

Focus stays on organic growth: Minda after Pricol deal

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Auto component maker Minda Corporation's first focus remains on organic growth. And, the purchase of 15.7 per cent shares in Pricol for ₹400 crore is just a financial investment right now, said Minda's strategy head Anshul Saxena on Sunday.

On Friday afternoon, Minda Corporation told the BSE that it acquired the aforementioned stake in Pricol from the open market.

On Friday morning, Coimbatore-based Pricol had told BSE that it has no information about Minda's intention to acquire 15.7 per cent shares.

In an interview to *Business Standard*, Saxena said: "Pure play inorganic acquisitions are always up and on cards. If an opportunity comes that is a strategic fit with the way we intend to grow, and if it makes sense financially, then we will definitely evaluate it. But organic growth is our first focus because our product lines are in an exciting phase of premiumisation."



Pricol and Minda Corporation compete in instrument clusters, which is a part of the automotive component industry

He said Minda Corp's products can be used for both internal combustion engine (ICE) vehicles and electric vehicles (EVs). Its major business verticals — whether vehicle access products, wiring harness or instrument clusters — are undergoing premiumisation to increase their content value and help the company grow aggressively.

"So, the primary focus is on organic growth," Saxena added.

On why Minda Corp did not have any discussions with Pricol promoters before the ₹400-crore investment, he replied: "We were looking for investment opportunities. After considering various opportunities for the cash that we had, we realised Pricol is the best opportunity for us. Not just what it has delivered in the last 4-5 years financially, but also its products and the industry is something that we actually understand. So, from that

perspective, we just decided to purchase the shares from the stock market." Minda Corp has primarily used its cash reserves for the Pricol deal.

"We had around ₹360 crore of cash as of last quarter. Primarily, we used that. We may have raised some debt — we will be clear about the numbers early next week," Saxena said.

Saxena refused to comment on whether Minda Corp has any plans to increase stake in Pricol or acquire the company.

On Friday, Pricol had told the BSE that the promoter group (Mohan family) stands fully committed to the company. Also, it has no intent in undertaking any secondary sale of its stake. Pricol is a major player in the connected vehicle solutions and telematics segment of the auto component industry.

However, Pricol and Minda directly compete in one part of the automotive component industry — instrument clusters.

"Pricol is good in instrument clusters. It is the leader in some segments (of instrument clusters),"

Saxena said. "Right now, any synergies (with Pricol) when it comes to business or products is not possible. Both the companies will continue to operate as they are right now. We are just a minority investor in Pricol," he added.

In Q3 of FY23, Pricol earned ₹474 crore revenue and posted a net profit of ₹26.7 crore. In Q3, Minda Corp earned ₹1,072.9 crore and saw a net profit of ₹52.2 crore.

Saxena said that as a shareholder, Minda's expectations are only that Pricol should continue to do well as it has been doing for the last 4-5 years.

"It should continue to do well in terms of financials, in the way the company has been shaping up. That is the expectation of any shareholder and that is our expectation also," he said.

Minda does not have any management, governance or information rights, or a board representation, or any special rights in Pricol, he said. "We have had no discussions with Pricol or its management before this transaction," he added.