

Sales Note

UNO MINDA Ltd.

CMP: Rs. 850 | TARGET PRICE: Rs. 1,054 (24%)

Company Profile

Uno Minda Limited (formerly Minda Industries Limited) is a leading global manufacturer of proprietary automotive solutions and systems supplying to OEMs as Tier-1. The company has made important contribution to the automotive industry supply chain for more than six decades with its innovative products. Incepted in 1958, it is one of the leading manufacturers of automotive switching systems, automotive lighting systems, automotive acoustics systems, automotive seating systems and alloy wheels. UML manufacture and supply over 20 categories of automotive components and systems to leading Indian and international OEMs based in India, Asia, South and North America and Europe. We have over 73 manufacturing plants globally with overseas manufacturing facilities in Indonesia, Vietnam, Spain, and Mexico.

Investment Rationale

Accelerating growth across the automotive domain with healthy market share and diverse product portfolio: Uno Minda has a wide product portfolio, which is broadly applicable in both 2W and 4W vehicles. Its product segments include switches, lighting, casting, acoustics, seating, and other EV products. Uno Minda has a healthy market share across its product segments. It is the largest automotive switch, seating, and PV alloy wheel manufacturer, the second-largest player in automotive acoustics, and the third-largest player in India for automotive lighting. Around 71% of the revenue is contributed by the switch, lighting, and casting segments of the company's total for FY24. In other product segments, UML enjoys a dominant market share in the domestic market through its subsidiaries and JVs. The healthy market position and diverse product portfolio of the company provide strong earnings visibility going forward.

INR 1,400 Cr Capex Investment to Fuel Future Growth for Uno Minda: Uno Minda planned capex outlay of INR 1,300-1,400 crore for FY25. In FY24, INR 300 crore will be spent on expanding the two-wheeler alloy wheel capacity from 6 million to 8 million units per annum. For FY25, INR 850 crore will be utilized for various capex initiatives. The capex plan includes constructing a Greenfield two-wheeler alloy wheel plant with a capacity of 1.20 lakh wheels per month, which will be commissioned in two phases of 60,000 wheels each. The first phase is expected to be operational by Q2 FY26. Additionally, Uno Minda is setting up a four-wheeler system plant in Guru Gram and investing in establishing and expanding facilities related to EV components and systems. The company is also continuing to build a strategic land bank in key locations like Gujarat, Hour, and other related regions. This investment strategy aims to support Uno Mind's growth trajectory by meeting increasing market demand, diversifying product offerings, and integrating innovative technologies, particularly in the EV segment. These will strengthen its market position and cater to the growing needs of the automotive industry in India and globally.

Company Detail

Industry	Auto Ancillaries
BSE Code	532539
NSE Code	UNOMINDA
Bloomberg Code	UNOMINDA IN
Market Cap (INR Cr)	48,808
Promoter Holding (%)	68.76%
52wk Hi/Lo	765 / 501
Avg. 20 Daily Volume (NSE)	465,803

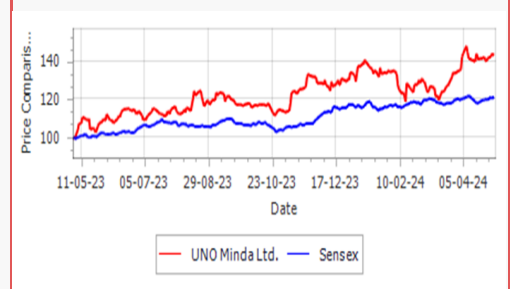
Shareholding Pattern (%)

Category	Dec-2024	Mar-2024
Promoter	68.72	68.76
Public	6.41	6.52

Public Holding More than 1% (Mar-24)

Name	% of Shares
Canara Robeco MF	3.02%
Axis Mutual Fund	2.45%
DSP MidCap Fund	2.04%
SBI L&M Fund	1.17%
Sundaram Mutual Fund	1.16%
ABSL Trustee Pvt Fund	1.13%

Share Price Performance



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Uno Minda. (UNOMINDA)

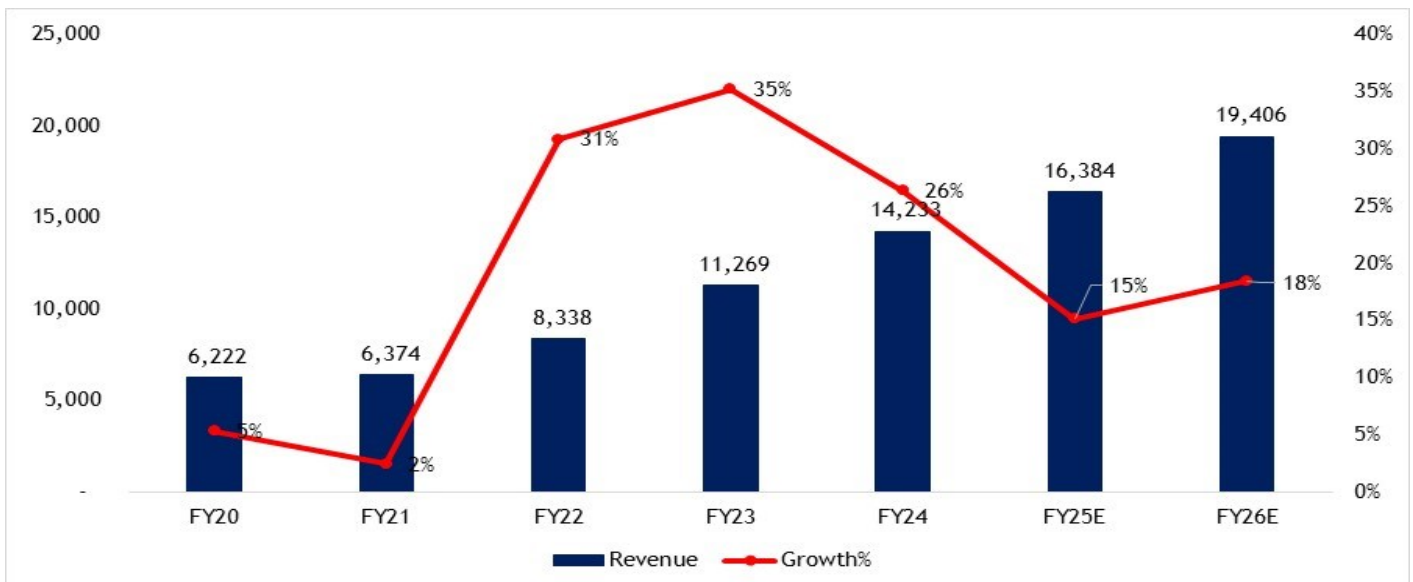
Date: 03 Jun, 2024

UML's healthy Order Book Sets Stage for Future Growth Trajectory: Uno Minda has secured various new order across the product segment. In the seating segment, the company has won orders for mechanical suspended seats and pneumatic seats from an Indian CV OEM, with an estimated annual revenue potential of INR 80 to INR 100 crore. In the casting segment, Uno Minda received a large order for 4W components from a Japanese OEM and 2W components from American OEMs. Additionally, Uno Minda has secured new orders from EV OEMs for EV-specific products, including off-board chargers, motors, motor controllers, BMS, AC-DC converters, and traction motors. The potential kit value for UML EV products stands at INR 35,300 crore, with INR 27,300 crore already under commercial production and orders worth INR 8,000 crore received in FY24. In FY24, peak annual orders reached INR 3,755 crore, a 98% growth from INR 1,897 crore in FY23, indicating strong traction in the EV market. UML's EV OEM 2W revenue market share increased from 8% to 12%. Uno Minda is well-positioned to capitalize on the rapid growth in the EV market. We expect the company's revenue to grow at a CAGR of 17% over the next the two years.

UML accelerates EV innovation through strategic global partnerships and advanced R&D investments: UML has strategically diversified and enhanced its technological capabilities through JVs and technical partnerships with international players. These collaborations broaden the company's product offerings and increase its value contribution per vehicle to OEMs. The company has also significantly invested in its in-house research and development capabilities, establishing over 30 R&D and engineering centres worldwide. Its premier R&D hub, CREAT (Center for Research, Engineering, and Advanced Technologies), focuses on pioneering new technologies and refining the existing product spectrum. UML collaborations with FRIWO AG, a German innovator in power supply and e-drive systems, and Buehler, for developing and marketing traction motors in India and the SAARC region, are poised to significantly bolster Uno Minda's footprint in the electric vehicle (EV) sector. Recently, UML has partnered with StarCharge to manufacture and sell EV charging equipment in India. This collaboration will produce wall-mounted AC chargers primarily for home use, with potential product values ranging from INR 14,000 to INR 70,000. The company expects significant demand for home and workplace chargers. While Uno Minda's product range largely remains independent of specific powertrain technologies, mitigating risks associated with the shift towards e-mobility, it has methodically expanded its offerings in the EV market to drive future revenue growth and enhance its content per vehicle.

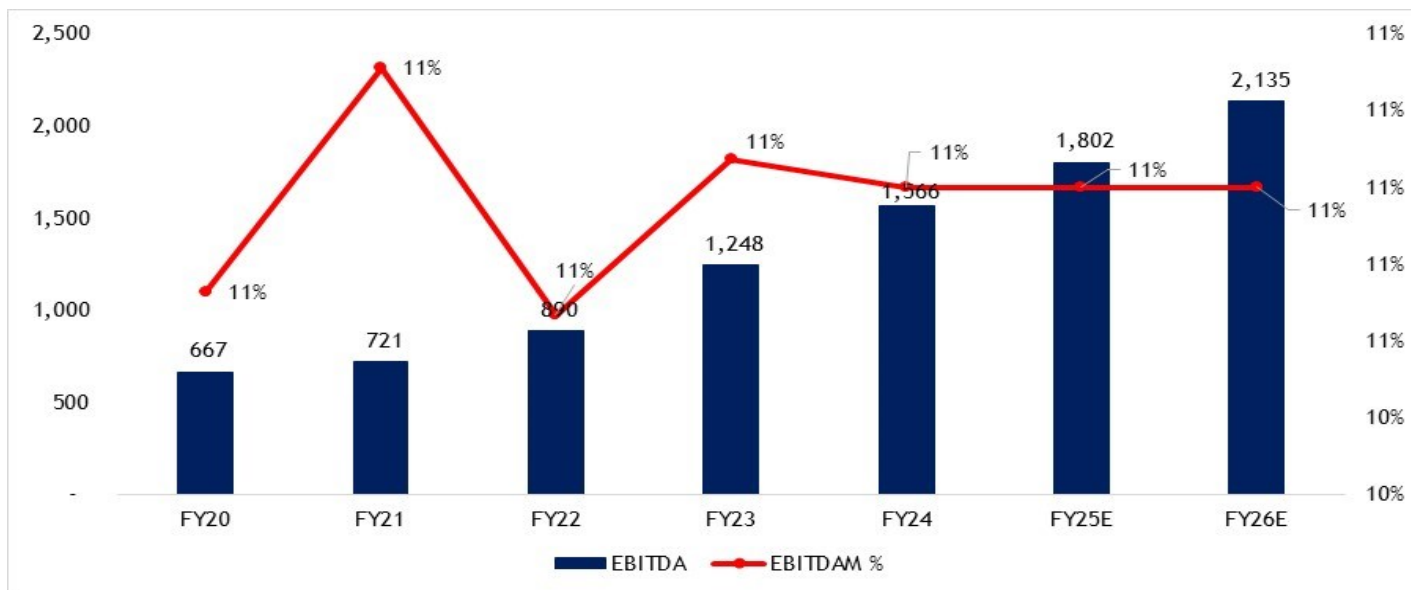
Valuation and Recommendation

- Stock is trading at forward PE multiple of 35(x)FY26E.
- We estimate a CAGR of 17% growth in revenue over FY24 - FY26 period.
- Profit after tax of Rs 1,375 Cr is estimated for FY26E. We Applied a PE (x) multiple of 44(x) and arrive at a market Capitalization of Rs. 60,478 Cr. Vs current Market Capitalization Rs 48,808Cr.
- A 24% upside is visible as per valuations.
- We recommend "BUY" on 'Uno Minda Ltd' with a target price of Rs. 1,054/share.

Exhibit 1: We Forecast 17% Revenue CAGR over FY2024 to FY26E.

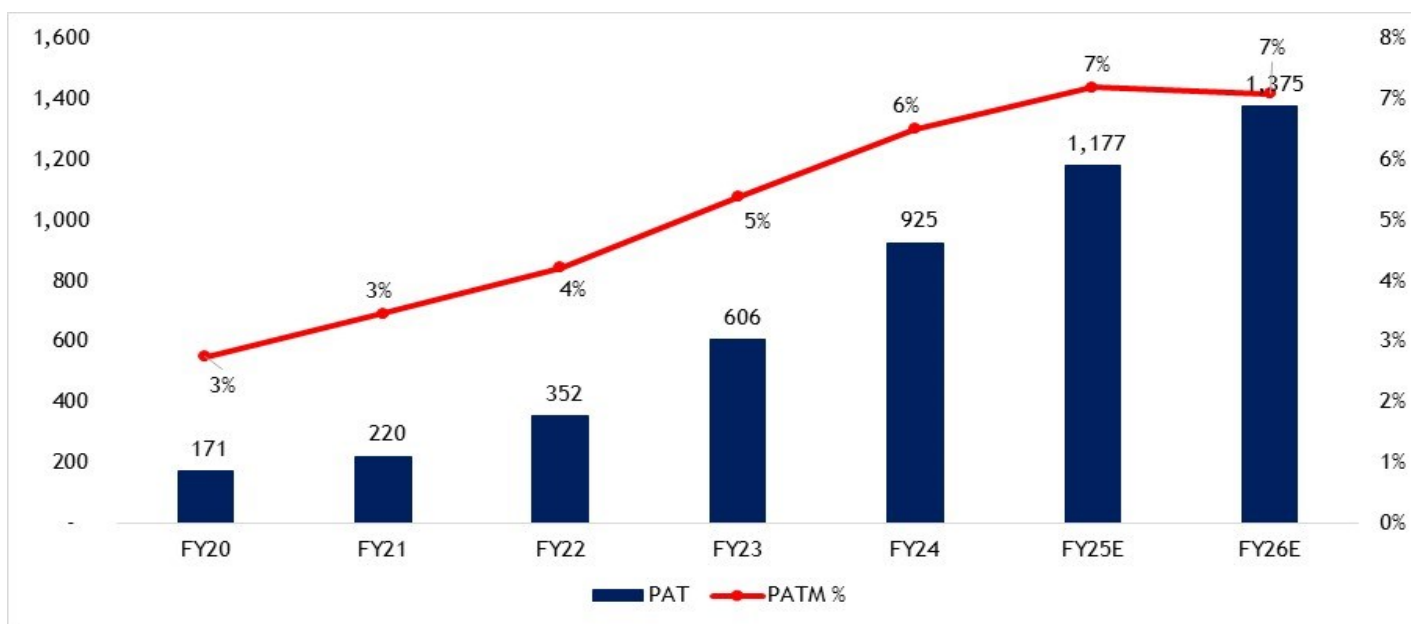
Source: Company data, GEPL Capital Research

Exhibit 2: Margins to remain stable at 11% over FY2024-FY26E



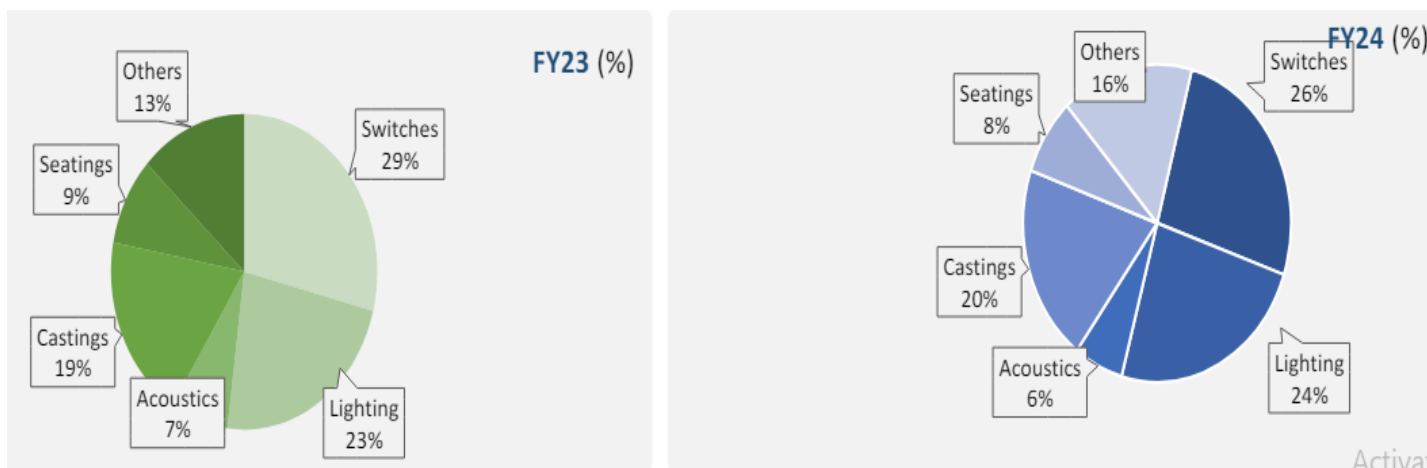
Source: Company data, GEPL Capital Research

Exhibit 3: We estimate PAT to grow at 22% CAGR by FY24 to FY26E



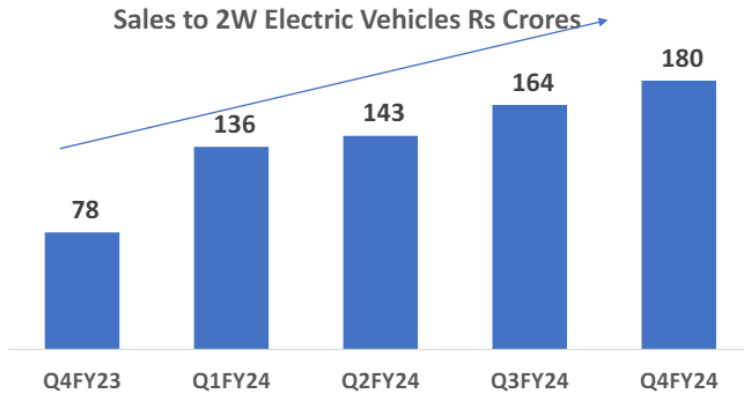
Source: Company data, GEPL Capital Research

Exhibit 4: Revenue Mix

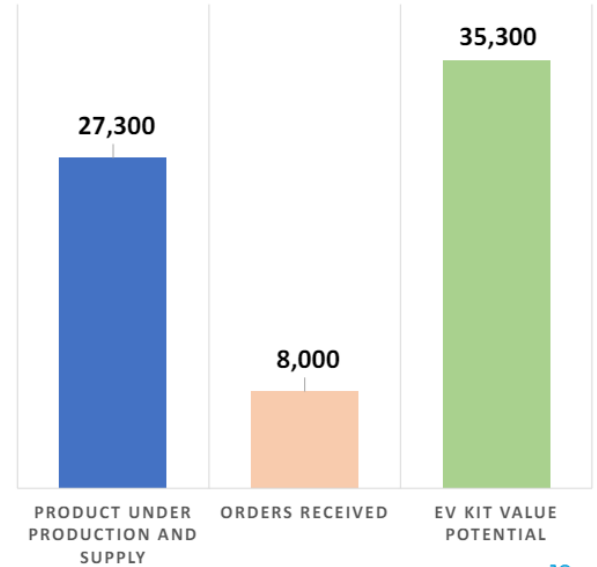


Source: Company data, GEPL Capital Research

Exhibit 5: EV Order and Potential Kit Vale



Potential Kit Value (in INR)



Peak Annual Order Value from EV OEM in Rs Crores*

Particulars	2W/3W	PV/CV	Total
EV Specific Components	1,655	263	1,918
Engine Agnostic Components	855	982	1,837
Total	2,510	1,024	3,755

*Note: Order values are basis customer guided volumes

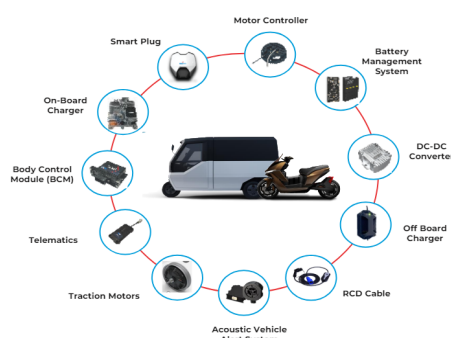
Source: Company data, GEPL Capital Research

Exhibit 6: UML Capex Expansion Plan

Sr	Product Line	Entity	Total Cost (In Crs)	Location	Capacity	Expected SOP	Update
1	4W Alloy Wheels	Uno Minda Ltd	542	Kharkhoda	120k Wheel p.m.	Q2 FY26 Phase 1	Project announced To be spend over 5 years
2	4W Alloy Wheels	Minda Kosei Aluminum (MKA)	190	Bawal	60k Wheels p.m.	Q2 FY25	Land Acquisition Delays 30K Accomodated
3	2W Alloy Wheels	Uno Minda Ltd	190	Pune	2 MN Wheels p.a.	Q3 FY24	All lines Commissioned
4	2W Alloy Wheels	Uno Minda Ltd	300	Supa	2 Mn wheel pa	Q1 FY26	Project announced
5	4W Lighting	Uno Minda Ltd	400 (Phase I – 230 Cr)	Pune	New Lighting Facility	Q2 FY25	Land Acquisition completed. Construction started To be spend over 5 years
6	4W Switches	Uno Mindarika	110	Gurugram	New Switch Facility	Q1 FY25	Land Acquisition completed. Construction on track
7	EV Specific	Uno Minda Buehler Motor	110	Bawal	Traction Motor Production Facility	Q4 FY 24	Phase 1 Commenced To be spend over 5 years
8	EV Specific	UnoMinda EV Systems	390	Gurugram	New facility for EV specific products	Q2 FY24 Phase I	Phase 1 Commenced To be spend over 6 years
9	Airbags	TG Minda (JV)	175	Neemrana Rajasthan	1.2 Mn unit p.a.	Q3 FY25	Construction under progress
10	Seat Belts & Smart Systems	Tokai Rika Minda (JV)	200	Neemrana Rajasthan	New facility	Q2 FY26	Construction under progress

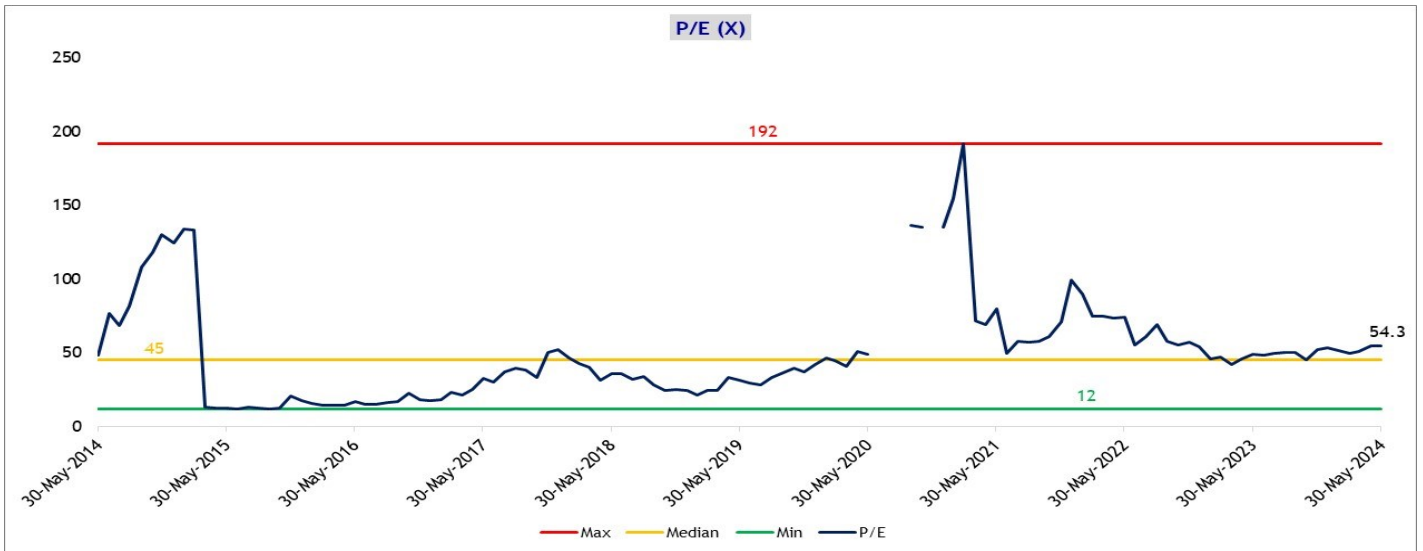
Source: Company data, GEPL Capital Research

Exhibit 7: EV product portfolio



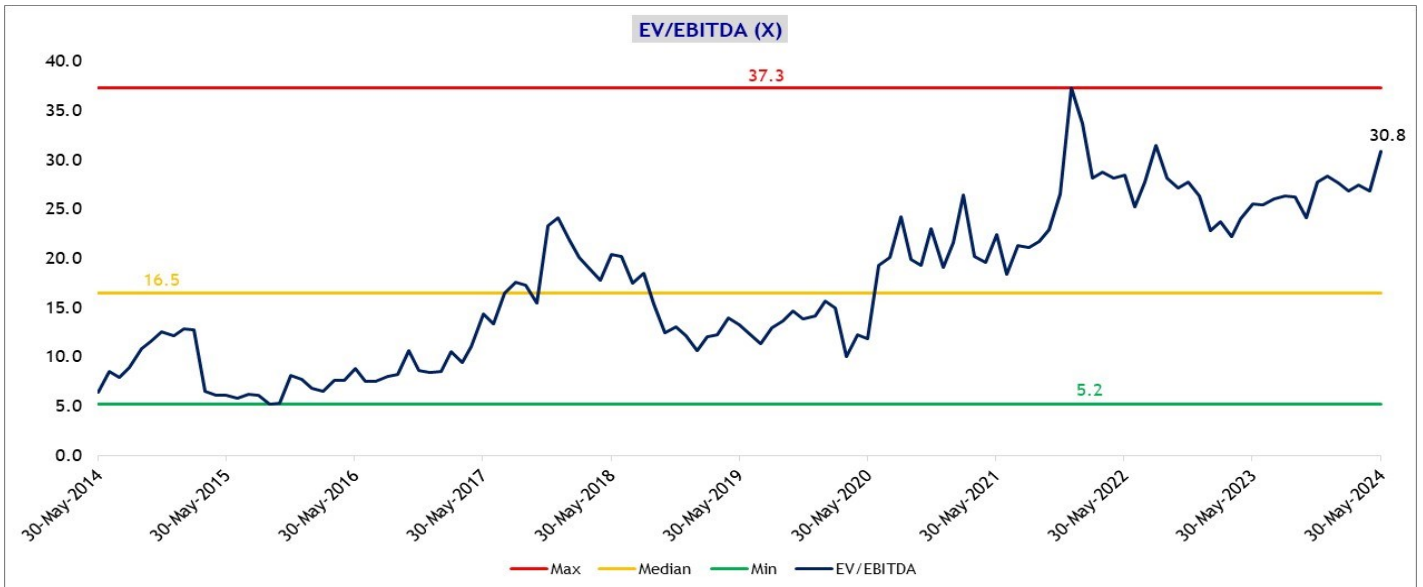
Source: Company data, GEPL Capital Research

Exhibit 8: UML PE is trading closed to Median level.



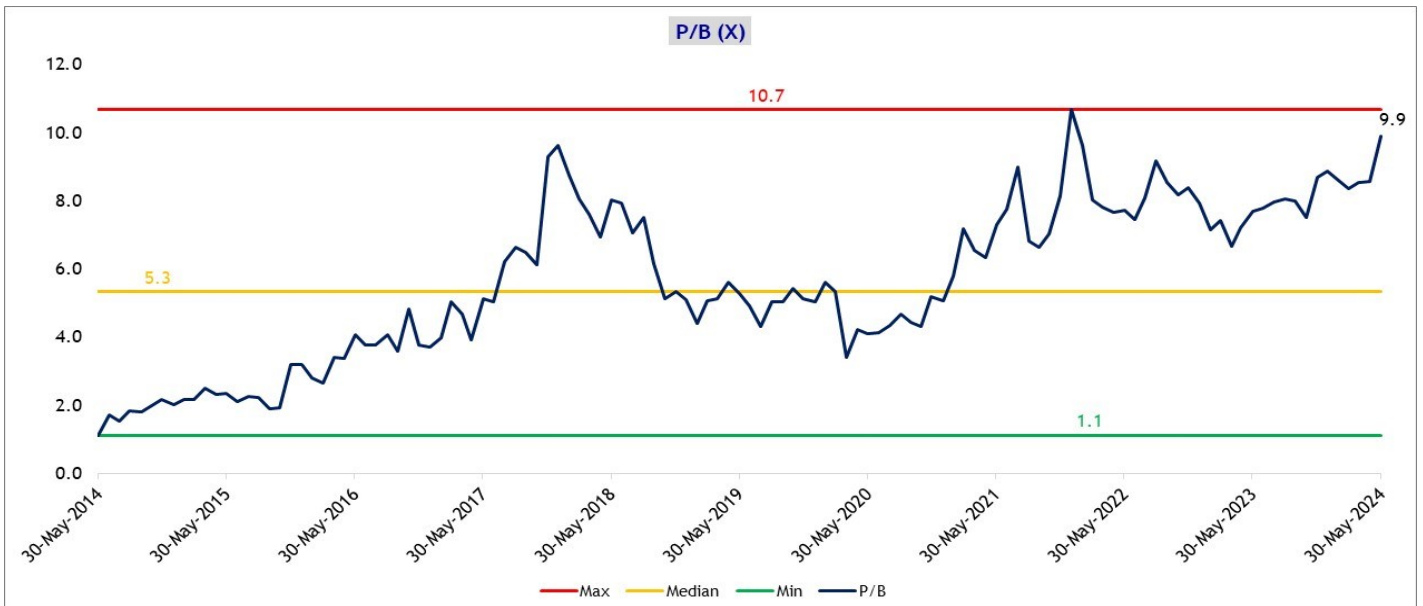
Source: GEPL Capital Research

Exhibit 9: EV/EBITDA trading above historical high levels.



Source: GEPL Capital Research

Exhibit 10: Historical PB(x)



Source: GEPL Capital Research

Uno Minda. (UNOMINDA)



Date: 03 Jun, 2024

Exhibit 11: Profit and Loss Statement

Particular (₹ in Cr)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	6,222	6,374	8,338	11,269	14,233	16,384	19,406
COGS	4,920	5,117	6,769	9,238	10,817	13,107	15,525
Gross Profit	1,302	1,257	1,570	2,031	3,416	3,277	3,881
Gross Profit Margins %	21%	20%	19%	18%	24%	20%	20%
Operating Expenses	634	536	680	783	1,850	1,475	1,747
EBITDA	667	721	890	1,248	1,566	1,802	2,135
EBITDAM %	11%	11%	11%	11%	11%	11%	11%
Other Income	40	47	63	49	215	215	215
Depreciation	340	375	392	430	482	337	371
EBIT	368	393	561	867	1,299	1,680	1,979
Interest	94	74	62	70	113	111	146
EBT	239	321	498	797	1,186	1,570	1,833
Tax	69	101	147	191	261	392	458
PAT	171	220	352	606	925	1,177	1,375
PATM %	3%	3%	4%	5%	6%	7%	7%

Exhibit 12: Balance Sheet

Source: GEPL Capital Research

Particular (₹ in Cr)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Asset							
Gross PP&E (Including CWIP)	3,541	4,007	4,349	5,294	6,396	6,855	7,297
Net PP&E	2,674	2,797	2,805	3,304	3,924	4,046	4,117
Non Current Asset	373	529	595	863	863	863	863
Other non-curret assets	127	96	96	239	71	164	194
Total Non-Current assets	3,515	3,534	3,831	4,698	4,858	5,073	5,174
Trade Recivable	863	1,199	1,377	1,723	1,599	1,840	2,180
Inventories	610	751	1,046	1,331	1,950	2,244	2,658
Cash and Cash equivalents	341	238	234	173	1,590	2,128	3,198
Other Current Asset	198	229	285	321	71	164	194
Total Current asset	2,036	2,418	2,954	3,556	5,216	6,383	8,237
Total Assets	5,551	5,952	6,785	8,253	10,074	11,456	13,411
Equity and Liabilities							
Share Capital	52	54	57	115	115	115	115
Reserves	1,807	2,200	3,354	4,026	4,951	6,128	7,502
Shareholder Fund	1,860	2,254	3,411	4,140	5,065	6,243	7,617
Long Term-Debt	780	539	375	581	588	788	1,010
Other non-current borrowing	166	165	114	99	110	47	81
Non-Current Liabilities	1,119	884	691	881	898	1,035	1,292
Short Term Debt	238	314	265	387	394	594	816
Trade Payable	1,119	1,290	1,412	1,701	1,911	2,199	2,605
Other Current liabilities	1,215	1,210	1,007	1,145	1,806	1,384	1,081
Current Liabilities	2,572	2,813	2,683	3,232	4,110	4,178	4,502
Total Equity and Liabilities	5,551	5,952	6,785	8,253	10,074	11,456	13,411

Source: GEPL Capital Research

Exhibit 13: Cash Flow Statement

Particular (₹ in Cr)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
PBT	244	325	559	891	1,186	1,570	1,833
Non Operating & EO Item	41	-8	-101	-97	-56	-67	-80
Interest Expense	94	74	62	70	113	111	146
Deprication	340	375	392	430	482	337	371
Working Capital Change	446	-336	-393	-284	-704	-825	-1,159
Tax Paid	-117	-87	-137	-211	261	392	458
Operating Cash Flow (A)	1,049	343	383	798	1,281	1,518	1,569
Capex	-607	-299	-578	-970	-800	-1,300	-833
Free Cash Flow	442	44	-195	-172	481	218	735
Others	-52	-62	10	-102	24	31	37
Investing Cash Flow (B)	-658	-361	-568	-1,072	-776	-1,269	-797
Interest Expense	(91)	(74)	(62)	(70)	(113)	(111)	(146)
Others	39	53	410	428	14	400	444
Financing Cash FloW C	(52)	(22)	348	358	(99)	289	298
Net CashFlow (A+B+C)	338	(40)	163	84	406	539	1,070
Closing Cash Balance	971	931	1,094	1,183	1,590	2,128	3,198

Source: GEPL Capital Research

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Notes

Expected absolute returns are based on share price at market close unless otherwise stated. Stock recommendations are based on absolute upside (downside) and have a 12-month horizon. Our target price represents the fair value of the stock based upon the analyst's discretion. We note that future price fluctuations could lead to a temporary mismatch between upside/downside for stock and our recommendation.

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Analyst Certification

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