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BSE Limited
Department of Corporate Services
P. J. Towers, 25th Floor, Dalal Street,
Mumbai- 400 001
Ref: 532509

National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex, Bandra (E)
Mumbai- 400 051
Ref: SUPRAJIT

Dear Sirs,

Sub: Investors conference call Transcript

Transcript of the Investors conference call held on Friday, October 29, 2021 is enclosed herewith.

Same is also available on the website of the Company at www.suprajit.com.

This is for your information & record.

Thanking you

Yours faithfully
For Suprajit Engineering Limited



Medappa Gowda J
CFO & Company Secretary



Encl : as above

ANANDRATHI

“Suprajit Engineering Limited hosted by Anand Rathi
Share and Stock Brokers”

October 29, 2021

ANANDRATHI



SPEAKERS: **MR. N S MOHAN – MANAGING DIRECTOR AND CEO,
SUPRAJIT ENGINEERING LIMITED**
**MR. AKHILESH RAI – CHIEF STRATEGY OFFICER AND
DIRECTOR, SUPRAJIT ENGINEERING LIMITED**
**MR. VIJAY SARATHI FROM ANAND RATHI SHARES AND
STOCK BROKERS**

Moderator: Ladies and Gentlemen, Good day and welcome to the corporate update conference call of Suprajit Engineering Limited hosted by Anand Rathi Share and Stock Brokers. 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 ‘*’ and then ‘0’ on your touchtone phone. Please note this conference is being recorded.

I now hand the conference over to Mr. Vijay Sarathi from Anand Rathi Shares and Stock Brokers. Thank you and over to you, Mr. Sarathi.

Vijay Sarathi: Thank you Vikram. Good morning all. On behalf of Anand Rathi, we welcome to the conference call of Suprajit and this call is regarding the acquisition of the Company. The Company acquired one of the business unit of **(Inaudible)** 00:53. Request participants to restrict their questions relating to the acquisition. Due to the paucity of time, we will probably have 45 to 50 minutes request participants to request to two questions and the outset congratulate Mr. Ajith Rai and his team for good acquisition. Over to you Mr. Ajith.

Ajith Rai: Thank you Vijay. Good morning to you all. I am delighted to announce that we signed the SAPA and TSA agreement with Kongsberg Automotive Norway for the transaction relating to light duty cables unit of Kongsberg. We have already sent the announcements and PPTs to you all which I hope you have had a chance to see and try to understand we will be making necessary clarification as you go around. This is the pretty transformational transaction for Suprajit in terms of the reach and the fit we will talk about it more in a while. We also been eyeing this asset for many years due to its fit and we are happy that it is not fructified into a transaction in our favor. This call is only for this transaction related as you know we are in a quite period our Q2 results are going to be announced in about two years’ time and we will have one more investor call post that result to discuss results as well as probably some more data relating to this transaction.

So, I will ask our team to talk about this transaction we have with us today Akhilesh Rai who is our Chief Strategy Officer and Director on the board. Jim Ryan who is our Global President out of US he is also on the call who will talk more about this transaction. N S Mohan our Managing Director and CEO as well as Medappa Gowda who is our CFO. I will first ask Akhilesh Rai to talk about the transaction, Medappa will talk about a bit on the financial, Jim will talk about LDC and Mohan will take about the synergies. With that, I will ask Akhilesh to talk about the transaction and probably himself as he is probably for the first time coming on the investor call. So, over to you, Akhilesh.

Akhilesh Rai: Thank you. Good morning everyone. So, the quick intro I have been with Suprajit for about 10 years. I am an engineer qualification, but I have an MDA from London Business School and for the past four years I have been leading strategy at Suprajit. I would lead in the PLDC

acquisition **(Inaudible) 3.47** and now acquisition of LDC from Kongsberg Automotive. I will refer to the slides that we have on the acquisition highlight so this is slide 2. This acquisition in fact there is an easy on a cash and debt free basis for 42 million USD. This is quite a good I think it is a good opportunity and a good deal for us considering the projected 100 million USD revenue and double-digit EBITDA that the Kongsberg is forecasting for the LDC business units and we are something that we also believe is possible considering good strong especially with a good strong bounce back of the automotive industry next year.

The timeline for the closing is Q4 this is mainly because there are various IT carve outs and moves of people and some manufacturing business into the legal entities that we are acquiring. Most of the LDC related business moves have been completed so it is mainly the IT carve out that needs to be done before closing as well as of course there is a usual regulatory clearances in these various jurisdictions. All legal entities of LDC are being acquired in Mexico, US, Hungary and China. The main manufacturing locations are in relatively low country which makes this is a very key strategic opportunity for us. So, Mexico, Hungary and China are the key manufacturing locations, but we also have a legal entity in Brownfield which is mainly the warehousing and distribution for all the US customers in the US which will also be a key part of our transaction.

So, we are looking at about 1,300 people full time employees that we are going to be bringing under the Suprajit Group of course it could be much higher once if they are able to reach the projections, but currently except this level. This will add a lot of engineering and clear strength to Suprajit bring us very close to the customers. The main R&D and sales team is about is across the globe for LDC with about 25 people, but the main engineering is out of no way the USA which is very close to the customers in the deployed area, but we also have engineering out of the UK and Germany and further application engineer of course in each plant. The sales people are similarly very close to customers they have all the manufacturing locations, but also in Germany, Sweden, UK and France to support our various customers LDC various customers in those regions. So, with that quick outline of the transaction I will hand it over to Medappa.

Medappa Gowda:

Thank you Akhilesh. Good morning to everyone. We have carried out the financial tax and operation in due diligence across the targeted entities located in Hungary, Mexico, USA and China. According to our due diligence and also as per Kongsberg the revenue forecast for the calendar 2021 needs 90 million \$US and for the calendar year 2022 is 100 million \$US with an EBITDA margin of 10%. We have sufficient cash balance surplus cash balance in the balance sheet. However, we are discussing with one of our bankers to partially fund these transactions. Thank you.

Jim Ryan:

Greetings everyone. Just quickly an introduction shorter introduction of myself. My name is Jim Ryan and I am based in the United States. I was brought into Suprajit approximately 6 months ago for a strategic reasons such as this acquisition. My background education wise is a mechanical engineering, but I have been in industry for approximately 37 years combination of

engineering and sales work initially and then in general management operations since 1997. I have actually been involved with cables in one way or another since 1987 starting with being a supplier to the cable industry and then joining in an actual cable competitor name Capro that was a genesis of what this business is as far as its acquisitions from Kongsberg and now the divestiture to Suprajit.

So, I have got quite a bit of experience in an out of cables in a global basis possibly been involved with aerospace medical and electronics, but primarily industrial and automotive in the area of control and control system such as cables and electro mechanical which is related to this acquisition. I was part of Teleflex Industrial which was a conglomerate of products geared primary for driver control systems inclusive of cables when Kongsberg acquired them from Teleflex in 2007. So, I am very familiar with this business. I work with this business in various form throughout the years at Kongsberg leading into a 2015 to 2016, 2017 effort to divest of this business the strategic reasons much like what they are doing today. Unfortunately, those projects did not move forward at the time and I elected to leave in 2017 and I have been with Suprajit now for 6 months helping the team with this acquisition and other elements of the cable business in terms of cable global operations and this acquisition again is something that I am quite familiar with both in the operation for the three entities that are being acquired as well as still many other people they are involved in the business.

N S Mohan:

I would like to just talk about a few synergy I know you would have gone through the slides already, but fundamentally what I would like to draw your attention is that like CK Prahalad used to say “theory of core competence”. So, our core competence is cables and this makes us literally get into a sort of a full position in the cable word particularly in the light duty cable area. It also enhances our engineering capabilities and definitely our manufacturing footprints not to just say about the manufacturing capacities. Fundamentally we always used to get into this question in North America more so in USA whether we can serve the US market from Americas and since we had Wescon which was predominantly the non-automotive portion we always used to be wondering and how do we get into the automotive part of it. So, this gives us a plug into the North American market particularly in automotive. Since this is also got exposure to non-automotive it expands non-automotive portion there. While we continue to build stronger relationship when the Suprajit we had those relationship, when we acquired Wescon we expanded those relationship and this again does the same thing in expanding our relationship with the existing customer and also onboarding new customers example like Tesla. So, one another important thing is along with LDC which is the cable we are also getting into what we call EMA or electro mechanical actuators. So, this is a new product which is going to come under our belt and that is going to probably help us get into the next level. So, overall in terms of manufacturing footprint we are now into automotive in the US market, we are strongly entrenched in the European market with Hungarian plant and we have got an access into the Chinese market. So, with this we will be one of those global leaders in the cable business and will help us in enhancing our capabilities be it in terms of quality, cost, development or delivery.

Ajith Rai: Thank you Mohan and the rest. I just wanted to conclude saying that we I think got a very value for money deal as Medappa sort of said that next year the target is about 100 million \$US revenues with about 10% EBITDA and the enterprise value at no debt, no cash at 42 million you can do the math to say that it is a good buy for us and this is our core competence as Mohan has said. So, having this kind of a perfect supply chain footprint will really lead us to do lot more in this space and consolidate our position and we will easily be able to be the global leader which we already are to the next level of service to the customer ultimately customer satisfaction is paramount to us and at this kind of footprint and this kind of warehousing, this kind of delivery capacities, this kind of engineering capabilities and our reach in multiple geographies handson would give us a solid global presence. So, I believe that this would add significant value to investors as well. The other important point that some of those investors who have been with us for long 20 years ago we were 95% in two wheelers after this transaction get consummated I think we will be only about 20%, 25% in two wheelers and our presence in automotive, in non automotive and in the aftermarket will get further strengthened. So, we will really be our theory of derisk and grow profitably will perfectly be answered with this acquisition. With this note I would like to now hand it over to the moderator and we are ready to take on some questions from some of you as and when it comes. So, thank you very much and I hand it over to the moderator.

Moderator: Thank you very sir. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Deepak Lalwani from Unifi Capital. Please go ahead.

Deepak Lalwani: Sir, I just wanted sense on the sales number so you said 90 million for this year what was this numbers say three years back, how has the growth been in this business and historically what are the margins that this business is made?

Ajith Rai: From what I know frankly I was involved with Kongsberg transaction last time also. The business in those days were also generating double digit margins. I think in the last two, three years the sales had sort of stagnated I think the numbers are around this last time also. I think this year the number is stagnating mostly because of the COVID scenario otherwise I think the original budgets were much higher, but then right now due to IC chips there is certain amount of lag from their original target.

Deepak Lalwani: This would be a slightly lower margin business compared to Suprajit India so what gives us the confidence to turnaround this business?

Ajith Rai: I think in terms of turning around obviously we will have to get into see what all we need to do to improve, but today I think 10% margin business in automotive is pretty good. I think what we are getting is a kind of a transactional value which is I think is very difficult to get in this business in terms of valuation itself. So, you are right the current margins in this business is slightly lower, but that is why we are also getting at a much lower valuation. So, in terms of return on investment I think this would match with what we are doing currently.

- Deepak Lalwani:** So, with this transaction does Suprajit get any technical abilities which would enhance us to improve on the efficiencies in India as well and globally?
- Ajith Rai:** I think the engineering strength of LDC is pretty strong. I think they have been working with some of the marquee customers where we have shared with you the Tesla of the world and some of the marquee other customers. I think they also are having multiple patents with them I am sure between their engineering strength and our engineering strength which is also pretty good I must say together I think it will become a stronger team. I think that is what I would like to say at this moment, but eventually I think we are really in the saddle we will get to know how much more complementary strengths we have. They are certainly much stronger I let us say in seat and seating related businesses whereas we are much stronger on the door and body cable. So, together I think it makes it more complete in terms of the content per car. Secondly, I think more importantly EMA will be the one which will add on for our future businesses. We have been only making cables and with the EMA we become also a very clear system supplier.
- Deepak Lalwani:** And lastly sir you said 10% margin on 90 million so at the PAT level how much will this entity make and if you could touch upon the debt and the gross block that this business will get on to the Suprajit balance sheet?
- Ajith Rai:** No, we are not taking any debt it is debt free cash free.
- Deepak Lalwani:** And the PAT what it would be?
- Ajith Rai:** PAT I think you know there is projections made by them we do not want to really get into that at the moment, but their depreciation charges are not very high at the moment. So, it is pretty good cash flows are pretty strong that is what I would like to say.
- Moderator:** Thank you. We have next question from the line of Abhishek Jain from Dolat Capital. Please go ahead.
- Abhishek Jain:** Sir how much capacity and the current utilization for the light duty cable business and what could be the peak revenue?
- Ajith Rai:** On capacity I think Jim do you know their capacity and utilization.
- Jim Ryan:** It is mix pie facility and by the number of potential shifts that can be applied, but in general I would put the capacity of roughly 60%, 65%.
- Ajith Rai:** I think their total capacity is around 100 million and probably they are now operating about I think at about 55%, 60%. So, you can make out at the full capacity what could be the revenues. It is almost like another 60%, 70%, 80% higher than the current run rate.

- Abhishek Jain:** And how much addition will be happened in the gross block?
- Ajith Rai:** We will have to get back to you on this.
- Abhishek Jain:** My next question is related with the asset turnover of this so what was the asset turnover in the past years and how much asset turnover is we are looking going ahead?
- Ajith Rai:** That is why I am saying we will have to look at the gross block correctly to answer that question it is again connects with that only. I think we will have to come offline to make a point I think we will be able to provide that data to you.
- Abhishek Jain:** I was checking that this business has won large business from the EV players so just wanted to understand what is the current order book and what is the contribution of the revenue from the EV side out of the \$90 million revenue?
- Ajith Rai:** I think we will not get into there is Tesla is one of the main customers for them, but as I know do you know which part of Tesla requirements we meet for LDC?
- Jim Ryan:** Yes it is primarily through the seating elements of Tesla at the moment and is the model as a marquee application for both cables and electro mechanical.
- Ajith Rai:** So, both EMA as well as cables you are supplying to Tesla and as I know we also supply to some of the Chinese EV manufacturers and there also these cables are used for the EV. In terms of the segment wise split how much is EV, how much is non EV I do not think we have the data with us, but as you know globally also the EV is still emerging in terms of number of vehicles. So the fact that we are with the leader in that business as a supplier that is Tesla I think that speaks that we are well entrenched to capitalize on this opportunities.
- Abhishek Jain:** My last question is this that after this acquisition of we would be able to win business from the India OEM particularly for actuators, so how much pocket size of the EMA right now India and what sort of revenue are you targeting?
- Ajith Rai:** It is too early Abhishek I think we are just in the acquisition mode once the transaction closes and we are in the saddle we will have to assess closely what are all the EMA technologies they have and how much it is really usable in India. I think this transaction is not necessarily India centric I think we are looking at what EMAs are required in higher end car in Europe and US. I think that is where the business will be, but whenever like whether the Tatas or the Mahindras want to have EMA actuated cables for their seating system particularly for the higher end vehicles. I think we will have ability to service them. So, these are the things that we need to know once we get in, but the point that we are making is from just a cable supplier we are becoming a system supplier through EMA.

- Abhishek Jain:** Sir, the interior segment of the Kongsberg Automotive consists of the two business units one is the light duty cables and another is the comfort system, so I assume that you have only taken the light duty cable business?
- Ajith Rai:** Absolutely we have taken only the LDC not the interior system.
- Moderator:** Thank you. We have the next question from the line of Resham Jain from DSP Investment Managers. Please go ahead.
- Resham Jain:** Sir, I have just one question typically lot of this foreign entities with multiple plants in different geographies we have seen in the past and some of the very high fixed cost and very high employee cost and Jim has worked there, so if you can get some sense around that are there any like low hanging fruits which you have seen with your kind of experience and the setup in India and other things, will there be any cost benefits which you can bring in over there and any thoughts around that would also be helpful?
- Ajith Rai:** Any thoughts on the cost optimization that we could do and then I will probably add on few more points.
- Jim Ryan:** Firstly the acquisition is related to growth more so than squeezing synergies and cost that said because of the complementary nature of the businesses whether it is the manufacturing footprint or the customer points of call and the market serve there is rather minimal overlap for the direct resources, but I would say in risk of speaking on behalf of Kongsberg portfolio is very complex and as a result there corporate overhead structures were very different from Suprajit and the focus that Suprajit has within cables specifically well enable us to have a linear organizational structure at Kongsberg. Additional synergies I think can be extracted as Mohan had mentioned we will certainly have the opportunity to optimize operational processes and apply best practices between the groups and will also be able to find some opportunities to leverage our expand and communalize our products. So, there will be indeed some opportunity for cost improvement, but I think the more important element with this acquisition are growth.
- Ajith Rai:** I think just to again add on to here what we are really been doing so far was Made in India and distributed in the world what is happening in the supply chain today. There is a complete disruption, containers get lock down we have 20%, 25% of our inventory stuck in some container in some port. Now what this brings to us is that a better and more efficient distribution in the long run because we will have a local footprint. The fortunate part of this transaction is that all the footprint are in the lower cost countries. It is not manufacturing in Germany or manufacture in US. We only have engineering support, warehousing in these places, high-cost places and the manufacturer low cost countries. So, geographically we are now having a footprint of manufacturing which give the comfort also to the customer that not everything is depending upon India. So, what is a big manufacturer of automotive is today looking at supplier who have a perfect footprint that means they are able to also socially

locally deliver I think that is what going to give to him and because we are working on a low cost structure I think generally the high cost structure that you would see out of let us say a German or American plants would not come and what the point that Jim brought out was clearly compared to Kongsberg where the overheads are lot more complex and much more higher. I think Suprajit as you know very well we have always been operated on a very lean structure. I think that helps in bringing additional synergy and cost optimization.

Moderator: Thank you. We have next question from the line of Viraj from Securities Investment Management. Please go ahead.

Viraj: Just got two, three questions first is if you can just give some color in terms of EMA and LDC mix between in the business?

Akhilesh Rai: The split between EMA and cables so I think we have about 12% to 15% in the EMA system and the rest will be in the cables and mechanical expense not just talking about your cables, but that would be some kind of mechanical system component we did as well so that would be the split 12% to 15% in electro mechanical actuation.

Viraj: Second question is as you rightly said the focus is more on a growth part of element and if we look at our own journey and we had the acquisition of Wescon couple of years back and that give a footprint into the non-automotive, but the market there was quite more fragmented and therefore that was really being really a sub segment, so if you were to understand this particular business profile one is how is the landscape in terms of competition intensity so what will be a position in automotive, would it be concentrated say two, three larger customers or it contributed say a particular market segment say PV or heavy duty or light duty vehicles and then the opportunity is there in so how kind of we are looking at the opportunities for next three to five years?

Ajith Rai: I think it is a multiple question let me try to generalize the answer I think typically what we have seen in the diligences that the customers are normally complementary accepting one or two customers we do not have large common customers. So, that helps so when we are integrating there is no overlap number one. Number two it is interesting the business LDC does is more in the seat and seat related and less in the door and body related although they make those cable as well whereas it is the other way around with Suprajit. So, when you put the two things together our customer base enlarges and our content per car increases. So, that is what actually is happening in this. In terms of customers, I think they have the customer list is there in the PPT and you also know our customer although there are some common customers the applications for those customers are different. So, we have not been competing direct of course there has been some competition from time to time, but we have not been directly competing with each other on a really head on basis on many of these markets. So, that helps to say that we can now leverage that different, different customers more cables for example LDC is supplying only the seats to Tesla why not Suprajit supply the door cables or body cables I

mean these are all the possibilities for the future. So, I think it brings a synergies in that sense I do not know I have answered all your questions.

Viraj: Just two follow up one is on the content part so if I have to understand from the current offerings which I have seating related and we are more there say doors and body related, so how does the content changed versus current offering and second is as again as ISKCON where there are so many sub segments in non auto, auto market would be the understanding be right that the sales grow the acceleration with us coming in will be much higher say in next three to five years?

Ajith Rai: It is about business development Jim would you like to comment.

Jim Ryan: When we look at the portfolio from a product perspective I think in many ways the product itself is secondary to maybe the services and the locations for distribution manufacturer. We see things in the market place like the trade barriers and the logistics challenges that was mentioned by Ajith that within the footprint than the services themselves for the products become a dimension that we will be able to offer people in a much greater sense. If we take automotive and you start to segment it then you do look at body cables, you do look at seating cables and you have some specialty applications inclusive of things like sun roof and within the portfolio of cables there is elements of LDC they will be bringing to us that we do not currently participate in. Some of them includes some of the systems whether that the electro mechanical systems whereby a motor and a gear train and multiple cables can provide seating a unique functionality or if it is in the systems such as with steel whereby there is a handles and molding and triggers and electronic switches that come together in a sub system. So, the growth opportunities in cables are rather complex in terms the opportunities themselves because of nature of the applications, but what the acquisition does it provides us a breath and scope and diversity of customer base and geography to combine the services and the products and to unique solutions for our customers that many of the competitors really would not have the same footprint for overall capabilities to provide.

Viraj: The kind of gaps which we have in the sense say for body related output, door anticipated product segment do we need to make any investments from our business and that business to meet that requirement going forward for those geographies?

Ajith Rai: As we know the capacities are in place I think currently LDC is doing I do not know 55% of the capacity or something like that. So, there is enough capacities are there. What happens whenever a new product is developed Viraj is that the trolling developments are the one that takes some investment. Typically many a times or most of the times these trolling are also paid for by the customers. So when the capacity of let us say lines and space and equipments are existing I think increasing the capacity I am sure there would be some kind of capacity in terms of cost, but I think most of the time it is the component developments and the trolling and things like that which also is paid for by the customer. So, I would say generally cables are

as you have seen in Suprajit are not high intensity CAPEX project, they are lighter, some of them are also transferable to the customer.

Moderator: Thank you. We have next question from the line of Sreemant Dudhoria an Investor. Please go ahead.

Sreemant Dudhoria: I am just trying to understand this transaction better to Deepak's earlier question on the EBITDA margin and the historical EBITDA margin like ideally would have liked to see the pro forma financial of this specific segment the reason why we are asking is because the interior division which Kongsberg report because it is a listed entity the margin of that division has never crossed 10% in the recent past at least in the last three years, so is it fair to assume that even this division under that segment was making similar sort of margin about say 6% to 7%?

Ajith Rai: I do not know the interior overall margin, but you must realize that this was a smaller part of the interior and generally it has been making 10% margin let us say plus minus couple of percentage point. This is a carved-out business so to some extent we know what the cable margins are in business with a similar products that we also make. So, our own assessment is also that the double digit margin is certainly possible in this business.

Sreemant Dudhoria: And for the execution of the order book which this division has how important is the availability of semiconductor chips because in the recent quarters the performance of this division of a Kongsberg has not been so great and the rationale being said that the shortage of semiconductor chips?

Ajith Rai: I will again put the question to Jim I do not think in our production we have much of a semiconductor issues, but our customer has. So Jim anything to comment.

Jim Ryan: Within the product portfolio in EMA there are what we call smart motor systems that we are going to rely on a chip and there is some risk and turbulence obviously with everybody involved in that or I would say the greatest issue is indirect with the OEMs themselves and the demand constraints that they themselves have for chips not directly to this business.

Sreemant Dudhoria: And one last question if I could check as per the press release which Kongsberg has shared and their rationale for the sale of this businesses they wanted to execute as part of the shift gear transformation which they undertaking and be ready for the future proof product portfolio, so out of curiosity just checking you know why was this division not a future proof product portfolio given the various disruptions that the automotive industry is currently facing?

Ajith Rai: I have an answer because first of all I think to give a larger perspective this cable division it was never a part of the core product of Kongsberg. It just happened to come because they did a transaction with 2007 with Teleflex where the automotive division was sold off to Kongsberg. So, they have this as a part of that transaction and it never got the attention it required because

they were focusing on all our their other products which was what their focus was. So, this sort of how do I say kind of a crying baby for multiple years and that is why this business never grew under them. So, I think it is just that they decide that there is no point in doing a half attention to a division. It is better to sell it off and refocus on their business whereas for people like us with the kind of footprint that they have we could have never created it ourselves and the customer profile that they have along with the engineering strength. So, it is a question for them it probably was not core competence whereas Suprajit core competence is cables and that is where we have been doing so well. So, it is just a question of priorities for the organization. Being listed Company they also have their own requirements of funds if you see their balance sheet you understand why they would have required fund so I would leave it here.

Management:

He is asking if the fuel filler cables is concern when EV cars come in?

Akhilesh Rai:

In general the EV in the passenger vehicle segment there is no real concern for the cable and cable system and this is a good example that you bring up fuel lid you may think that a fuel lid cable will no longer be there in electric vehicles, but to plug in your charger you still need something to open and in fact we have within Suprajit and I am sure within LDC business those sort of cable systems that are coming in for EVs.

Moderator:

Thank you. We have next question from Nikhil Kale from Axis Capital. Please go ahead.

Nikhil Kale:

My first question was on the EMA side I think talked about that is a good opportunity can you just provide some more color on this meaning what is the content of EMA in some of the higher-end cars today globally what could be the opportunity size and generally I think you spoke about content increase, so can you provide some data on okay what was our content today in say for some of our European customers and because of this acquisition what could that content be going ahead?

Ajith Rai:

I think all I would say currently I think only about 15% of the LDC business is in EMA. I think to give a little higher color on what exactly EMA does I will probably again toss the question to Jim maybe he can give some more color to this.

Jim Ryan:

The EMA product is primarily geared towards the sealing applications and where actuators are difficult to package within a seat particularly for larger vehicles second and third row sealing. The electromechanical devices are motors with gear trains and then pulled cables and they are capable of sequencing and pulling multiple cables for hold and tumble and stuff. So as people are looking for more and more functionality in their vehicles the larger vehicles with second and third row applications the EMA has it primary home there.

Nikhil Kale:

Andy data on what would be the average contents in dollars or something like that?

Ajith Rai:

In terms of value is it give me any idea on how much I mean they will certainly vary from application-to-application, but for the total value per systems much as in cable because this

will have a cable electro mechanical actuator. So, the cost of the actuator itself also is higher. So, total content increases, but do you have a number for this Jim.

Jim Ryan: I do not have a specific number to give it is fairly complex **(Inaudible) 45:02** much as a motor and a cable or it could be as many as 6 cables and **(Inaudible) 45:06** change in complexity. So, it is a mix that I would be reluctant that would buy a specific value to.

Moderator: Thank you. We have next question is from the line of Chirag Shah.

Chirag Shah: Sir, I have two, three questions actually and some clarification first you mentioned we are strong in body or door cable and CVs and seating cables now why are we not necessary strong in seating cable first is that question at least for India perspective we should be there at all places?

Ajith Rai: In India we are with everybody I am talking about the global scene what happens in the global scene is that the customers, the **(Inaudible) 46.14** of the world, the Aiden of the world or Magnus of the world have been working with LDC much more stronger on the seating system. So, that entry barrier was there for us. Now that entry barriers goes because they become part of us that is how it is whereas we had a strong presence with the guys who are making the door panels etcetera and that is where we score and LDC is not having such a presence.

Chirag Shah: A cross leveraging to an existing customer like VW or GM should we assume it will be a three to four year cycle because you will approach and you will approve it and at least three years cycle it will take or it is a much shorter cycle?

Ajith Rai: The point is that whenever the new I will probably ask Mohan to answer how a new product launch happens and how they take customer suppliers in terms of assessment so probably he will give you a color on this.

N S Mohan: Basically, in automotive industry everything goes on platform. So, once the platform is getting refreshed or being launched you get on to the platform and then you serve the entire platform. So, I would put it this way it gives us an access directly to a platform through this acquisition so if we do not have any content on that platform. If we already have a content on the platform it adds to the contents of the platform. In terms of getting on to a new platform it is a totally new business win which is a normal part of a business be it as LDC or Suprajit.

Moderator: Thank you. We take the last question from the line of Amit Hiranandani from Smifs Limited. Please go ahead.

Amit Hiranandani: I have some data questions just wanted to know we are getting some additional 106 million of cable capacity for Kongsberg, so how many cables Kongsberg manufacture and sold in the last two years and secondly on the margin side of Kongsberg how we are planning to improve the

financial of Kongsberg especially on the margins and do you expect the consolidated EBITDA margin will slightly come down post this acquisition?

Ajith Rai: In terms of the last two years as I know from the diligence I think they are utilizing around 55%, 60% of their capacity so that mean the steel capacity available to increase the volume of that what was the second part of the question sorry I just missed that.

Amit Hiranandani: Just wanted to understand the margin side how we are planning to improve the margin?

Ajith Rai: I think we have answered in a way let me toss this question to Mohan again to probably give another perspective in terms of margin improvement if at all.

N S Mohan: Basically when we talk about margins fundamentally it is what can you do with your material cost, what you can do with your labor cost and what you can do with your overhead I am trying to simplify the whole complex situation so like Jim has already answered the overhead part is pretty easy to understand and explain with the complex overheads that Kongsberg has which get replaced by our I would say rural management style that we have at Suprajit. To a great extent it is going to reduce the overheads portion. Now when it comes to the labor you know that these are all in the low-cost countries now beyond this what productivity improvement can be done is an ongoing process. Now there could definitely be exchange of ideas between the legacy Suprajit business where Suprajit business can learn from K at the same time K can also learn from Suprajit. Now this is going to be a very typical manufacturing scene where you do kaizens and keep improving things. Therefore, productivity improvements can be done vis-à-vis the material cost it is good be very interesting as we get more deep into it I think we will be able to discover where are those synergies and can we operate on those synergies and leverage to reduce our total material cost. So, obviously as a manufacturing outfit and an organization it would be our constant endeavor to ensure that maximum value is produced by minimizing our cost.

Moderator: Thank you very much sir. Ladies and gentlemen that was the last question I would now like to hand the conference over to Mr. Ajith Kumar Rai for closing comments. Over to you, sir.

Ajith Rai: Thank you all for participating and asking the questions regarding this transaction. As I said earlier this is transformational for us. This is going to make Suprajit truly a global name in cables if not number one we will certainly number two now. I think beyond that I think the kind of footprint that we have both in manufacturing business development, engineering, warehousing, etcetera and the strength of both the teams engineering teams at LDC as well as with us I think will be a formidable cable manufacturer globally and we will be able to leverage that scale for the benefit of the customers and improve our own margins over the period of time by understanding the best practices at both the places. So, we think that this is going to be significant value add for Suprajit and its investors and I look forward to interacting you again with you post the Q2 results on the results as well as maybe some developments on

this. So, thank you very much and at the same time I would like to thank Anand Rathi for hosting this call Vijay Sarathi and his team and thank you very much Vikram for moderating this session. Thank you.

Moderator:

Thank you very much sir. Ladies and gentlemen, on behalf of Anand Rathi Share and Stock Brokers that concludes this conference call. Thank you for joining us and you may now disconnect your lines.