

EBITDA/PAT Beat Estimates; Fairly Valued at Current Price

Est. Vs. Actual for Q3FY25: Revenue – INLINE; EBITDA Margin – BEAT ; PAT– BEAT; Change in Estimates post Q3FY25

FY25E/FY26E: Revenue: 0.4%/0.4%; EBITDA: 1.4%/-0.1%; PAT: 3.1%/-0.2%

Recommendation Rationale

- **Long-term growth drivers:** (1) Premiumization trend in legacy businesses like security access, driver information systems, wiring harnesses, die casting, and electronics. (2) New Products in EV, power electronics and EV charging stations. (3) Intelligent transportation systems in the EV bus segment. (4) other electronics, such as wireless chargers, telematics, etc.
- **Strong Order Book:** In 9MFY25, the total lifetime order book stood at Rs 6,000 Cr, reflecting an expanding product portfolio, product premiumisation, and rising demand for both IC and EV products across customers and segments. Out of the total order book, the company secured Rs 1,250 Cr lifetime order wins in Q3FY25 itself, with EVs accounting for over 25% of these orders.
- **Robust EBITDA margins:** On the back of a richer product mix led by premium 2Ws (both ICE and EV), better operating efficiencies, streamlining fixed costs, and component localisation initiatives, we expect EBITDA Margins to sustain between 11% to 12% in FY25/26E.

Sector Outlook: Positive

Company Outlook & Guidance: Going ahead, we expect strong demand in the 2W entry-level segment, demand for utility vehicles in PV, gradual recovery in CVs/Tractors, and a revival in exports. These will be positive triggers for the company to outperform industry growth.

Current Valuation: 30x FY27 EPS (unchanged)

Current TP: Rs 600/share (earlier Rs 535/share)

Recommendation: We recommend a HOLD rating (unchanged) on the company

Financial Performance: Revenue (inline) grew by 7% YoY but was down 3% QoQ, led by increased production volumes in the 3W/2W/PV segment, partly offset by lower volumes in the CV/Tractor industry and weak exports. EBITDA stood at Rs 144 Cr (6% Beat), up 11% YoY but down 2% QoQ. EBITDA margins (46bps beat) grew by 32bps/10bps YoY/QoQ based on the product premiumisation trend, increasing efficiencies and cost control efforts. PAT was reported at Rs 65 Cr (16% Beat), up 23%YoY and down 13% QoQ, mainly following the EBITDA, along with higher other income and share of profits from associates.

Outlook: We like Minda Corp's growth story, which is driven by new order wins and focuses on EVs. With a strong order book and the management's confidence in outpacing industry growth (via organic/non-organic), we estimate a CAGR of 11%/15%/27% in Revenue/EBITDA/Adj PAT over FY24-27E.

Valuation & Recommendation: Based on the growth trajectory and healthy financials, we value the stock at a 30x multiple on FY27 EPS (unchanged) to arrive at a TP of Rs 600/share, implying an upside of 3% from the CMP. Because of the slower-than-expected recovery in exports, PV/CV industry volumes, and current valuations, we keep the rating unchanged at HOLD based on **limited upside potential**.

(*we recommend a BUY on Dips Strategy for the stock.)

Key Financials (Consolidated)

(Rs Cr)	Q3FY25	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	1,253	-3%	7%	1,235	1%
EBITDA	144	-2%	11%	136	6%
EBITDA Margin	11.5%	10 bps	32 bps	11.0%	46 bps
Adj Net Profit	64.8	-13%	23%	55.9	16%
Reported EPS (Rs)	2.71	-13%	23%	2.3	16%

Source: Company, Axis Securities research

(CMP as of 6th February 2025)

CMP (Rs)	580
Upside /Downside (%)	3%
High/Low (Rs)	652/366
Market cap (Cr)	13,865
Avg. daily vol. (6m)Shrs.	9,12,806
No. of shares (Cr)	23.91

Shareholding (%)

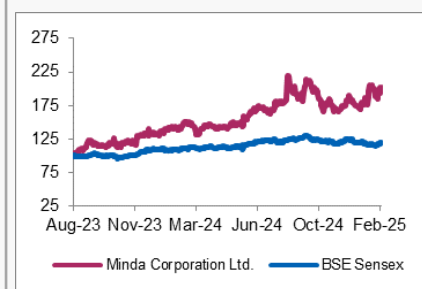
	Jun-24	Sep-24	Dec-24
Promoter	64.8	64.8	64.8
FII	6.1	7.6	8.0
MFs / UTI	16.8	15.3	15.3
Banks / FI	0.0	0.0	0.0
Others	12.3	12.2	11.9

Financial & Valuations

Y/E Mar (Rs Cr)	FY25E	FY26E	FY27E
Net Sales	4,651	5,077	5,683
EBIDTA	514	578	669
APAT	227	283	378
AEPS (Rs)	9.5	11.9	15.8
PER (x)	43.9	48.9	36.6
EV/EBIDTA (x)	19.6	24.1	20.6
P/BV (x)	5.0	6.2	5.4
ROE (%)	12.7	13.4	15.7

Change in Estimates (%)

Y/E Mar	FY25E	FY26E	FY27E
Sales	0.4%	0.4%	0.3%
EBITDA	1.4%	-0.1%	-0.1%
PAT	3.1%	-0.2%	-0.2%

Relative Performance


Source: Ace Equity, Axis Securities.

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Key Concall Highlights

- **Mechatronics and Aftermarket** contributed 50% of total revenues in Q3FY25, up 11% YoY to ~Rs 608 Cr. This was driven by the domestic 2W segment and PV Premiumization, partially offset by subdued exports.
- **Information and connected systems (ICS)** contributed ~50% to the company's top line (including MIL) with revenue of ~Rs 645 Cr, up 9% YoY.
- **Growing EV segment:** The potential EV kit value stood at ~Rs 30k-35k in Q3FY25. Out of this, ~Rs 18k-20k are products offered by Flash.
- **Flash Electronics:** Minda Corp bought 49% of Flash Electronics for Rs 1,372 Cr, fully paid in cash. For Q3FY25, Flash Electronics contributed significantly to the company's EV component revenue of INR 209 crores (from the sensors and ADAS business). The partnership focuses on high-growth products, including battery management systems, EV chargers, and sensors. Flash Electronics is pursuing DVS certification for its EV chargers, enabling broader market access and driving future growth.
- **End-user market:** Based on the end-user market in 9MFY25 - 2W/3Ws revenue mix stood at ~47% (flat YoY); 4W flat at ~15%; CVs at 27% and aftersales at 11%.
- **Geographical split:** In 9MFY25, India contributed ~88% of the sales (87% in 9MFY24), while Europe and North America contributed ~7% of total sales (8% in 9MFY24) while 5% came from South East Asia (5% in 9MFY24).
- **Capex:** The company invested Rs 1,324 Cr in Capex during 9MFY25, with Rs 350 Cr allocated to land acquisition. This ensures readiness for future expansions and avoids delays experienced in past projects. Key ongoing Capex projects include: (1) Two-wheeler alloy wheels: Expanding capacity from 6 million to 8 million units. (2) The four-wheeler alloy wheel plant at Kharkhoda will be commissioned within this Calendar Year. (3) Casting business: Capacity expansions expected to contribute from FY26 onwards.

Key Risks to Our Estimates and TP

- Macroeconomic Headwinds on global demand.
- Higher depreciation and interest costs.

Change in Estimates

	Current estimates			Earlier Estimates			Change in estimates (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,077	5,683	6,422	5,059	5,663	6,401	0.4%	0.4%	0.3%
EBITDA	578	669	781	570	670	782	1.4%	-0.1%	-0.1%
PAT	283	378	471	275	379	472	3.1%	-0.2%	-0.2%


Source: Company, Axis Securities

Q3FY25 Results Review


	Q3FY24	Q2FY25	Axis Estimates	Q3FY25	% Change (YoY)	% Change (QoQ)	% Variances
Total Revenue	1,166	1,290	1,235	1,253	7%	-3%	1%
Expenditure							
Net Raw Material	690	781	747	749	9%	-4%	0%
Employee expenses	186	193	194	200	7%	4%	3%
Purchase of traded goods	36	31	25	22	-39%	-30%	-11%
Other Expenses	124	138	133	138	11%	-1%	3%
Total Expenditure	1,036	1,143	1,099	1,109	7%	-3%	1%
EBITDA	130	147	136	144	11%	-2%	6%
EBITDA Margin (%)	11.1%	11.4%	11.0%	11.5%	32 bps	10 bps	46 bps
Other Income	2	12	7	9	359%	-22%	22%
Interest	14	11	12	12	-17%	7%	1%
Depreciation	42	51	58	50	21%	-2%	-13%
PBT	76	96	74	90	19%	-6%	23%
Tax	25	25	19	26	4%	3%	36%
Exceptional Items	0	0	0	0	NA	NA	NA
PAT before share of Associates	51	71	55	64	27%	-9%	18%
Share of Profit & Loss of Associates	2	4	1	0	-74%	-88%	-67%
PAT after share of profit from Asso.	52	74	56	65	23%	-13%	16%
EPS (Rs.)	2.20	3.11	2.34	2.71	23%	-13%	16%
Gross Margins%	40.8%	39.5%	39.5%	40.2%	-68 bps	71 bps	67 bps
Employee % to sales	16.0%	14.9%	15.7%	16.0%	-3 bps	102 bps	26 bps
Other Expenses % to Sales	10.62%	10.74%	10.80%	11.00%	38 bps	26 bps	20 bps
NP %	4.5%	5.8%	4.5%	5.2%	67 bps	-59 bps	64 bps
Effective Tax%	33.0%	26.2%	26.0%	28.8%	-420 bps	257 bps	280 bps

Source: Company, Axis Securities

Exhibit 1: New partnership with Flash electronics



Acquired 49% stake in leading manufacturer of Powertrain & EV Components



Flash Electronics

Flash Electronics is a leading manufacturer of Powertrain & EV Components to key automotive OEMs in India & overseas.

Transaction Details:

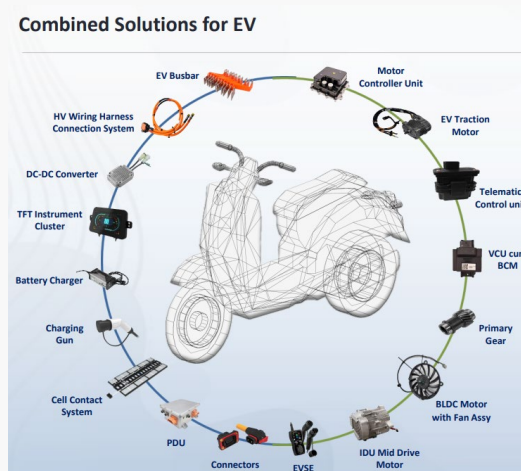
- ✓ The Transaction is valued at the Enterprise Value of INR 31 Billion (Equity Valuation INR 28 Bn)
- ✓ Minda Corporation has acquired a 49% stake in Flash Electronics
- ✓ Impact on Financials: Post investment MCL Balance sheet continue to remain strong
 - Net Debt to Equity ~0.6x
 - Proforma Net debt to Proforma* EBITDA less than 1.8x

Strategic Synergies

- Adjacent Product Portfolio – Body electronics and Powertrain electronics
- Complete System solution offering in Electric Vehicles across Segments
- Customer, Capability and Capacity centric collaboration

Source: Company PPT Q2FY25, Axis Securities Research

Exhibit 2: Solutions for 2W EV



Financials (consolidated)
Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
Net sales	4,651	5,077	5,683	6,422
Other operating income	0	0	0	0
Total income	4,651	5,077	5,683	6,422
Raw Material	2,924	3,176	3,523	3,982
Employee expenses	728.5	786.6	865.4	952.0
Other expenses	484.4	536.1	625.1	707.5
EBITDA	514	578	669	781
Other income	16	37	23	46
PBIDT	530	615	692	827
Depreciation	166	195	208	231
Interest & Fin Chg.	56	44	33	25
E/o income / (Expense)	0	0	0	0
Pre-tax profit	308	376	451	571
Tax provision	83	100	113	140
(-) Minority Interests	0	0	0	0
Associates	2	7	40	40
Reported PAT	227	283	378	471
Adjusted PAT	227	283	378	471

Source: Company, Axis Securities Research;

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
Total assets	2,580	2,716	2,939	3,246
Net Block	1,050.1	1,050.1	1,037.2	1,000.9
CWIP	57.6	112.5	167.3	222.2
Goodwill	92.9	92.9	92.9	92.9
Investments	56.9	56.9	56.9	56.9
Wkg. cap. (excl cash)	1,131	1,173	1,256	1,374
Cash / Bank balance	192.0	231.1	329.0	499.4
Misc. Assets	0.0	0.0	0.0	0.0
Capital employed	2,580	2,716	2,939	3,246
Equity capital	47.8	47.8	47.8	47.8
Reserves	1,933	2,192	2,514	2,945
Pref. Share Capital	0.0	0.0	0.0	0.0
Minority Interests	0.0	0.0	0.0	0.0
Borrowings	586	461	361	236
Def Tax Liabilities	13.3	14.8	16.3	17.8

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
Sources	141.1	331.1	431.2	538.8
Cash profit	447	515	579	687
(-) Dividends	16.7	16.7	16.7	0.0
Retained earnings	430.2	498.3	562.5	687.1
Issue of equity	0.0	0.0	0.0	0.0
Change in Oth. Reserves	0.0	0.0	0.0	0.0
Borrowings	(177.9)	(125.0)	(100.0)	(125.0)
Others	(111.2)	(42.2)	(31.3)	(23.3)
Applications	141.1	331.1	431.2	538.8
Capital expenditure	317.5	250.0	250.0	250.0
Investments	(103.6)	0.0	0.0	0.0
Net current assets	78.5	42.0	83.3	118.4
Change in cash	(151.3)	39.1	97.9	170.4

Source: Company, Axis Securities Research

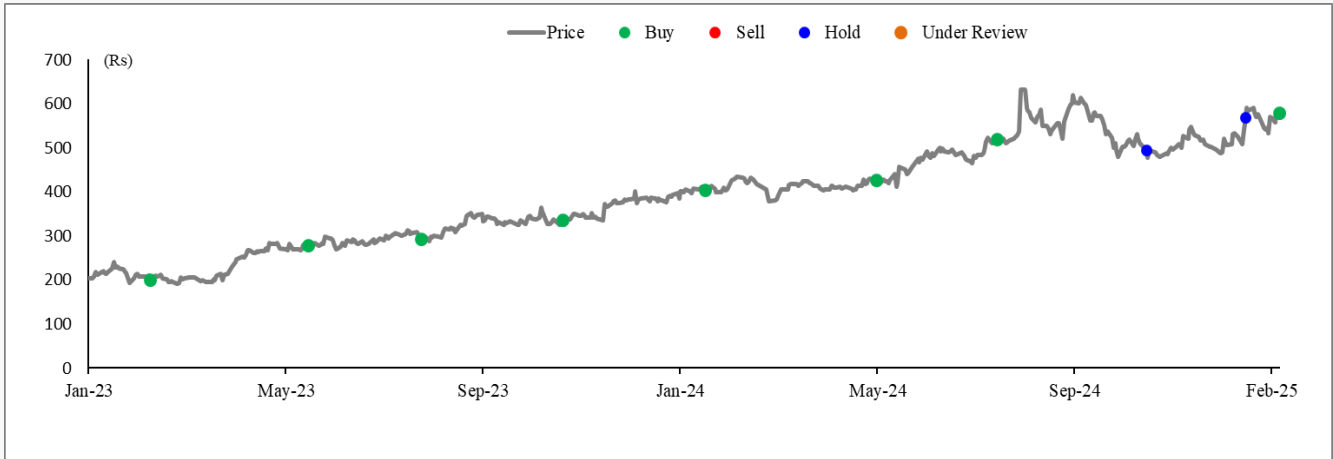
Ratio Analysis

(%)

Y/E March	FY24	FY25E	FY26E	FY27E
Sales growth	8.2	9.2	11.9	13.0
EBIDTA margin	11.1	11.4	11.8	12.2
EBITDA growth	11.5	12.4	15.7	16.7
COGS / Net sales	26.1	26.1	26.2	25.8
Overheads/Net sales	28.4	28.1	28.2	27.8
Depreciation / G. block	9.6	10.1	9.8	10.0
Effective interest rate	6.5	6.7	9.0	9.2
Net kg.cap / Net sales	0.16	0.19	0.18	0.17
Net sales / Gr block (x)	2.7	2.6	2.7	2.8
RoCE	17.0	17.1	17.7	19.2
Debt/equity (x)	0.27	0.18	0.12	0.06
Effective tax rate	27.0	26.5	25.0	24.5
RoE	12.7	13.4	15.7	17.0
Payout ratio (Div/NP)	7.4	5.9	4.4	0.0
EPS (Rs.)	9.50	11.85	15.83	19.69
EPS Growth	(20.1)	24.7	33.5	24.4
Adj EPS (Rs.)	9.5	11.9	15.8	19.7
Adj EPS growth	(20.1)	24.7	33.5	24.4
CEPS (Rs.)	16.4	20.0	24.5	29.4

Source: Company, Axis Securities Research

Minda Corporation Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
10-Feb-23	BUY	230	Result Update
22-May-23	BUY	230	Result Update
04-Aug-23	BUY	325	Result Update
03-Nov-23	BUY	400	Result Update
05-Feb-24	BUY	450	Result Update
23-May-24	BUY	475	Result Update
09-Aug-24	BUY	575	Result Update
13-Nov-24	HOLD	535	Result Update
16-Jan-25	HOLD	600	Company Update
07-Feb-25	HOLD	600	Result Update

Source: Axis Securities Research

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HOLD	Between 10% and -10%
SELL	Less than -10%
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NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.