MINDA CORPORATION

NUVAMA FLASH

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	568
12 month price target (INR)	590
52 Week High/Low	653/366
Market cap (INR bn/USD bn)	136/1.6
Free float (%)	33.0
Avg. daily value traded (INR mn)	232.8

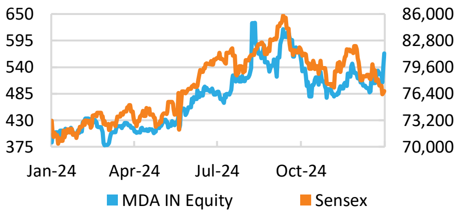
SHAREHOLDING PATTERN

	Dec-24	Sep-24	Jun-24
Promoter	64.84%	64.84%	64.84%
FII	7.98%	7.62%	6.07%
DII	18.42%	18.87%	20.63%
Pledge	0.00%	0.00%	0.00%

FINANCIALS (INR mn)

Year to March	FY24A	FY25E	FY26E	FY27E
Revenue	46,511	51,842	59,043	66,813
EBITDA	5,144	5,852	6,841	7,938
Adjusted profit	2,272	3,016	3,856	4,703
Diluted EPS (INR)	9.5	12.6	16.1	19.7
EPS growth (%)	(20.1)	32.8	27.8	22.0
RoAE (%)	12.7	14.3	16.2	17.2
P/E (x)	56.1	42.2	33.0	27.1
EV/EBITDA (x)	25.8	22.4	19.2	16.4
Dividend yield (%)	0.3	0.4	0.4	0.5

PRICE PERFORMANCE



Augmenting EV focus with Flash tie-up

Minda Corp has announced a minority stake purchase in Flash Electronics. Highlights: i) Minda shall acquire a 49% stake in Flash at INR13.7bn, which implies a valuation of 25x FY26E P/E. ii) Management estimates the acquisition shall be EPS accretive in FY26E, as growing profits of Flash and synergy benefits shall offset funding costs. iii) Flash derived 20% of revenue from EV segment in H1FY25, and has kit value of INR18,000–20,000 in 2W. iv) Flash and Minda have adjacent product portfolios in body and powertrain electronics, offering potential for cross-selling and cost synergies.

Maintain 'BUY' with TP of INR590, based on 30x FY27E EPS. There are upside risks to estimates on close of the Flash purchase by Q4FY25.

Minority stake in Flash to be EPS accretive

Minda shall acquire a 49% stake in Flash at INR13.7bn, which implies a valuation of 25x FY26E P/E. Flash is likely to witness robust profit growth from INR600mn in FY24 to INR1.1bn in FY26E while Minda's share of profits shall be INR500mn. Furthermore, Minda can potentially cross-sell and achieve cost synergies, as there are adjacent product portfolios in body electronics (Minda has vehicle access, electrical distribution system, telematics, and die casting) and powertrain electronics (Flash has ignition and powertrain components). Considering Flash's customer base, Minda shall have cross-selling opportunities with new customers such as Audi, BRP Rotax, Ducati, Moto-Morini, Porsche, Proton, Volkswagen, and Webasto. Overall, Minda management expects to achieve an EPS accretion in FY26E, as the share of profits from Flash and synergy benefits shall offset funding costs. Debt should increase by INR9–10bn, leading to an increase in FY26E net debt/equity from -0.1x to 0.6x.

Enhancing focus on electric mobility segment

Flash derived 20% of revenue from the EV segment in H1FY25 compared with 13% of revenue in FY24. Across the 2W, 3W, PV and CV segments, Flash products include traction motors, motor controller unit and BLDC motors with fan assembly, primary gears, IDU mid drive motors, telematic control unit, vehicle control unit, inverters and wiper motors. For a 2W, the kit value is INR18,000–20,000. Minda has an existing kit value of INR12,000–15,000. Overall, the combined kit value is INR30,000–35,000, which can potentially rise to over INR40,000 when other components such as smart keys, telematics and wiring harnesses are included. For the PV and CV segments, products are in the development stage, and likely to be launched soon.

Minda: Growth drivers in place

Minda is a play on premiumisation, import substitution, regulatory changes and disruptions such as EV penetration. It has built scale through tie-ups (Stoneridge, VAST, Infac and EVQPOINT) and we forecast the recent Flash acquisition shall also support entry in emerging segments/components, increase in content per vehicle (CPV) and customer additions. Maintain '**BUY**' with TP of INR590, based on 30x FY27E EPS. Upside risks to estimates exist on close of the Flash purchase by Q4FY25.

Raghunandhan NL
raghunandhan.nl@nuvama.com

Manav Shah
manavt.shah@nuvama.com

Rahul Kumar
rahuls.k@nuvama.com

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Abneesh Roy
Head of Research Committee
Abneesh.Roy@nuvama.com

ABNEESH KUMAR ROY

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