

Turns ex-bonus today, positive stance retained...

About the stock: Minda Industries (MIL) is India's largest maker of automotive switches, horns, seats & PV alloy wheels and third largest automotive lighting player.

- FY22 segment mix – 4-W 53%, 2-W 47%; switches, lighting, castings, horns and seats comprised 30%, 21%, 16%, 8% and 11% of sales, respectively
- History of vast outperformance vs. user industries riding on growth in kit value, new client and product additions & inorganic acquisitions

Minda Industries turns ex-bonus today:

- The company had made an announcement for issue of bonus shares on May 24, 2022. The ratio was one bonus equity share of ₹ 2 each fully paid up for every one existing equity share of ₹ 2 each fully paid up (i.e. in the ratio of 1:1) held by shareholders as on the record date
- MIL turns ex-bonus today i.e. July 7. Accordingly, the share price has been adjusted to ~₹ 500/share in opening trade today against the last closing price of ₹ 969/share yesterday
- With forward estimates remaining unchanged, given the strong fundamentals (robust demand prospects, tech led product profile, benign raw material price outlook), we upgrade our valuation multiples (from 42x PE earlier to 46x PE on FY24E EPS) to now value MIL at ₹ 575/share post this corporate action. We retain our **BUY** rating on the stock

Key triggers for future price performance:

- We build 15.7% FY22-24E net sales CAGR riding on OEM ramp up, focus on premiumisation, expanded capacity, penchant to grow ahead of industry
- Minimal EV risk; actively working on EV-specific products
- Increasing share of new age products (sensors, alloy wheels, airbags, etc)
- Mix, operating leverage to push margins, RoCE to 12.5%, 15.9% (FY24E)
- B/s strength, with FY22 debt: equity at 0.2x. We expect gross debt to have peaked out amidst organic growth being funded through internal accruals



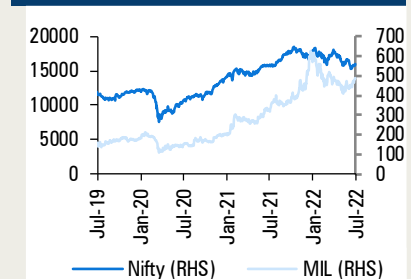
Particulars

Particulars	Amount
Market capitalisation (₹ crore)	28,560
Total Debt (FY22P, ₹ crore)	816
Cash & Inv. (FY22P, ₹ crore)	246
EV (₹ crore)	29,130
52 week H/L (₹)	630 / 315
Equity capital (₹ crore)	57.1
Face value (₹)	2.0

Shareholding pattern

	Jun-21	Sep-21	Dec-21	Mar-22
Promoter	69.8	67.5	67.5	67.5
FII	9.0	9.2	9.9	9.8
DII	10.9	13.7	13.1	13.2
Other	10.3	9.6	9.5	9.6

Price Chart



Recent event & key risks

- Bonus issue of equity shares in ratio of 1:1.
- Key Risk:** (i) Slower than anticipated pickup in sales across its OEM clients, (ii) muted margin amid high input costs

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Key Financial Summary

Key Financials	FY19	FY20	FY21	FY22P	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Net Sales	5,908.1	6,222.0	6,373.7	8,313.0	19.1%	9,692.1	11,123.4	15.7%
EBITDA	725.2	671.8	725.0	885.4	18.2%	1,138.8	1,390.4	25.3%
EBITDA Margins (%)	12.3	10.8	11.4	10.7		11.8	12.5	
Net Profit	285.6	155.2	206.6	355.8	16.2%	546.6	713.1	41.6%
EPS (₹)	5.0	2.7	3.6	6.2		9.6	12.5	
P/E	100.0	184.0	138.2	80.3		52.3	40.1	
RoNW (%)	19.0	8.3	9.2	10.3		13.9	15.6	
RoCE (%)	15.7	9.3	9.1	10.2		13.1	15.9	

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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