

Content increase to ensure industry leading growth...

About stock: Uno Minda (MIL) is India's largest maker of automotive switches, horns, seats & PV alloy wheels and third largest automotive lighting player.

- FY24 segment mix – 4-W 54%, 2-W 46%; switches, lighting, castings, horns and seats comprised 26%, 24%, 20%, 6% and 8% of sales, respectively
- FY24 Sales Mix: 93% OEM's, 7% aftermarket; Geographical mix: India: 86%

Q2FY25 Result: Uno Minda reported healthy performance in Q2FY25. On consolidated basis, topline for the quarter came in at ₹ 4,245 crore, up by 17% YoY. EBITDA stood at ₹ 482 crore (up 20% YoY) with corresponding EBTDA margins at 11.4% (up 30 bps YoY, 70 bps QoQ). PAT came in at ₹ 245 crore (up 9% YoY).

Investment Rationale

- EV-agnostic product portfolio offering long term growth potential:** Over the years, Uno Minda has emerged as a leading player in the domestic auto ancillary space, consistently outperforming its user industry. This success stems from its ability to increase kit value (>~10% of vehicle Asp's), expand its client and product portfolio, and pursue strategic acquisitions. It provides solutions in areas of comfort & convenience, including automotive switches, interior/exterior lighting, acoustics systems, seating, etc, serving all major 2-W and PV OEMs. MIL offers premiumisation play given its prominent presence in alloy wheel, airbag, sensors, seat belts & smart systems, etc. with key offerings gaining prominence domestically and aptly supported by government safety regulations. With structural drivers in place, we project overall revenue at Uno Minda to grow at ~17% CAGR over FY24-27E backed by healthy capex spends, rising kit value & technology tie-ups.
- New order wins to make it a prominent player in EV space:** Uno Minda boast a successful track record of JVs with international partners & faces minimal risk from the EV transition within its portfolio. Notably, In Q2FY25 EV contribution to overall 2-W revenue was pegged at ~11.4% vs industry EV penetration at ~7%. Encouragingly, MIL has received large orders from a Japanese OEM for an upcoming EV Model and received contracts for hub motors and mid-drive motors for new E-2W models. In E-2W space, it has potential kit value of ~₹ 35k/vehicle. Moreover, it has obtained a TLA for EVSE-Wall Mount Charging Unit & Acoustic Vehicle Alert System for E-4W. A strong foothold in EV segment positions Uno Minda for sustained long term growth, amidst enabling govt. policies via PLI & PM E-Drive Schemes.

Rating and Target Price

- Uno Minda is a leading auto ancillary player with strong penchant to grow ahead of industry with impressive product profile as well as great JV strength. With broad play capex under execution, we continue to assign **BUY rating** on the stock and value it at ₹ 1,250 i.e. 46x P/E on FY27E EPS.

Key Financial Summary

Key Financials	FY20	FY21	FY22	FY23	FY24	5 year CAGR (FY19-24)	FY25E	FY26E	FY27E	3 year CAGR (FY24-27E)
Net Sales	6,222.0	6,373.7	8,313.0	11,236.5	14,030.9	18.9%	16,701.2	19,406.9	22,367.0	16.8%
EBITDA	671.8	725.0	885.4	1,242.0	1,585.3	16.9%	1,883.6	2,280.3	2,684.0	19.2%
EBITDA Margins (%)	10.8	11.4	10.7	11.1	11.3		11.3	11.8	12.0	
Net Profit	155.2	206.6	355.8	653.5	880.3	25.2%	949.0	1,229.2	1,553.7	20.8%
EPS (₹)	2.7	3.6	6.2	11.4	15.3		16.5	21.4	27.1	
P/E	398.7	299.5	173.9	94.7	70.4		65.3	50.4	39.9	
RoNW (%)	8.3	9.2	10.3	15.7	17.8		16.5	18.1	19.0	
RoCE (%)	9.3	9.1	10.2	13.7	15.1		15.4	17.7	19.7	

Source: Company, ICICI Direct Research



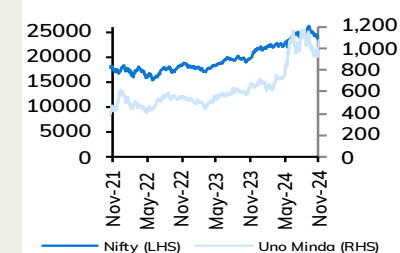
Particulars

Particulars	₹ crore
Market capitalisation	61,884
Total Debt (FY24)	1,573
Cash & Inv. (FY24)	269
EV (₹ crore)	63,188
52 week H/L (₹)	1255 / 605
Equity capital (FY24)	114.8
Face value (₹)	2.0

Shareholding pattern

	Dec-23	Mar-24	Jun-24	Sep-24
Promoter	68.7	68.8	68.8	68.8
FII	7.9	7.6	8.7	9.7
DII	16.9	17.2	16.4	15.3
Other	6.4	6.5	6.2	6.3

Price Chart



Recent Event & Key risks

- Reports healthy performance in Q2FY25. Margins stood at 11.4%
- Key Risk:** (i) domestic auto industry slowdown impacting growth given company is OEM heavy (ii) lower than anticipated margin gains amid limited operating leverage benefits

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Manisha Kesari
manisha.kesari@icicisecurities.com

Bhavish Doshi
bhavish.doshi@icicisecurities.com

Key Takeaways of Recent Quarter

Q2FY25 Results: Reported Healthy Performance

- On the consolidated basis, Topline for the quarter came in at ₹ 4,244 crore, up by 17% YoY. Reported consolidated EBITDA in Q2FY25 came in at ₹ 482 crore, up 20% YoY with corresponding EBTDA margins at 11.4% (up 30 bps YoY, 70 bps QoQ).
- Switch segment reported a growth of 13% YoY to ₹ 1,057 crores, thereby contributing 25% of consolidated revenue in the quarter. Additionally, Lightning segment reported ₹ 970 crores, up 16% YoY driven by robust performance from 4-wheeler lightning segment. Moreover, Casting segment grew by 12% YoY at ₹ 842 crores drive by 2W alloy wheel segment. While, seating business revenues was at ₹ 286 crores (flat YoY, impacted by moderation in domestic CV space), whereas other product segment reported ₹ 906 crores (up 51% YoY, led by robust growth in the sensors & controllers).
- PAT for the quarter came in at ₹ 245 crore (up 9% YoY). Net debt for the quarter as of Sept'24 stood at ~₹ 1,735 crores vs ₹ 1,319 crores (as of Mar'24), primarily on account of increase in capex and expenditure for land bank. Capex for H1FY25 including land bank stood at ~₹ 844 crores.

Q2FY25 Earnings Conference Call Highlights:

- New Order:** MIL has secured a large order for EVSE from a Japanese OEM for their upcoming EV Model. Moreover, it has won two new orders for hub motors from E-2 wheelers OEMs and an order for mid-drive motors from an incumbent 2-wheeler OEM. Moreover, its subsidiary company has signed a TLA with Hyundai Mobis for manufacturing speakers. MIL also received LOI from one of its customers for a sunroof project with expected SOP will be Q4FY27. To support this, it will set up a plant in Haryana.
- Capacity Expansion:** MIL has commenced production of components from new Mindarika plant at Farrukhnagar, Gurugram. It plans a capex to relocate existing manufacturing plant from Manesar to Farrukhnagar by Q3FY27, consolidating it into single largest facility. Additionally, it will be commissioning a new 4-wheeler lighting plant at Khed in Q3FY25. Furthermore, it has expanded 4-wheeler (alloy wheel) Bawal facility by an additional 30k capacities, scheduled for commissioning in H2FY25 and has begun work on another 30k capacity at the same site.
- Electric Vehicle:** E-2 wheeler segment reported a revenue of ₹ 288 crore, up 43% QoQ, driven by volume growth in E-2 wheeler and demand for off-board chargers from incumbent e-2-wheeler OEM. Revenue from E-3 wheeler was ₹ 65 crores, comprising of EV component.
- Joint Venture Investments:** MIL's associate company, TRMN, has commenced production at its new plant in Rajasthan, manufacturing smart keys, shift levers, and seatbelt. Meanwhile, associate company TG Uno Minda has commissioned production from its expansion project at Neemrana plant, thereby increasing airbag capacity from 1.8 million to 3 million units. It has also approved further expansion in Karnataka for production of safety systems, and interior/exterior products with commencement expected in Q1FY27 at a total capex outlay of ₹ 283 crores.
- Indonesia:** MIL has secured orders from PV OEM in Indonesia for lighting. With this, it plans to establish a manufacturing facility in Indonesia under wholly owned subsidiary, PTMA with a total capex of ₹ 210 crores. Once commissioned, MIL will relocate existing capacity in Indonesia to this plant.
- Acquisition:** MIL has acquired 49% stakes in Minda Nabtesco Automotive, specializing in manufacturing airbrake systems, clutch operation systems, and other components primarily for commercial vehicles.
- Capex:** MIL has reaffirmed its capex guidance for FY25 at ₹ 1,300 to 1,400 crores, excluding land bank expenditure of ₹ 600 to ₹ 700 crores with ₹ 300 crores already spend in H1FY25 for Kharkhoda, Hosur and Bawal.

MIL anticipates Q3FY25 to be slightly softer in terms of demand than Q2FY25 due to annual shutdowns by some OEMS towards end of the year. However, it remains committed to maintaining its margin guidance of 11% +/- 0.5% level. Additionally, it aims to increase the share of 4-wheeler lightning segment from the current 15% to 18%-20% in the coming years.

Key Charts from PPT

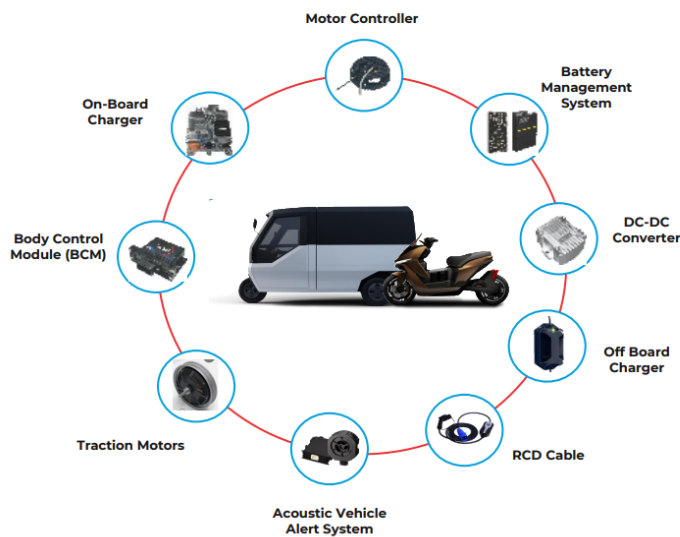
Exhibit 1: Uno Minda- Engine agnostic portfolio with potential upside from EV transition

Domains	Product Lines	ICE	Alternate Fuel Systems	Hybrid	BEV
Electronic & Control Systems	4W Switches & HVAC	More than 95% of our product portfolios are powertrain agnostic			
	Sensors				
	Controllers				
	Seat Belts				
	Shifters				
	Infotainment Systems				
	Cameras				
	Telematics & TCU				
	RPAS & ADAS				
	Safety & Comfort Systems				
Body Sealing					
EA Pad					
Air Ducts & Washer Bottle					
Spoiler					
Seats					
Lighting & Acoustics	Brake Hoses				
	Horns				
	Lamps				
Light Metal & Power Train	Speakers				
	Alloy Wheels				
Battery	Casting				
	Lead Acid Battery				

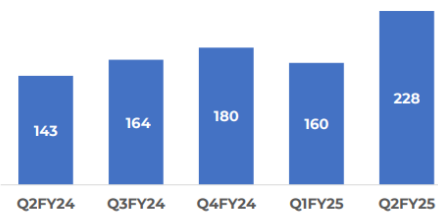
Source: Company, ICICI Direct Research

Exhibit 2: Uno Minda- EV Product Portfolio 2W & 3W

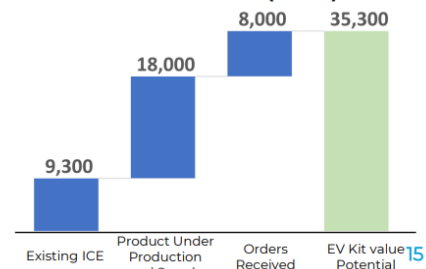
Low Voltage EV Products (48V to 96V)



Sales to 2W Electric Vehicles Rs Crores



Potential Kit Value (in INR)

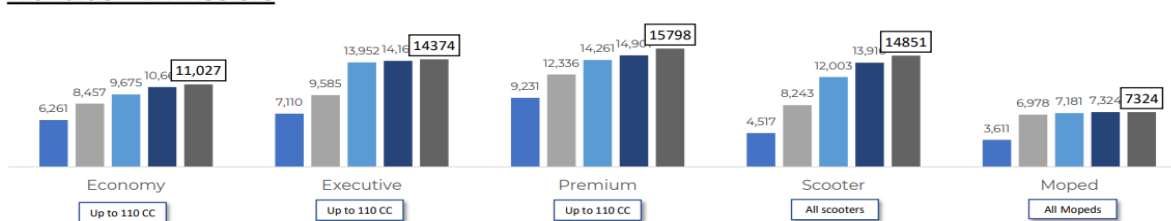


Source: Company, ICICI Direct Research

Exhibit 3: Uno Minda- Potential Kit Value- 2W & 4W

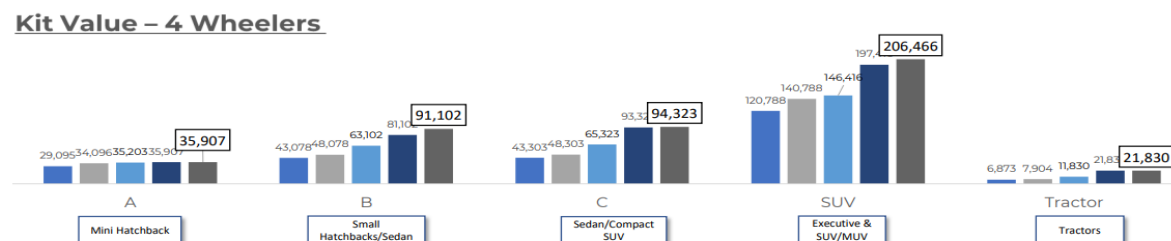
Kit Value – 2 Wheelers

As at the end of FY ■ 2020 ■ 2021 ■ 2022 ■ 2023 ■ 2024



Kit Value – 4 Wheelers

As at the end of FY ■ 2020 ■ 2021 ■ 2022 ■ 2023 ■ 2024



*Potential is calculated on basis that all products manufactured by Uno Minda which can be supplied in the vehicle.

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement				
	₹ crore			
(Year-end March)	FY24	FY25E	FY26E	FY27E
Net Sales	14,031	16,701	19,407	22,367
Other Operating Income	0.0	0.0	0.0	0.0
Total Operating Income	14,031	16,701	19,407	22,367
Growth (%)	24.9	19.0	16.2	15.3
Raw Material Expenses	9,064	10,829	12,566	14,483
Employee Expenses	1,779	2,124	2,426	2,740
Other Operating Expense	1,603	1,864	2,135	2,460
Total Operating Expenditure	12,446	14,818	17,127	19,683
EBITDA	1,585	1,884	2,280	2,684
Growth (%)	27.6	18.8	21.1	17.7
Depreciation	526	618	699	760
Interest	113	165	119	71
Other Income	34	24	18	25
PBT	980	1,125	1,480	1,878
Others	-168	-118	-134	-164
Total Tax	267	294	385	488
PAT	880	949	1,229	1,554
Growth (%)	34.7	7.8	29.5	26.4
EPS (₹)	15.3	16.5	21.4	27.1

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement				
	₹ crore			
(Year-end March)	FY24	FY25E	FY26E	FY27E
Profit after Tax	880	949	1,229	1,554
Add: Depreciation	526	618	699	760
(Inc)/dec in Current Assets	-853	-1,209	-887	-971
Inc/dec in CL and Provisions	531	902	562	614
Others	79	141	102	46
CF from operating activities	1,164	1,401	1,704	2,004
(Inc)/dec in Investments	-98	-55	-55	-240
(Inc)/dec in Fixed Assets	-1,048	-1,600	-1,000	-1,000
Others	-53	91	101	113
CF from investing activities	-1,198	-1,564	-954	-1,127
Issue/(Buy back) of Equity	0	0	0	0
Inc/dec in loan funds	322	370	-450	-600
Interest and Dividend outgo	-228	-309	-292	-272
Inc/dec in Share Cap	0	0	0	0
Others	21	0	0	0
CF from financing activities	116	61	-742	-872
Net Cash flow	81	-102	8	4
Opening Cash	173	254	153	161
Closing Cash	254	153	161	165

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet				
	₹ crore			
(Year-end March)	FY24	FY25E	FY26E	FY27E
Liabilities				
Equity Capital	114.8	114.8	114.8	114.8
Reserve and Surplus	4,828	5,633	6,690	8,043
Total Shareholders funds	4,943	5,748	6,805	8,158
Total Debt	1,573	1,943	1,493	893
Deferred Tax Liability	19	19	19	19
Minority Interest / Others	463	530	613	700
Total Liabilities	6,999	8,241	8,931	9,771
Assets				
Gross Block	6,179	7,795	8,795	9,795
Less: Acc Depreciation	2,586	3,204	3,903	4,663
Net Block	3,593	4,591	4,892	5,132
Capital WIP	216	200	200	200
Total Fixed Assets	3,809	4,791	5,092	5,332
Investments & Goodwill	1,295	1,350	1,405	1,645
Inventory	1,638	2,059	2,393	2,758
Debtors	2,065	2,745	3,190	3,677
Loans and Advances	33	39	46	53
Other Current Assets	532	633	736	848
Cash	254	153	161	165
Total Current Assets	4,523	5,630	6,525	7,500
Current Liabilities	2,698	3,521	4,037	4,601
Provisions	207	285	331	382
Current Liabilities & Prov	2,904	3,806	4,368	4,982
Net Current Assets	1,618	1,824	2,157	2,518
Others Assets	277	277	277	277
Application of Funds	6,999	8,241	8,931	9,771

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios				
(Year-end March)	FY24	FY25E	FY26E	FY27E
Per share data (₹)				
EPS	15.3	16.5	21.4	27.1
Cash EPS	24.5	27.3	33.6	40.3
BV	86.1	100.1	118.5	142.1
DPS	2.0	2.5	3.0	3.5
Cash Per Share (Incl Invst)	4.7	3.0	3.2	6.6
Operating Ratios (%)				
EBITDA Margin	11.3	11.3	11.8	12.0
PAT Margin	6.3	5.7	6.3	6.9
Inventory days	42.6	45.0	45.0	45.0
Debtor days	53.7	60.0	60.0	60.0
Creditor days	51.8	60.0	60.0	60.0
Return Ratios (%)				
RoE	17.8	16.5	18.1	19.0
RoCE	15.1	15.4	17.7	19.7
RolC	16.3	16.1	18.5	20.9
Valuation Ratios (x)				
P/E	70.4	65.3	50.4	39.9
EV / EBITDA	39.9	33.8	27.7	23.2
EV / Net Sales	4.5	3.8	3.3	2.8
Market Cap / Sales	4.4	3.7	3.2	2.8
Price to Book Value	12.5	10.8	9.1	7.6
Solvency Ratios				
Debt/EBITDA	1.0	1.0	0.7	0.3
Debt / Equity	0.3	0.3	0.2	0.1
Current Ratio	1.7	1.6	1.6	1.7
Quick Ratio	1.0	1.0	1.0	1.0

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according -to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Shashank Kanodia, CFA, MBA (Capital Markets), Manisha Kesari, PGDM- Finance, Bhavish Doshi, MBA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH00000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.