

Minda Corp Ltd.

₹ 93

The Minda's Touch to your Portfolio !!! Buy

Mar 03, 2017

Company Background

Minda Corporation Limited is a holding company. The Company manufactures auto components/accessories from various locations in India. The Company's principal products/services include lock kits, spares, and locks and ignition switches. The Company's deals in both Domestic and Overseas geographical segments. The Company has a diversified product portfolio that encompasses Safety, Security & Restraint Systems; Driver Information & Telematics Systems and Interior Systems for auto OEMs. These products cater to 2/3 wheelers, Passenger Vehicles, Commercial Vehicles and after-market. The Company has 32 state of the art manufacturing facilities- India (26), South-East Asia (2), Europe (3), North America (1) and a representative office in Japan with a total global workforce of over 10,000. Its manufacturing facilities are located in India, South-East Asia, Europe & North America.

Key Highlights

- ➔ Minda Corp has a strong customer base includes key OEMs such as Ashok Leyland, Bajaj, BMW, Daimler, Hero Moto, Honda Motors, M & M, Maruti Suzuki, Renault Nissan, Tata Motors, TVS Motors, Yamaha & VW Group.
- ➔ The company in the past year has acquired Panalfa Autoelektrik, a 51% stake in Minda Stoneridge Instruments Ltd and has entered into a JV into Joint venture with VAST, a global alliance of STRATTEC, ADAC Automotive USA and WITTE Automotive Germany. The acquisition of Panalfa Autoelektrik adds manufacture of Starter Motors & Alternators to Minda's product portfolio, along with exposure to a high profile customer base.
- ➔ Minda Corp started exports of Soot Sensors to the U.S and won an export order to Europe for Compressor Housing. The Company also received an order for Speed Sensors in the 2W Segment; the product has substantial market potential. Furthermore, the Company won orders for Tandem Master Cylinders (Gravity Die Casting) for brake applications.
- ➔ Automotive Mission Plan (AMP) 2026 expects the exports to grow multifold over the next decade but this would also require investments in R&D and technology. Minda has already embarked on the Research Journey.

Key Financials

Year Ended 31 st	Mar 14	Mar 15	Mar 16
Revenue (INR mn)	2,869.1	3,584.7	3,972.5
Rev. growth (%)	26.29	24.94	10.82
EBITDA (INR mn)	200.4	245.9	308.1
Net profit (INR mn)	2.2	25.9	31.0
Shares outstanding (mn)	39.6	60.8	304.0
EPS (INR)	0.1	3.0	3.5
EPS growth (%)	(98.58)	5980.00	14.47
P/E (x)	1860.00	30.41	29.94
RONW (%)	0.22	2.76	3.21
ROCE (%)	9.95	12.42	14.69

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Info Codes

Reuters	: MINC.NS
Bloomberg	: MDA:IN
NSE	: MINDACORP
BSE	: 538962

Market Data

52 Wk Range (₹)	: 86 / 144
Shares in Issue (mn)	: 304.0
Mkt. Cap (₹ bn)	: 19.60
BSE 2 Wk Avg Vol	: 28000

Share Holding Pattern (%)

Promoters Holding	: 70.21
Corporate Holding	: 06.63
Domestic Institution	: 09.76
Foreign Institution	: 00.96
Public & Others	: 19.07

Investment Theme

Minda has consolidated its business structure & realigned business priorities. It has prepared itself for accelerated growth with focus on profitable customer engagements & cost efficiencies. As a result, it has able to improve its financial performance with a revenue growth in the past FY's. New FY marks the beginning of the next phase of its growth. Minda is ready with newer, larger and margin accretive orders in existing businesses. It has further added two new growth engines Panalfa Autoelektrik, acquired in April 2016 & its first manufacturing plant in North America (Mexico), likely to commence commercial production by the end of FY2017. While the former adds a new range of products and strengthens its presence in the CV and Agricultural Machinery segment, the later positions Minda closer to the exciting automobile market, the United States and hence expanding its International footprints.

Unlocking Business !

Financial Statements

Income Statement

(₹ mn)

Year end	Mar 14	Mar 15	% Chg	Mar 16	% Chg
Net Sales	6,167.5	6,490.6	5.2	7,046.9	8.6
Other Income	69.0	46.9	(32.0)	43.3	(7.7)
Change in Stocks	23.4	(20.4)	(187.2)	17.8	(187.3)
Raw Material Con.	3,870.1	4,017.1	3.8	4,284.2	6.6
Employee Exp.	736.5	813.2	10.4	952.9	17.2
Indirect Taxes	446.4	461.4	3.4	579.5	25.6
Other Exp.	561.4	480.8	(14.4)	412.9	(14.1)
Operating Exp.	5,614.4	5,772.5	2.8	6,229.5	7.9
Operating Profit	645.5	744.6	15.4	878.5	18.0
Total Interest	117.5	81.8	(30.4)	42.8	(47.7)
Gross Profit	528.0	662.8	25.5	835.7	26.1
Net Dep.	216.7	173.6	(19.9)	184.8	6.5
Total Taxation	93.6	140.4	50.0	186.1	32.5
Net Profit/Loss	217.7	348.8	60.2	464.8	33.3

4 Years Balance Sheet

(₹ mn)

Balance Sheet as on 31 st	Mar 13	Mar 14	Mar 15	Mar 16
SOURCES OF FUNDS	3,951.1	4,048.2	3,986.6	4,374.1
Equity Share capital	396.0	396.0	608.0	608.0
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	2,500.7	2,672.5	2,706.8	3,045.6
Secured Loans	790.4	779.8	432.9	576.3
Unsecured Loans	264.0	199.9	238.9	144.2
USES OF FUNDS	3,951.1	4,048.2	3,986.6	4,374.1
Gross Block	1,956.0	2,342.8	2,155.1	2,326.4
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	843.0	955.8	916.2	1,036.8
Net Block	1,113.0	1,387.0	1,238.9	1,289.6
Capital Work in Progress	362.0	35.7	41.7	69.0
Investments	1,035.4	1,763.4	1,854.8	2,004.8
Current Assets	2,470.8	2,012.3	1,701.2	2,143.2
Less : Current Liabilities	1,123.3	1,189.3	894.8	1,193.5
Total Net Current Assets	1,347.4	823.0	806.5	949.7
Misc. Expenses not writtenoff	93.2	39.1	44.8	61.0
NOTE				
Book Value of Unquoted Investments	1,035.4	1,763.4	1,854.8	2,004.8
Market Value of Quoted Investments	0.0	0.0	0.0	0.0
Contingent Liabilities	1,430.6	2,059.3	4,551.2	4,088.7
Dividend (%)	20.0	20.0	20.0	20.0

Quarterly Income Sheets

(₹ mn)

Quarter Ended	Dec 15	Mar 16	Jun 16	Sep 16
Net Sales	1,792.1	1,778.6	1,963.4	1,888.7
Cost Of Sales	1,629.0	1,628.8	1,783.1	1,686.5
Operating Profit	163.1	149.8	180.3	202.2
Other Income	37.7	40.2	98.9	79.2
Adjusted PBDIT	200.8	190.0	279.2	281.4
Financial Expenses	6.0	12.3	19.6	17.8
Depreciation	48.2	47.5	49.6	48.1
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	146.6	130.2	210.0	215.5
Tax Charges	40.8	26.2	46.6	39.3
Reported Profit	105.8	104.0	163.4	176.2
Extra Ordinary Items	0.0	0.0	0.0	0.0
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Adjusted Net Profit	105.8	104.0	163.4	176.2

52 Week Index Relative Percentage Appreciation



Minda vs SENSEX

Business Outlook

- ➔ Government's ambitious 'Make in India' initiative will stimulate demand for India made automotive components. India's low capita per labour and the continuous up-gradation of innovative technologies to meet the global standards by the manufacturers will provide a further impetus to the industry.
- ➔ The ever evolving technology and the transition from fuel vehicles to electric and hybrid vehicles along with increasing safety measures will lead to increased demand for new age automotive components such as wiring harnesses and sensors for information and telematic systems.

Risks

- ➔ Minda's subsidiaries span across Europe and Asia. In Europe the sales is anticipated to remain flat but government policies and regulations in the region could impact the business. Demand across Asia has been uneven across countries, though the overall growth was flat.
- ➔ Company has manufacturing facilities globally and also exports to different countries. Due to the high currency volatility, Minda Corporation's profitability may be impacted. These fluctuating currencies would likely impact the pricing of the products and the financial performance.
- ➔ Company procures raw materials and components used for manufacturing the products from external sources. The increase in raw material prices may have an adverse impact on manufacturing cost and profitability of the Company.
- ➔ Minda's group companies specialize in products such as lockset, wiring harness components and automotive wires. Due to the rapidly changing technology and continuous up-gradation, the existing products of the Company may become obsolete and may have an adverse impact on the business.

In a Nutshell

Spark Minda, Ashok Minda Group is a leading Automotive Component Group. Which was founded in 1958 by Late Shri S.L. Minda. It has 32 Plants globally employing more than 14,000 people and a Strong customer base with supplies to all major Indian & Global OEMs with supplies across all Vehicle Segments. The Group Turnover is more than INR 3500 Cr. It is in Joint Venture with global leaders like Furukawa of Japan, Stoneridge of USA, VAST Access System of USA, Silca of Italy, UzAvtosonat of Uzbekistan, Orbital of Australia.

Minda Corporation one of the group companies of Minda Group is one of the largest suppliers of Electronic & Mechanical Security System to 2 wheelers, 3 wheelers and Off Road vehicles. It is a diversified company with a product portfolio encompassing from Mechanical & Electronic Security System and Electronic Controllers for Electric Vehicles for Auto OEMs across the Globe. The company exports about 20% of its products to USA, UK, Europe & South East Asia and ASEAN countries. It is the only company in India to have its own patented Magnetic Shutters for 2 wheeler application. To enhance the vehicle security it manufactures Lock Sets with conventional keys, 2 Track Keys, 4 Track Keys & Snake Biting Keys for 2 Wheeler Applications. The company designs & manufactures Immobilizers, Answerback / Vehicle Locator Detection unit & Hands free security system for 2 wheeled vehicle applications and also has patent for the Immobilizer application for vehicles operating with drained or no battery condition. The company has been showing good growth figures in the last 2 years and is expected on a progressive growth path further the current price of the company is near to its 52 week low and we therefore feel the company becomes an ideal Buy taking into consideration the growth and the price figures.

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Rating Interpretation

Buy : Expected to appreciate 20% or more over 12-months	Reduce : Expected to depreciate up to 10% over 12-months
Accumulate : Expected to appreciate 10% to 20% over 12-months	Sell : Expected to depreciate 10% or more over 12-months
Trade Buy : Expected to appreciate more than 10% over 45-days	Trade Sell : Expected to depreciate more than 10% over 45-days

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