

Minda Corporation Meeting Note

Minda Corp management met with 10 fund managers / analysts of various institutional investors comprising of Mutual Funds and Insurance Companies on April 10, 2017 at Hotel Sofitel, Mumbai in the event organized by Karvy Stock Broking Ltd. Below are some insights from the meeting.

Addition of New Clients to build order book:

Growing presence in Indian, European and South Asian markets through technological acquisitions and client additions have played a vital role in their growth. New clients have been added for lock-sets (Royal Enfield, Suzuki Motorcycles) and Die-Casting from Nissin Brakes. Further, the company has indicated to expand their business segments in off-road and electric vehicles. Also, focus on increasing export business and overseas expansion are on the list.

Turnaround for Minda Furukawa:

The management has deployed a task force to tackle the operating inefficiencies due to higher dependency on imports. However, the company is negotiating on local procurement and reduction in royalty charges to combat the present situation. They expect the margins to improve during FY18E by implementing all these measures.

Increasing capacities:

They have recently inaugurated a plant at Mexico for Minda KTSN (plastic interiors) starting operations on April 4, 2017, spread across 17,320 sqm and mainly caters to Volkswagen. The capital invested is Rs. 1000 Mn which is expected to generate revenue of Rs. 1750 Mn by FY19E-20E. They have received orders for interiors which include Glove box, Columns, End cap, Hang on parts and others.

Further, their new plant at China for Plastic oil pans and cylinder heads through joint venture with SBHAP group, China is expected to be operational by end of FY18E. The target customers are expected to be OEMs like Daimler, Beiqi Foton Motor Co. Ltd., etc.

Also, a new die casting plant is being set up in Pune with an initial outlay of Rs. 750Mn where the capacity will get ramped up to 9600MT/annum by FY20E from the current levels of 4600MT/annum. This plant is exclusively for Aluminum Gravity and Low-Pressure die casting and there will be a separate machine shop for precision parts such as Compressor Housing. The plant is expected to be complete by Q2FY18E.

Sensor Business to be main growth driver:

The management expects the sensor business to add substantial value once BS-VI norms come into force by FY20E. Currently, they supply to OEMs like Mahindra & Mahindra for exhaust gas/soot sensors.

Technological up-gradation to be key:

Improved technology to be adapted for Engine fuel/Management systems, Anti-lock braking systems, Sensors, Connected cars, integrated starter-generator systems and Advanced Driver Assistance Systems (ADAS). In addition to this, products such as clusters, locks, door handles, immobilizer will be upgraded to electronic clusters & locks and bracketless door handles also enabling PEPS (passive entry/ passive start) technology.

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