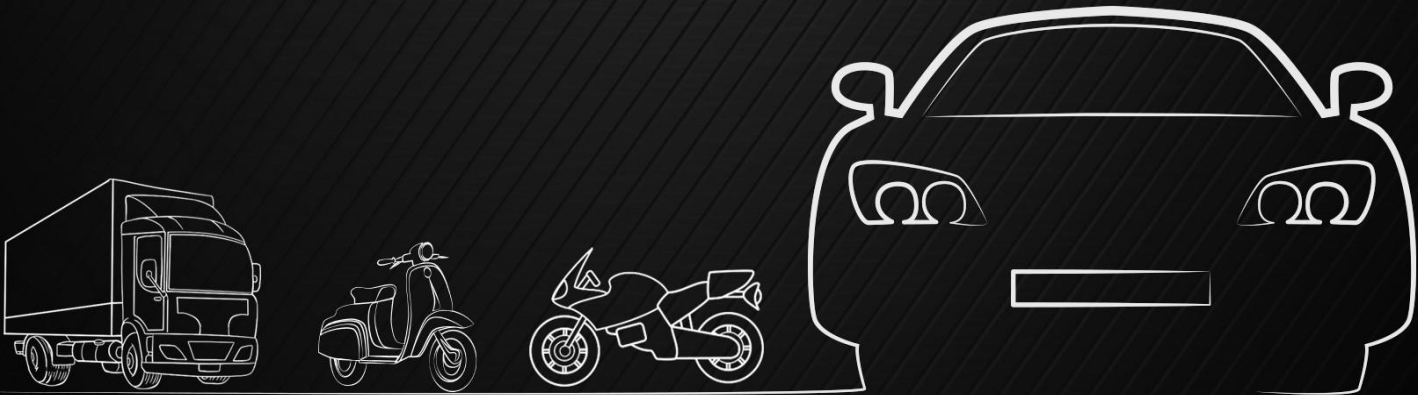


# Minda Corporation Ltd.

## Q2FY25



## Minda Corporation Ltd.

**Robust order book set to fuel growth in upcoming quarters**

CMP* INR 477	Target INR 554	Potential Upside 16.3%	Market Cap (INR Mn) 1,14,268	Recommendation BUY	Sector Auto ancillary
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### Result highlights

- In Q2FY25, Minda Corp. reported revenue of INR 12,900 Mn (+7.9% YoY/ 8.2% QoQ), beat our estimates by 5.5%.
- EBITDA for the quarter was INR 1,466 Mn (+11.6% YoY / +11.2% QoQ), beat our estimates, due to strong operating performance.
- EBITDA margin stood at 11.4%, expanding by 38 bps YoY (+31 bps QoQ).
- In Q2FY25, Adj. PAT was INR 742 Mn (+26.5% YoY (+15.8% QoQ)), which outperformed our estimates, on the back of strong operating performance and higher than expected other income.
- We maintain our FY25E and FY26E EPS estimates, supported by strong H1FY25 performance and a positive outlook. Our target price of INR 554/share remains unchanged, based on a P/E multiple of 34.0x applied to the FY26E EPS of INR 16.3. We upgrade our rating on Minda Corporation Ltd. to 'BUY' from 'ACCUMULATE' reflecting our increased confidence on the back of company's robust earnings performance.**

### MARKET DATA

Shares O/S (Mn)	239
Mkt Cap (INR Mn)	1,14,268
52 Wk H/L (INR)	652/335
Volume Avg (3m K)	1,172
Face Value (INR)	2
Bloomberg Code	MDA IN

### KEY FINANCIALS

Particulars (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	43,001	46,511	50,231	56,153	63,046
EBITDA	4,615	5,144	6,104	7,211	8,183
PAT from continuing operations	2,845	2,272	3,157	3,898	4,581
Adj. PAT	2,845	2,272	3,157	3,898	4,581
EPS	11.9	9.5	13.2	16.3	19.2
Adj. EPS	11.9	9.5	13.2	16.3	19.2
EBITDA Margin (%)	10.7%	11.1%	12.2%	12.8%	13.0%
Adj. NPM (%)	6.6%	4.9%	6.3%	6.9%	7.3%

Source: Company, DevenChoksey Research

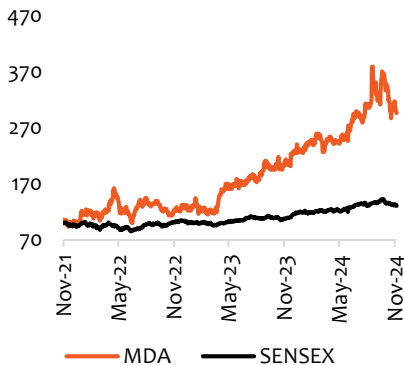
### Exports market remains subdued; Domestic business drives the growth

- For Q2FY25, MDA reported a highest quarterly revenue of INR 12,900 Mn, a growth of 7.9% YoY (+8.2% QoQ). The growth was primarily driven by strong performance in the 2-W and PV segments, which partially offset by a decline in the CV segment..
- The domestic OE business outperformed the industry, despite challenges from weak export demand in Europe, a slowdown in Asian markets, and a downturn in the commercial vehicle sector.
- The Mechatronics and Aftermarket segment (49.5% revenue share) grew by 8.7% YoY (+11.1% QoQ), driven by strong domestic demand in the two-wheeler and premiumization of existing products.
- The Information and Connected Systems segment (~50.5% revenue share) grew by 6.7% YoY (+5.5% QoQ).
- Going forward, the company targets double-digit growth with a 10%-15% increase in exports in the mid-to-long term, supported by a strong orderbook. However, no significant growth expected in the next six months due to macroeconomic challenges in Europe.

### Operational efficiencies lead to profit expansion

- In 2QFY25, MDA's EBITDA was INR 1,466 Mn (+11.6% YoY, 11.2% QoQ).
- EBITDA margin at 11.4% increased by 38 bps YoY (+31 bps QoQ). The Company aims to sustain an EBITDA margin of 11.0%-12.0%.
- Adj. PAT was INR 743 Mn, reflecting a robust 26.5% YoY (+15.8% QoQ) growth driven by strong operating performance.

### SHARE PRICE PERFORMANCE



### MARKET INFO

SENSEX	77,691
NIFTY	23,559

### SHARE HOLDING PATTERN (%)

Particulars	Sep-24	Jun-24	Mar-24
Promoters	64.8	64.8	64.8
FIIIs	7.6	6.1	5.1
DIIIs	18.9	20.6	20.6
Others	8.7	8.5	9.5
Total	100	100	100

\*Based on the previous closing

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

9.9%

Revenue CAGR between FY24 and FY26E

31.0%

Adj. PAT CAGR between FY24 and FY26E

## Minda Corporation Ltd.

### Key Con-call Highlights:

- **Lifetime Order Wins:** Secured over INR 24,000 MN in Q2FY25, with 25.0% from EV platforms.
- **Order Book Growth:** H1FY25 order book exceeded INR 47,500 Mn, driven by product diversification and rising demand for IC and EV products.
- **Capacity Expansion:** Four new facilities (2 for die-casting, 1 for instrument clusters, and 1 for wiring harnesses) are targeting peak utilization within 2.5 years. 60.% of orders are for new business, and 40% for replacement.
- **Strategic Land Acquisition:** Minda Corporation acquired 24 acres land in Uttar Pradesh for future expansion.
- **Sunroof and Closure System:** On track for commissioning by Q1FY26E, with potential minor delays of up to two months.
- **Outlook:** The company has set an ambitious target to increase export contributions from the current 7.0-8.0% to 10.0–15.0% of total revenue in the mid-to-long term, supported by a strong orderbook. However, no significant growth expected in the next six months due to macroeconomic challenges in Europe. The management emphasized a focus on quality of revenue, product mix, and earnings, aiming to build a sustainable and competitive business.
- With continued investments in technology, partnerships, and expanded production capacity, the company aims to enhance its market share in the automotive components industry, particularly in EV-related segments.
- **Exports Revenue:** Exports contributed ~12.0% to Q2FY25 revenue, with flat YoY growth expected for FY25E. Recent export performance has shown stabilization.
- **SANCO Partnership:** Entered into a technology license agreement with SANCO (China) to enhance its EV wiring harness portfolio. This will enable MDA to offer customized electrical distribution systems, including connectors, charging guns, sockets, busbars, and power distribution units. Expansion is underway at a brownfield facility to cater to both Indian and export markets. The EV penetration in the market is expected to drive first-phase product sales to exceed INR 10.0 Bn.
- **New EV Products:** The EV portfolio includes high-voltage connectors, EV charging guns, sockets, busbars, battery cell contact systems, power distribution units, and battery distribution units.
- **Die Casting Division:** Experiencing rapid growth, especially in the EV and 4-W markets. New facilities in the West and North are planned to meet demand and expand in the aluminum casting space.
- **Capital Allocation:** Maintaining a ROCE of >20% remains a core financial focus. Capex for FY25E is estimated to range from INR 3,000 Mn to INR 3,500 Mn/annum, which expects to fund through internal accruals.
- The company signed a technical license agreement and filed 8 new patents taking the total patents to 285, showing the company's commitment toward innovation and investment into technology and R&D.

### Valuation and view

In Q2FY25, MDA demonstrated strong growth, driven by robust domestic demand, strategic product expansion, and operational efficiencies, especially within the EV and premium segments. The company continues to focus on expanding its export contributions and enhancing its market presence through technology investments and partnerships. While European market challenges may impact growth in the near term, MDA's strong orderbook and commitment to quality and innovation position it well for sustainable, long-term growth.

**We maintain our FY25E/FY26E EPS estimates, supported by strong H1FY25 performance. With a robust order backlog, positive outlook, focus on increasing EV content value, expanding wiring harness indigenization, and product premiumization, MDA is positioned for strong growth. We expect Revenue/ EBITDA/ Adj. PAT is to grow at a CAGR of 9.9%/ 18.4%/ 31.0%, respectively over FY24-FY26E. The stock is trading at 36.1x/ 29.2x of our FY25E/ FY26E Adj. EPS, respectively. We retain the PE multiple of 34.0x for FY26E EPS of INR 16.3 (maintained) to arrive at a target price of INR 554/share (maintained). We upgrade our rating on Minda Corporation Ltd. to 'BUY' from 'ACCUMULATE' reflecting our increased confidence on the back of company's robust earnings performance.**

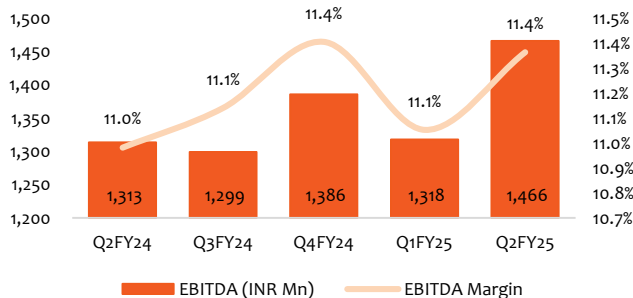
## Minda Corporation Ltd.

### RESUTL SNAPSHOT

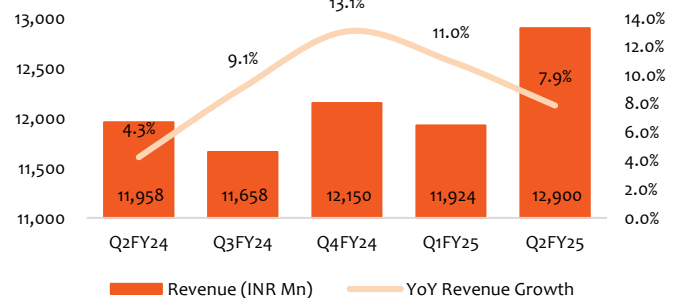
INR (Mn)	Q2FY25	Q1FY25	Q2FY24	QoQ	YoY
<b>Net Sales</b>	<b>12,900</b>	<b>11,924</b>	<b>11,958</b>	<b>8.2%</b>	<b>7.9%</b>
Raw Materials	7,874	7,137	7,371	10.3%	6.8%
(Increase)/Decr in Stock	-63	107	-5	-159.1%	1113.5%
Purchase of traded goods	312	228	210	36.9%	48.7%
Gross Profit	4,778	4,452	4,384	7.3%	9.0%
<b>Gross Margin (%)</b>	<b>37.0%</b>	<b>37.3%</b>	<b>36.7%</b>	<b>-30 bps</b>	<b>38 bps</b>
Employees cost	1,927	1,878	1,873	2.6%	2.9%
Other Expenses	1,385	1,257	1,198	10.2%	15.6%
<b>EBITDA</b>	<b>1,466</b>	<b>1,318</b>	<b>1,313</b>	<b>11.2%</b>	<b>11.6%</b>
<b>EBITDA Margin (%)</b>	<b>11.4%</b>	<b>11.1%</b>	<b>11.0%</b>	<b>31 bps</b>	<b>38 bps</b>
Depreciation	512	459	414	11.5%	23.7%
<b>EBIT</b>	<b>954</b>	<b>859</b>	<b>899</b>	<b>11.1%</b>	<b>6.1%</b>
Other income	117	83	20	39.7%	473.9%
Interest	111	98	149	13.5%	-25.8%
<b>EBT</b>	<b>959</b>	<b>844</b>	<b>770</b>	<b>13.6%</b>	<b>24.6%</b>
Tax	252	221	187	13.8%	34.4%
Profit/(loss) from JV/assoc.	36	19	5	91.9%	NA
<b>Adjusted Net Income</b>	<b>743</b>	<b>642</b>	<b>588</b>	<b>15.8%</b>	<b>26.5%</b>
<b>Adjusted Net margin (%)</b>	<b>5.8%</b>	<b>5.4%</b>	<b>4.9%</b>	<b>38 bps</b>	<b>85 bps</b>
<b>Diluted Adj. EPS (INR)</b>	<b>3.1</b>	<b>2.7</b>	<b>2.5</b>	<b>15.6%</b>	<b>26.4%</b>

Source: Company, DevenChoksey Research

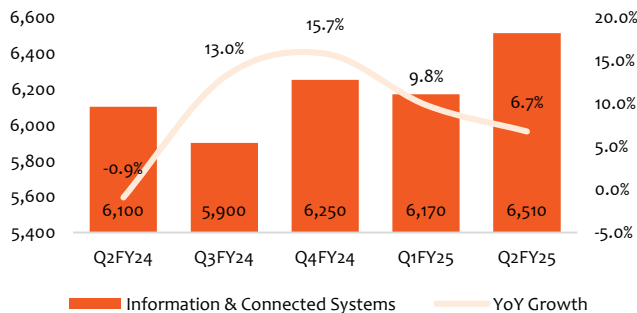
EBITDA margin inches up further due to cost effective initiative



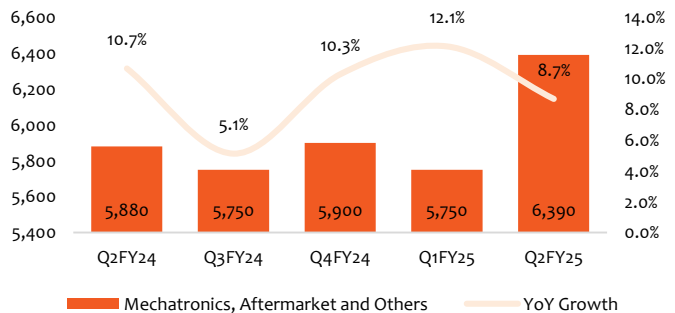
Revenue increased YoY due to strong domestic performance



Domestic demand and premiumization drove the segment revenue growth YoY



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	50,231	56,153	63,046
COGS	27,774	29,238	31,194	34,738	38,916
Gross profit	15,228	17,273	19,037	21,415	24,131
Personnel Cost	6,255	7,285	7,616	8,423	9,457
Other Cost	4,357	4,844	5,317	5,781	6,491
EBITDA	4,615	5,144	6,104	7,211	8,183
EBITDA Margin	10.7%	11.1%	12.2%	12.8%	13.0%
D&A	1,381	1,658	1,763	1,987	2,211
EBIT	3,235	3,486	4,342	5,224	5,972
Interest expense	407	559	635	644	589
Other income	158	157	429	511	579
PBT	2,827	2,927	3,706	4,580	5,383
Tax	41	832	1,084	1,306	1,516
Min. Int / others/ jv	(99)	20	106	114	133
PAT	2,845	2,272	3,157	3,898	4,581
EPS (INR)	11.9	9.5	13.2	16.3	19.2

#### Exhibit 3: Cash Flow Statement

INR Mn	FY23	FY24	FY25E	FY26E	FY27E
CFFO	3,875	2,869	7,505	5,181	5,831
CFFI	(4,282)	1,167	(2,555)	(2,988)	(2,920)
CFFF	743	(3,585)	(1,417)	(1,133)	(1,078)
Net Inc/Dec in cash	336	450	3,532	1,060	1,834
Opening Cash	708	1,079	1,521	5,053	6,113
Closing Cash	1,079	1,521	5,053	6,113	7,947

#### Exhibit 4: Key Ratios

Key Ratio	FY23	FY24	FY25E	FY26E	FY27E
EBITDA Margin (%)	10.7%	11.1%	12.2%	12.8%	13.0%
Tax rate (%)	1.4%	27.0%	26.2%	25.7%	25.4%
RoE (%)	19.5%	12.7%	14.9%	15.9%	16.1%
RoCE (%)	15.3%	14.2%	16.2%	17.6%	17.8%
Adj. PE	40.1x	50.1x	36.1x	29.2x	24.9x
Adj. EPS (INR)	11.9	9.5	13.2	16.3	19.2

Source: Company, DevenChoksey Research

#### 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	22,199	25,810	30,104
Total Equity	15,907	19,807	22,677	26,288	30,582
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	28,178	31,590	35,683
Total non-current assets					
Net block	8,645	10,501	11,724	13,237	14,527
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	15,818	17,331	18,621
Current liabilities					
Current Liabilities	8,503	8,496	10,733	11,953	13,391
Provisions	120	93	93	93	93
Current liabilities	8,623	8,590	10,827	12,046	13,484
Net Current assets	7,211	11,205	12,360	14,258	17,063
Inventories	5,733	5,270	7,692	8,566	9,596
Trade Receivables	6,409	8,044	8,257	9,231	10,364
Loans and advances	832	868	937	1,048	1,176
Cash and Bank	1,079	1,521	5,053	6,113	7,947
Oher current assets	1,781	1,185	1,248	1,348	1,464
Total Current Assets	15,834	16,887	23,187	26,305	30,547
Capital Deployed	23,620	25,801	28,178	31,590	35,683



## Minda Corporation Ltd.

Minda Corporation Ltd.			
Date	CMP (INR)	TP(INR)	Recommendation
14-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
18-Aug-23	314	351	BUY

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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