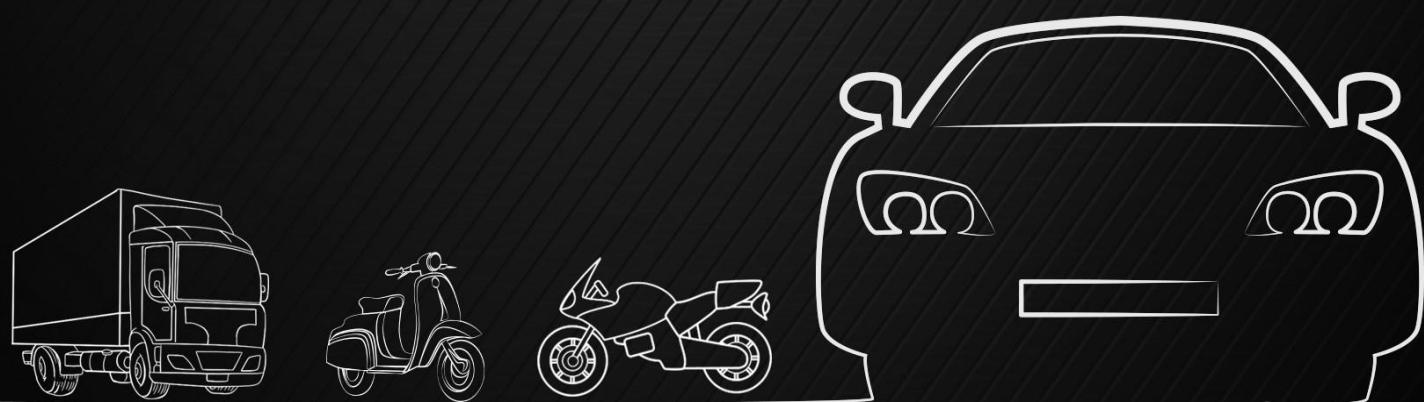


Minda Corporation Ltd.

Q3FY25



Minda Corporation Ltd.

Strong orderbook and strategic acquisition to accelerate growth

CMP*	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 577	INR 664	15.2%	1,37,446	BUY	Auto ancillary

Result highlights

- In Q3FY25, Minda Corp. reported revenue of INR 12,526 Mn (+7.4% YoY/ -2.9% QoQ), beating our estimates by 3.4%. EBITDA for the quarter was INR 1,436 Mn (+10.5% YoY / -2.1% QoQ), beating our estimates by 2.4%, due to strong operating performance. EBITDA margin stood at 11.5%, expanded by 32bps YoY (+10bps QoQ).
- Adj. PAT stood at INR 648 Mn (+23.5% YoY, -12.8% QoQ), which underperformed our estimates, mainly due to higher-than-expected depreciation and Income tax expenses.
- We raise our FY26E/FY27E EPS estimates by 4.5%/7.5%, driven by strong domestic growth, rising EV penetration, and Flash Electronics synergy benefits. A robust order backlog, positive outlook, increasing EV content value, expanding wiring harness indigenization, and product premiumization will drive long-term growth. We expect Revenue/ EBITDA/ Adj. PAT to grow at a CAGR of 10.6%/ 16.0%/ 29.5%, respectively over FY24-FY27E. The stock is trading at 33.9x/ 28.0x of our FY26E/ FY27E Adj. EPS, respectively. We roll over our valuation to FY27E and assign a P/E multiple of 32.0x, to arrive at a revised target price of INR 664 per share (previously: INR 554). Consequently, we maintain a “BUY” rating on Minda Corporation Ltd.

MARKET DATA

Shares O/S (Mn)	239
Mkt Cap (INR Mn)	1,37,446
52 Wk H/L (INR)	652/366
Volume Avg (3m K)	554
Face Value (INR)	2
Bloomberg Code	MDA IN

KEY FINANCIALS

Particulars (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	43,001	46,511	50,229	56,084	62,889
EBITDA	4,615	5,144	5,789	7,162	8,020
PAT from continuing operations	2,845	2,272	2,807	4,073	4,934
Adj. PAT	2,845	2,272	2,807	4,073	4,934
EPS	11.9	9.5	11.7	17.0	20.6
Adj. EPS	11.9	9.5	11.7	17.0	20.6
EBITDA Margin (%)	10.7%	11.1%	11.5%	12.8%	12.8%
Adj. NPM (%)	6.6%	4.9%	5.6%	7.3%	7.8%

Source: Company, DevenChoksey Research

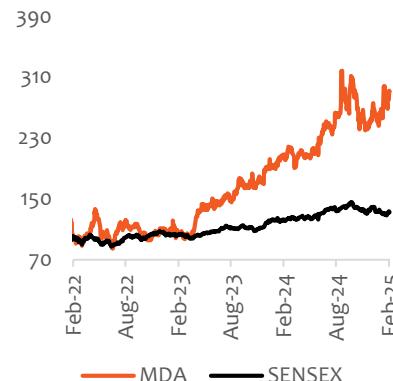
Export challenges persist; Domestic business accelerates

- For Q3FY25, MDA reported a revenue of INR 12,526 Mn, a growth of 7.4% YoY (-2.9% QoQ). This YoY growth was primarily driven by a strong domestic OE business, but was partially offset by subdued exports demand, slowdown in ASEAN countries, and a downturn in the commercial vehicle segment.
- The Mechatronics and Aftermarket segment (48.5% revenue share)** grew by 5.7% YoY (-4.9% QoQ), driven by strong demand in the domestic 2W segment and premiumization of existing products.
- The Information and Connected Systems segment (51.5% revenue share)** grew by 9.3% YoY (-0.9% QoQ). The YoY growth due to domestic Two-wheeler & Passenger Vehicle OE business outperforming the industry growth. However, this growth was partially offset by a downturn in the CV segment.
- The company aims to outperform the industry with a growth target of 1.5x the industry average in the mid-to-long-term. The company expects growth through premiumization of existing products and new product launches in the EV sector. The company is also targeting a 15.0% export revenue share in the mid-term to long-run.

Operational efficiencies lead to profit expansion

- In 3QFY25, MDA's EBITDA stood at INR 1,436 Mn (+10.5% YoY, -2.1% QoQ).
- EBITDA margin expanded to 11.5%, rising 32bps YoY (+10bps QoQ), driven by higher gross margins and operational efficiencies. However, gains were partially offset by a 7.2% YoY increase in employee costs and an 11.3% YoY rise in other expenses.
- The company expects EBITDA margin to be stable and then grow in the future.
- Adj. PAT was INR 648 Mn, reflecting a robust 23.5% YoY (-12.8% QoQ). The YoY growth was driven by strong operating performance.

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	77,860
NIFTY	23,560

SHARE HOLDING PATTERN (%)

Particulars	Dec-24	Sep-24	Jun-24
Promoters	64.8	64.8	64.8
FIIs	8.0	7.6	6.1
DILs	18.4	18.9	20.6
Others	8.8	8.7	8.5
Total	100	100	100

*Based on the previous closing

*Note: All the market data is as of previous closing.

10.6%

29.5%

Revenue CAGR between FY24 and FY27E

Adj. PAT CAGR between FY24 and FY27E

Minda Corporation Ltd.

Flash Electronics Acquisition

- During the quarter, Minda Corp acquired a 49.0% stake in Flash Electronics (India) Pvt. Ltd. for INR 13.72 Bn in cash. Despite this acquisition, the company's net debt-to-equity ratio is expected to stay below 0.6x.
- Flash Electronics, which produces automotive electricals, electronics, EV components, and transmission parts, is projected to generate INR 15 Bn in revenue for FY25E, with a 14.0% operating margin and a 22.0% return on capital employed (RoCE).
- In FY24, two-wheelers accounted for 76.0% of its revenue, while in H1FY25, its product mix comprised 45.0% Electrical & Electronics and 20.0% EV components.
- This partnership aims to create synergies in products, technology, and customer base, strengthening market position and expanding both domestic and global reach.
- The company expects significant synergies with Flash Electronics, including cross-selling opportunities.
- The company anticipates INR 5,000 to 6,000 Mn revenue from sales to Flash by 2030E.

Key Con-call Highlights:

- **Capacity Expansion:** The company is expanding capacity in the die-casting division, instrument clusters, and EV product lines to meet rising demand.
- **Order Wins:** Lifetime order inflows exceeded INR 12,500 Mn during the quarter, with EV platforms contributing over 25.0% of the total. The company's total order book for the first nine months surpassed INR 60,000 Mn.
- **Wiring Harness:** Import content in the wiring harness segment stands at 50.0%.
- **Vehicle Access & Instrument Clusters:** Smart keys now contribute 7.0-8.0% of the vehicle access division's revenue, with expected growth from new product launches and increasing adoption in both ICE and EV segments. The transition from analog to TFT instrument clusters continues, with TFT clusters now making up 8.0-10.0% of Minda Instruments' revenue. Their advanced connectivity and driver information features are driving higher adoption, particularly in the four-wheeler segment.
- **R&D Investments:** The company allocates over 4.0% of revenue to R&D, including both OpEx and CapEx, and will maintain this in FY26E. Recent investments include a new R&D center, product integration, and advancements in EV technology. Future efforts will focus on connected, electronic, electric, and safety-oriented mobility solutions.
- **EV Segment Growth:** EV penetration in the two-wheeler industry stands at 5.0-6.0%, aligning with Minda Corp's EV revenue share. With the Flash Electronics integration, the combined EV revenue share has increased to 10.0-12.0%, with Flash Electronics alone generating over 20.0% of its revenue from EV products.
- **Mechatronics & Aftermarket:** Growth in the domestic two-wheeler segment and the premiumization of existing products continue to drive strong demand.
- **Export Market Challenges:** The company faces subdued export demand in Europe and a slowdown in the ASEAN market.
- **Continued R&D Commitment:** The company plans to sustain its 4.0% R&D investment, including CapEx, in FY26E to support innovation and future growth.
- The company intends to reduce its debt over time and is comfortable with its current debt-to-equity ratio.
- The company has filed 17 patents in the first nine months, bringing the total to over 290 patents.

Company Outlook and Guidance:

- The company aims to outperform the industry, targeting a growth rate 1.5 times higher than the market average.
- The company expects the commercial vehicle industry to bounce back, and the four-wheeler market to continue growing.
- The company expects to sustain and improve the 11.5% EBITDA margin through operational excellence and product premiumization.
- Minda Corporation is targeting to increase its export revenue to about 15.0% in the mid-term to long-term.

Valuation and view

In Q3FY25, Minda Corp delivered steady growth, driven by strong domestic demand in the two-wheeler and passenger vehicle segments, despite subdued exports and a slowdown in ASEAN markets. Operational efficiencies and product premiumization supported margin expansion, although higher employee and other costs offset some gains. The Flash Electronics acquisition strengthens its EV portfolio and synergy potential. The company continues strategic investments in capacity expansion, R&D, and innovation, focusing on EV, connected, and safety solutions. It aims to outperform the industry, enhance profitability, and expand exports in the mid-to-long term.

We raise our FY26E/FY27E EPS estimates by 4.5%/7.5%, driven by strong domestic growth, rising EV penetration, and Flash Electronics' synergy benefits. A robust order backlog, positive outlook, increasing EV content value, expanding wiring harness indigenization, and product premiumization will drive long-term growth. We expect Revenue/ EBITDA/ Adj. PAT to grow at a CAGR of 10.6%/ 16.0%/ 29.5%, respectively over FY24-FY27E. The stock is trading at 33.9x/ 28.0x of our FY26E/ FY27E Adj. EPS, respectively. We roll over our valuation to FY27E and assign a P/E multiple of 32.0x, to arrive at a revised target price of INR 664 per share (previously: INR 554). Consequently, we maintain a "BUY" rating on Minda Corporation Ltd.

Minda Corporation Ltd.

RESULT SNAPSHOT

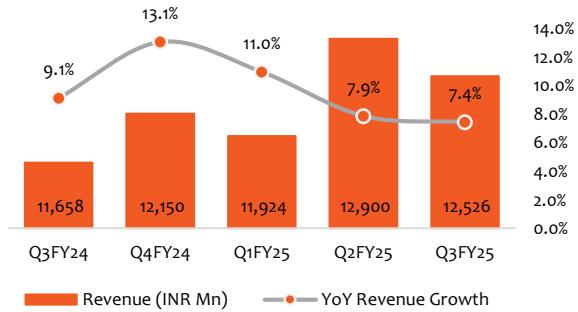
INR (Mn)	Q3FY25	Q2FY25	Q3FY24	Q-o-Q	Y-o-Y	9MFY25	9MFY24	Y-o-Y
Net Sales	12,526	12,900	11,658	-2.9%	7.4%	37,350	34,362	8.7%
Raw Materials	7,612	7,874	7,037	-3.3%	8.2%	22,623	20,985	7.8%
(Increase)/Decr in Stock	-117	-63	-140	85.9%	-16.4%	-74	-309	76.1%
Purchase of traded goods	219	312	361	-29.6%	-39.2%	758	906	-16.3%
Gross Profit	4,812	4,778	4,401	0.7%	9.3%	14,042	12,779	9.9%
Gross Margin (%)	38.4%	37.0%	37.8%	138 bps	66 bps	37.6%	37.2%	40 bps
Employees cost	1,999	1,927	1,865	3.7%	7.2%	5,804	5,491	5.7%
Other Expenses	1,377	1,385	1,238	-0.6%	11.3%	4,019	3,530	13.9%
EBITDA	1,436	1,466	1,299	-2.1%	10.5%	4,219	3,758	12.3%
EBITDA Margin (%)	11.5%	11.4%	11.1%	10 bps	32 bps	11.3%	10.9%	36 bps
Depreciation	504	512	417	-1.7%	20.7%	1,475	1,222	20.7%
EBIT	932	954	881	-2.3%	5.7%	2,744	2,537	8.2%
Other income	91	117	20	-22.0%	359.1%	291	59	389.6%
Interest	119	111	143	7.4%	-16.9%	327	434	-24.5%
EBT	904	959	758	-5.8%	19.2%	2,708	2,162	25.2%
Tax	260	252	250	3.5%	4.1%	733	606	21.0%
Profit/(loss) from JV/assoc.	4	36	17	-87.7%	74.1%	59	8	-615.9%
Adjusted Net Income	648	743	525	-12.8%	23.5%	2,033	1,565	30.0%
Adjusted Net margin (%)	5.2%	5.8%	4.5%	-59 bps	67 bps	5.4%	4.6%	89 bps
Diluted Adj. EPS (INR)	2.7	3.1	2.2	-12.9%	23.7%	8.5	6.5	30.1%

Source: Company, DevenChoksey Research

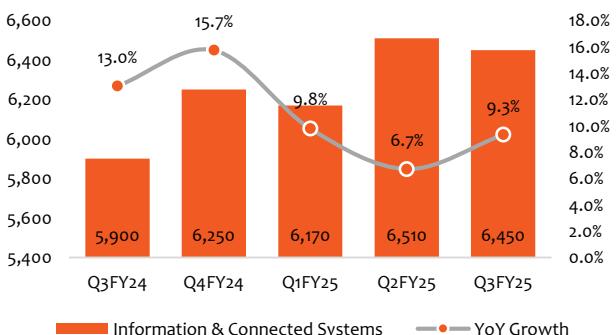
EBITDA margin inches up further due to cost effective initiative



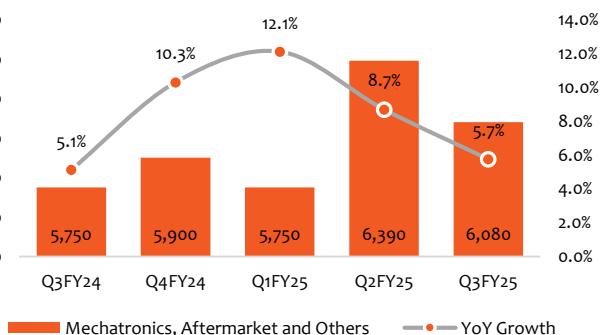
Revenue increased YoY due to strong domestic performance



Domestic demand and premiumization drove revenue growth



Premiumization and 2-wheelers efforts drove the segment revenue growth YoY



Source: Company, DevenChoksey Research

Minda Corporation Ltd.**KEY FINANCIALS****Exhibit 1: Profit & Loss Statement**

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
Revenues	43,001	46,511	50,229	56,084	62,889
COGS	27,774	29,238	31,140	34,406	38,518
Gross profit	15,228	17,273	19,088	21,678	24,371
Personnel Cost	6,255	7,285	7,864	8,478	9,433
Other Cost	4,357	4,844	5,436	6,038	6,918
EBITDA	4,615	5,144	5,789	7,162	8,020
EBITDA Margin	10.7%	11.1%	11.5%	12.8%	12.8%
D&A	1,381	1,658	1,956	1,987	2,073
EBIT	3,235	3,486	3,833	5,175	5,947
Interest expense	407	559	508	808	535
Other income	158	157	384	505	582
PBT	2,827	2,927	3,325	4,368	5,412
Tax	41	832	983	1,228	1,524
Min. Int / others/ JV	(99)	20	81	429	464
PAT	2,845	2,272	2,807	4,073	4,934
EPS (INR)	11.9	9.5	11.7	17.0	20.6

Exhibit 2: Balance Sheet

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
Equity					
Equity Capital	478	478	478	478	478
Other Equity	15,429	19,328	21,849	25,635	30,282
Total Equity	15,907	19,807	22,327	26,113	30,760
Capital Employed					
Total loans	7,132	5,353	4,860	4,660	4,460
Long term Provision	387	451	451	451	451
Other long term liabilities	194	191	191	191	191
Capital Employed	23,620	25,801	27,828	31,414	35,861
Total non-current assets					
Net block	8,645	10,501	11,531	13,044	14,472
Investments	4,511	569	569	569	569
Intangible	1,613	1,623	1,623	1,623	1,623
Other non-current assets	1,640	1,903	1,903	1,903	1,903
Total non-current assets	16,409	14,595	15,625	17,139	18,566
Current liabilities					
Current Liabilities	8,503	8,496	10,715	11,839	13,254
Provisions	120	93	93	93	93
Current liabilities	8,623	8,590	10,808	11,932	13,347
Net Current assets	7,211	11,205	12,203	14,276	17,295
Inventories	5,733	5,270	7,678	8,484	9,498
Trade Receivables	6,409	8,044	8,257	9,219	10,338
Loans and advances	832	868	937	1,047	1,174
Cash and Bank	1,079	1,521	4,891	6,112	8,172
Other current assets	1,781	1,185	1,248	1,347	1,461
Total Current Assets	15,834	16,887	23,011	26,208	30,642
Capital Deployed	23,620	25,801	27,828	31,414	35,861

Exhibit 3: Cash Flow Statement

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
CFFO	3,875	2,869	7,261	5,512	6,001
CFFI	(4,282)	1,167	(2,600)	(2,994)	(2,917)
CFFF	743	(3,585)	(1,290)	(1,297)	(1,024)
Net Inc/Dec in cash	336	450	3,370	1,221	2,060
Opening Cash	708	1,079	1,521	4,891	6,112
Closing Cash	1,079	1,521	4,891	6,112	8,172

Exhibit 4: Key Ratios

Key Ratio	FY23	FY24	FY25E	FY26E	FY27E
EBITDA Margin (%)	10.7%	11.1%	11.5%	12.8%	12.8%
Tax rate (%)	1.4%	27.0%	26.5%	25.2%	25.4%
RoE (%)	19.5%	12.7%	13.3%	16.8%	17.3%
RoCE (%)	15.3%	14.2%	14.4%	17.6%	17.7%
Adj. PE	48.5x	60.7x	49.1x	33.9x	28.0x
Adj. EPS (INR)	11.9	9.5	11.7	17.0	20.6

Source: Company, DevenChoksey Research

Minda Corporation Ltd.

Minda Corporation Ltd.			
Date	CMP (INR)	TP(INR)	Recommendation
10-Feb-25	577	664	BUY
13-Nov-24	477	554	BUY
16-Aug-24	511	554	ACCUMULATE
27-May-24	428	458	ACCUMULATE
07-Feb-24	414	487	BUY
10-Nov-23	350	380	ACCUMULATE

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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