

Price: 535

Recommendation: Buy

Industry: Auto Components

Sector: Consumer Discretionary

Report Date: 03-Apr-2025

Minda Corporation is advancing growth through strategic initiatives, reporting a quarterly revenue of INR 1,253 crores and a record EBITDA margin of 11.5%. The acquisition of a 49% stake in Flash Electronics enhances its EV segment. With a focus on premiumization and diversification, the company aims to grow 1.5 times the market rate, increasing export revenue to 15%. Despite challenges in commercial vehicles and exports, Minda is poised for future growth.

Sales		Profit & Loss		Profitability Matrix	
Current Year	4066 Cr	Operating Profit(Year)	477 Cr	Operating Profit Margin	11.7 %
Previous Year	3492 Cr	Operating Profit(Quarter)	123 Cr	EBITDA Margin	11.17 %
Current Quarter	1037 Cr	PAT (Year)	190 Cr	Net Profit Margin	4.93 %
Previous Quarter	1058 Cr	PAT (Quarter)	57.8 Cr	EPS	9.77
Revenue (QYoY)	969 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	54.6	Sales Growth	9.15 %	Sales Growth	-1.98 %
PEG Ratio	14.8	PAT Growth	-28.57 %	Sales Growth QYoY	7.02 %
EV/EBITDA	25.6	EPS Growth	23.98 %	PAT Growth	-7.81 %
P/B	6.98	Dividend Yield	0.26	PAT Growth QYoY	30.47 %
Capital Allocation		Holdings		Leverage	
RoE	12.2 %	Promoter	64.8 %	Debt/Equity	0.29
RoA	6.49 %	FII	7.98 %	Debt	533 Cr
RoCE	14.5 %	DII	18.4 %	Market Cap	12769 Cr
RoIC	14.6 %	Public	7.16 %	Enterprise value	13238 Cr
		No of Shares	23.9 Cr	Cash Equivalents	63.8 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Minda Corporation's recent concall highlighted several strategic initiatives and business strategies aimed at enhancing growth and diversification. The company reported a quarterly revenue of INR 1,253 crores, achieving its highest-ever EBITDA margin at 11.5%, with a growth of 32 basis points year-on-year. A significant development was the acquisition of a 49% stake in Flash Electronics, valued at INR 3,100 crores, which is expected to enrich Minda's product portfolio, particularly in the electric vehicle (EV) segment. This strategic partnership aims to create a comprehensive and technologically advanced portfolio, leveraging synergies between Minda's expertise in automotive body electronics and Flash's strength in engine and powertrain electronics. The company also signed strategic partnerships with HCMF for sunroof and power tailgates and Sanko for high-voltage connectors, further expanding its product offerings.

The company is focusing on premiumization and diversification of its product lines, with a strong emphasis on EV platforms. Minda Corporation's order book for the first nine months exceeded INR 6,000 crores, reflecting an expanding product portfolio and rising demand for both internal combustion engine (ICE) and EV products. The company has filed 17 patents, bringing the total to over 290, showcasing its commitment to innovation and R&D. The company is also investing significantly in R&D, with spending now at 4% of sales, up from 1.5% to 2% in previous years. This investment is directed towards developing new product lines in connected, electronic, electric, and safe mobility.

Looking ahead, Minda Corporation is poised for growth, with plans to outperform the industry by growing 1.5 times the market rate. The company aims to increase its export revenue from the current 8% to 15% in the mid to long term. The strategic focus on operational excellence, localization of components, and premiumization of products is expected to drive margin expansion. The company is also exploring opportunities in the Intelligent Transportation System and EV charging stations, which are anticipated to be key growth areas. The management expressed confidence in maintaining and potentially improving the current high EBITDA margins, supported by economies of scale and product premiumization.

While the company is optimistic about its growth trajectory, it acknowledges challenges such as sluggish demand in the commercial vehicle segment and subdued export markets, particularly in Europe and ASEAN countries. The company is actively working to mitigate these challenges through strategic partnerships and product diversification. The focus on localization and reducing import dependency is expected to enhance supply chain resilience and cost efficiency. Overall, Minda Corporation is well-positioned to capitalize on the growing demand for advanced automotive solutions, with a robust strategy for future growth and scaling.

MINDACORP Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Samvardh. Mothe.	90746.75	22.00	11.80%	-0.52%	7.89%	-0.13%	61.97%
Bosch	81892.93	40.47	15.97%	1.62%	6.19%	-1.39%	4.33%
Uno Minda	49667.66	52.76	18.89%	-1.43%	18.77%	-2.79%	20.21%
Exide Inds.	31679.48	39.95	7.05%	-9.74%	0.93%	-32.20%	-21.69%
Sona BLW Precis.	27932.32	46.82	20.91%	-5.89%	11.01%	2.06%	16.75%

Aspect	Commentary
Revenue	The company shows a moderate increase in annual revenue, indicating stable growth. However, quarterly revenue has slightly decreased, suggesting potential seasonal or market fluctuations. The year-over-year growth is positive, reflecting a consistent upward trend in sales performance.
Profit & Loss	Annual operating profit is healthy, but quarterly figures show a slight decline, indicating potential short-term challenges. The net profit margin is modest, suggesting room for improvement in cost management or revenue enhancement strategies to boost profitability.
Profitability Matrix	Operating and EBITDA margins are stable, reflecting efficient cost management. The net profit margin is lower, indicating potential areas for improvement in net earnings. EPS growth is positive, suggesting shareholder value enhancement through earnings growth.
Valuation Matrix	The high P/E ratio suggests the stock may be overvalued, while the PEG ratio indicates growth expectations. EV/EBITDA is elevated, reflecting market optimism. The P/B ratio is high, suggesting the stock is trading at a premium to its book value.
Growth (YoY)	Sales growth is positive, indicating robust demand. However, PAT growth is negative, suggesting challenges in converting sales into profits. EPS growth is strong, reflecting effective earnings management. Dividend yield is low, indicating limited income distribution.
Growth (QoQ)	Quarterly sales growth is negative, indicating potential short-term demand issues. However, QYoY growth is positive, suggesting long-term stability. PAT growth is negative, highlighting profitability challenges. QYoY PAT growth is strong, indicating recovery potential.
Capital Allocation	Return metrics are solid, reflecting efficient capital use. RoE and RoCE are healthy, indicating effective shareholder and capital management. RoA and RoIC are stable, suggesting consistent asset and investment returns. Overall, capital allocation is well-managed.
Holdings	Promoter holding is strong, indicating confidence in the company's prospects. Institutional holdings are significant, reflecting market trust. Public holding is low, suggesting limited retail investor participation. The number of shares is stable, indicating no recent dilution.
Leverage	Debt levels are manageable, with a low debt-to-equity ratio, indicating financial stability. Market cap is substantial, reflecting strong market presence. Enterprise value is slightly higher than market cap, suggesting potential growth opportunities. Cash reserves are modest.

Analyst viewpoint: Minda Corporation demonstrates robust growth indicators, positioning itself as a compelling investment opportunity in the short to mid-term horizon. The company's strategic initiatives have paved the way for promising quarterly performance, with revenue reaching INR 1,253 crores and achieving an impressive EBITDA margin of 11.5%. With a strong focus on premiumization and diversification, the company is capitalizing on its recent acquisition of a 49% stake in Flash Electronics to bolster its presence in the EV segment. This, combined with strategic alliances for sunroof and high-voltage connectors, positions Minda to harness synergies and expand its technological footprint. Despite minor quarterly sales variability, a solid QoQ PAT growth of 30.47% underscores Minda's ability to convert initiatives into substantial profits, buttressed by prudent capital allocation reflected in its healthy RoE and RoCE.

Nevertheless, it is pertinent to acknowledge certain headwinds that Minda Corporation faces in the form of sluggish demand in the commercial vehicle segment and export market challenges in Europe and ASEAN regions. While these factors present short-term uncertainties, Minda's proactive approach in strategy realignment and emphasis on localization to enhance supply chain resilience underpins its preparedness to overcome these obstacles. Ultimately, the company's commitment to innovative expansion in the Intelligent Transportation System and EV charging sectors, as well as a strong promoter holding, squarely affirms its potential for sustained growth, offering investors a promising outlook despite the noted challenges.

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