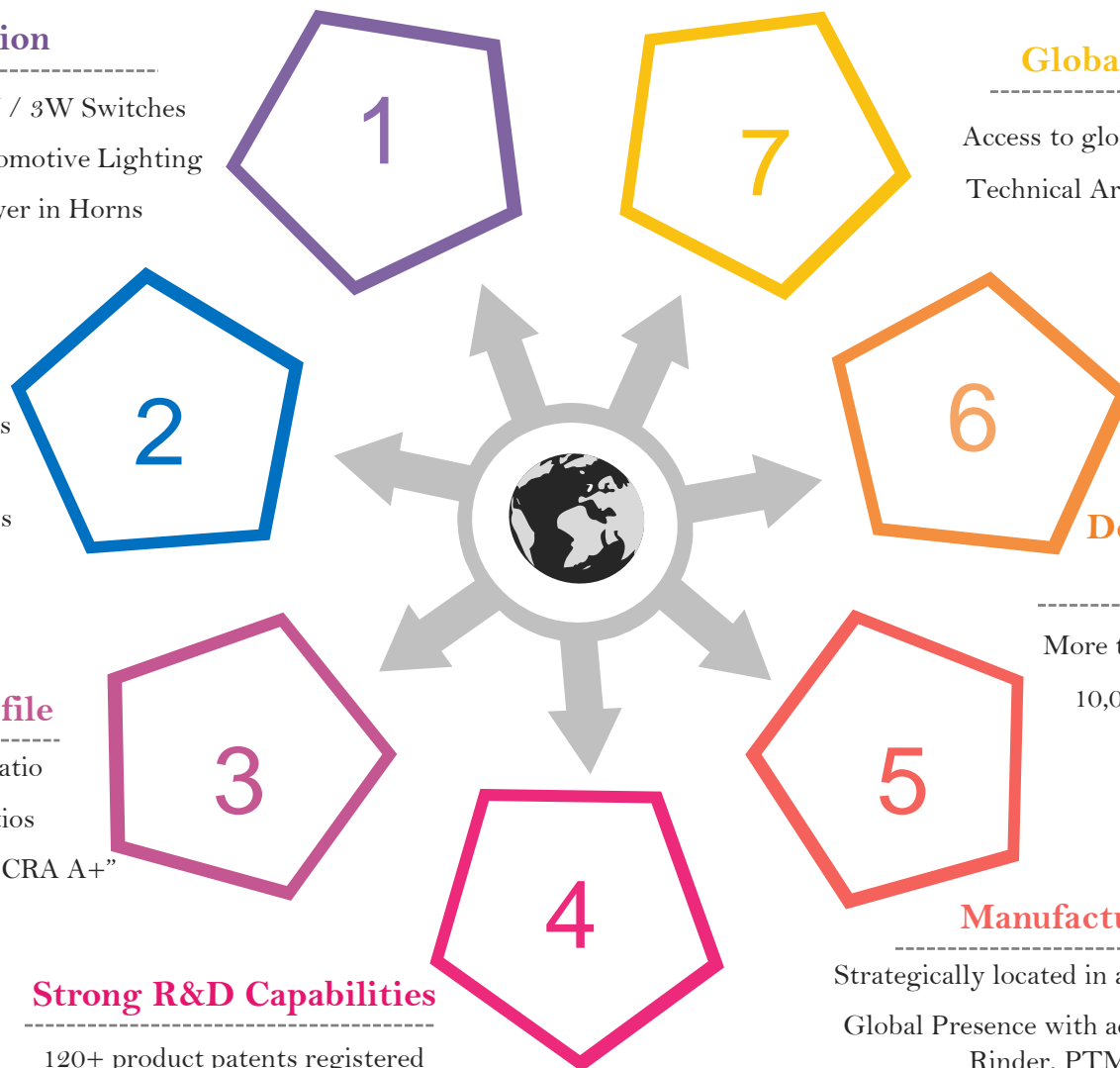
Access to global technology through  
Technical Arrangement with world  
leaders

## Deep Foothold in Aftermarket

More than 700 business partners &  
10,000 retailers/ Touchpoints

## Manufacturing Locations

Strategically located in all automotive hubs in India  
Global Presence with acquisition of Clarton Horn,  
Rinder, PTMA, SAM Global



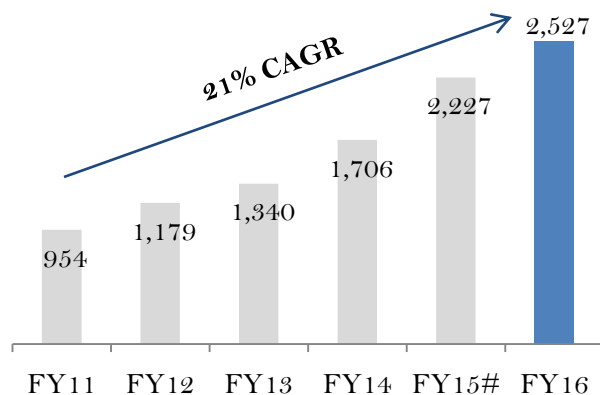
# Annual Performance



# Improving Profitability with Strong Balance Sheet

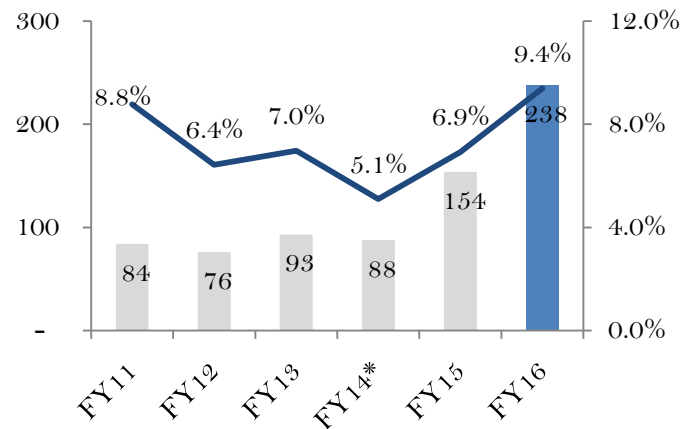


## Revenue

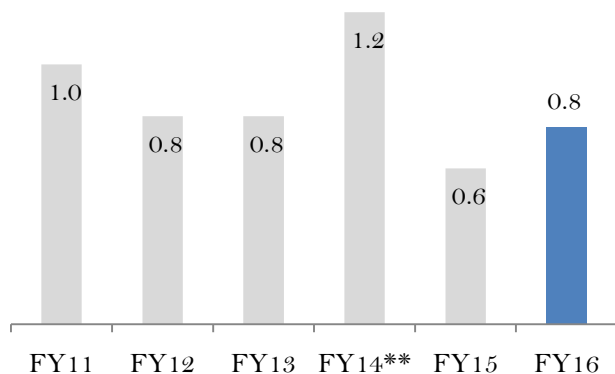


## EBITDA & EBITDA Margin

Rs.Crs



## Debt : Equity



## ROCE (%)



Consolidated

Notes;

# FY15 Sales inclusive of 15M Clarton Sales

\* FY14 EBITDA is Adjusted for acquisition related one-time expenses

\*\* FY14 debt increased on account of acquisition related debt

# Consolidated Profit & Loss



| Rs.Crs                             | FY16         | FY15         | YoY%           |
|------------------------------------|--------------|--------------|----------------|
| Sales                              | 2,506        | 2,206        |                |
| Other Operating Income             | 21           | 26           |                |
| <b>Total Operating Income</b>      | <b>2,527</b> | <b>2,232</b> | <b>13%</b>     |
| Cost of Material consumed          | 1,610        | 1,483        |                |
| Employee Cost                      | 326          | 288          |                |
| Other Expenses                     | 353          | 307          |                |
| <b>Operating EBITDA</b>            | <b>238</b>   | <b>154</b>   | <b>54%</b>     |
| <b>Margin</b>                      | <b>9.4%</b>  | <b>6.9%</b>  | <b>250 bps</b> |
| Other Income                       | 14           | 17           |                |
| Interest                           | 26           | 25           |                |
| Depreciation                       | 93           | 83           |                |
| <b>PBT before exceptional item</b> | <b>134</b>   | <b>63</b>    | <b>112%</b>    |
| <b>Margin</b>                      | <b>5.3%</b>  | <b>2.8%</b>  | <b>247 bps</b> |
| Exceptional Item                   | 5**          | 16*          |                |
| PBT                                | 139          | 79           |                |
| <b>Margin</b>                      | <b>5.5%</b>  | <b>3.5%</b>  |                |
| Tax                                | 28           | 19           |                |
| <b>PAT After Minority Interest</b> | <b>111</b>   | <b>68</b>    | <b>64%</b>     |
| <b>Margin</b>                      | <b>4.4%</b>  | <b>3.0%</b>  | <b>135 bps</b> |
| <b>Cash PAT</b>                    | <b>204</b>   | <b>151</b>   | <b>35%</b>     |
| <b>Margin</b>                      | <b>8.1%</b>  | <b>6.8%</b>  | <b>128 bps</b> |

\*Exceptional Item pertaining to reversal of impairment charge of Rs. 15.76 Crs in battery division

\*\* Exceptional Item pertaining to profit on sale of land in PT Minda Asean

# Consolidated Balance Sheet



| Rs. Crs.                              | Mar-16       | Mar-15     |
|---------------------------------------|--------------|------------|
| <b><i>Shareholder's Fund</i></b>      | <b>472</b>   | <b>365</b> |
| Share capital                         | 19           | 19         |
| Reserves & Surplus                    | 452          | 346        |
| <b><i>Minority Interest</i></b>       | <b>110</b>   | <b>21</b>  |
| <b><i>Non-current liabilities</i></b> | <b>213</b>   | <b>127</b> |
| Long term borrowings                  | 170          | 97         |
| Other long-term liabilities           | 9            | 3          |
| Long Term Provisions                  | 34           | 26         |
| <b><i>Current liabilities</i></b>     | <b>693</b>   | <b>483</b> |
| Short term borrowings                 | 190          | 112        |
| Trade Payables                        | 322          | 267        |
| Other current liabilities             | 162          | 89         |
| Short-term provisions                 | 19           | 16         |
| <b>Total Liabilities</b>              | <b>1,478</b> | <b>997</b> |

| Rs. Crs.                         | Mar-16       | Mar-15     |
|----------------------------------|--------------|------------|
| <b><i>Non-Current Assets</i></b> | <b>787</b>   | <b>478</b> |
| Fixed assets                     | 697          | 420        |
| Goodwill                         | 6            | 0          |
| Non Current Investments          | 44           | 26         |
| Long-term loans and advances     | 25           | 19         |
| Other Non-Current Assets         | 15           | 12         |
| <b><i>Current assets</i></b>     | <b>751</b>   | <b>519</b> |
| Current Investments              | -            | 2          |
| Inventories                      | 184          | 141        |
| Trade receivables                | 364          | 289        |
| Cash and bank balances           | 57           | 28         |
| Short-term loans and advances    | 72           | 54         |
| Other current assets             | 23           | 5          |
| <b>Total Assets</b>              | <b>1,478</b> | <b>997</b> |

**For further information, please contact:**

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