



# Pick of the week

## Minda Industries

Recommendation: **ADD**

Date: **21st March 2022**

Current Price: ₹**1032**

Time Period: **12 Months**

Potential Upside: **12.4%**

Target Price: ₹**1160**

### Why invest?

- 🌱 We expect Minda Industries to continue to outperform the industry growth due to (1) increase in premiumization and import substitution, (2) strong order wins in EV (electric vehicle) 2W (two wheeler) segment and (3) market share gain in lighting, seating and alloy wheels.
- 🌱 Geographical mix in Q3FY22 – Domestic – 86% and International – 14%; Vehicle type mix in Q3FY22 – Four wheelers – 53% and Two-wheelers – 47%; Channel-wise mix in Q3FY22 – OEM – 88% and Replacement – 12% (OEM - original equipment manufacturer).
- 🌱 The company has wide range of products for 2W/3W (three wheeler) EV products.
- 🌱 Minda Industries has increased stake in four of its partnership firms as a part of its ongoing consolidation exercise to achieve greater operational flexibility and economies of scale.
- 🌱 We expect Minda Industries revenue to grow by 22% CAGR (compound annual growth rate) over FY21-25E. We expect EPS (earnings per share) to grow at 49% CAGR over FY21-25E.
- 🌱 Our fair value is based on DCF (discounted cash flow) methodology, valuing the stock at 39X FY24E consolidated EPS.