

**CMP: Rs 83**

**Outlook: Positive**

**Technical TP: Rs 96-104-119**

**Stock Info**

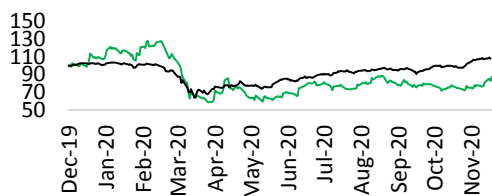
BSE	538962
NSE	MINDACORP
Bloomberg	MDA.IN
Reuters	MINC.BO
Sector	Auto Ancillaries
Face Value (Rs)	2
Equity Capital (Rs Mn)	453
Mkt Cap (Rs Mn)	19825
52w H/L (Rs)	122/ 53
Avg Yearly Vol (in 000')	771

**Shareholding Pattern %**

(As on September, 2020)

Promoters	68.1
FII	6.33
DII	9.54
Public & Others	16.03

**Minda Corp. Vs Nifty**



— Minda Corporation — Nifty 50

**Peer Group Comparison**

in Mn.	Minda Corp	Minda Ind.	Endurance Tech.
Revenue	22034	45480	56105
EBITDA	1608	4293	8543
EBITDAM (%)	7%	9%	15%
PAT	-2679	323	3731
PATM (%)	-12%	1%	7%
EPS (Rs)	-12	1	27
PE(x)	-7	0	44
ROE(%)	-28%	2%	12%
D/E(x)	0.44	0.55	0.18

\*Financials on TTM basis

Minda Corporation Limited is a diversified company with a product portfolio encompassing from Mechanical & Electronic Security System, Door System, Electronic Controllers for Electric Vehicles, Plastic Interiors and for Auto OEM's across the Globe. It also manufactures Die Casting Parts for auto and consumer durable industry. The Company is one of the largest suppliers of 2 wheeler, 3 wheeler and Off Road vehicles Electronic & Mechanical Security System to OEM's and exports about 20% of its products to USA, UK, Europe & South East Asia and ASEAN countries.

**Key Highlights of Q2FY21:**

**Information & Connected Systems** (Wiring harness) revenue grew 22% YoY due to higher content increase in 2W due to BS VI implementation, margin for the segment contracted to 6.7% vs 9.6% last year due to adverse product mix, low labor productivity, lag of RM indexation and higher cost of operation.

**Order book** has increased largely due to OEMs have started clearing the order book. Company is having very good production scheduled for festive season and healthy order book for Q3 and Q4.

**Double digit growth of Margin:** Management expects to consistently deliver double digit EBIDTA margins in future as the product mix basket stabilises and CV segment recovers (2W contributes around 55% to the sales, while CV contributes ~20%). Company has proposed preferential allotment of 1.18 cr shares of face value Rs 2/- at issue price of Rs 70/- to Phi Capital thus raising Rs 83 cr. which will help the company to win new business, advisory for cost optimization and identification of new investment opportunity. Also, management is looking at long-term benefit (building an EV strategy for example) of this operational partnership, while the margins for mechatronic and after markets were robust around 12.7% despite the impact of covid-19 costs

**Q2FY21 Result Snapshot:**

Rs Mn.	Q2FY21	Q1FY21	Q2FY20	Q-o-Q	Y-o-Y
Net Revenue	6561	1780	5585	268.7%	17.5%
EBITDA	666	-203	671	-427.5%	-0.8%
EBITDAM%	10.1%	-11.4%	12.0%	-188.8%	-15.6%
PAT	258	-363	431	-171.1%	-40.1%
PATM%	3.9%	-20.4%	7.7%	-119.3%	-49.0%
EPS (Rs)	1.16	-1.63	1.94	-171.2%	-40.2%

**Valuation & View:** Given the product basket and market share of Minda Corp, we believe, company's prospects for the latter half of FY21 are quite upbeat due to the recovery witnessed in the auto sector on the back of rising wire harness content per vehicle with BS6 transition, improved Mechatronic and aftermarket sales. At CMP of Rs 83, Minda Corporation is trading at a PE of 23.7x/12.2 to its FY21/FY21E Bloomberg consensus estimates. We have a positive outlook on the stock.

Rs MN.	FY19	FY20	FY21E	FY22E
Revenue	30920	28131	21419	26102
EBITDA	2924	2499	1836	2769
EBITDAM (%)	9.5%	8.9%	9%	11%
PAT	1692	-1998	791	1536
PATM (%)	5.5%	-7.1%	4%	6%
EPS	7.7	-9.0	3.5	6.8
PE	10.7	-9.2	23.7	12.2

Source: Arihant Research, Company Filings, Bloomberg Consensus

## Technical Chart & View- Minda Corporation



- The stock on the weekly chart has given a base consolidation breakout. This suggests upside momentum.
- Further, the consolidation breakout is with higher volumes which suggests buying interest in this stock.
- Further the momentum indicator viz. RSI is gaining momentum, this also suggests upside momentum.
- Hence we expect this stock to test 96 – 104- 119 levels in couple of months.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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