

Equity Research Report

Uno Minda Ltd

About Company
Incorporated in 1958, Uno Minda Ltd is a manufacturer and supplier of Automotive Solutions and systems to Original Equipment Manufacturers

Key Highlights

- Board Leadership:** The company is led by Mr. Nirmal Kumar Minda, the Chairman & Managing Director, and Mr. Ravi Mehra, the Deputy Managing Director & Head of Group Corporate.
- Financial Expertise:** Mr. Sunil Bohra serves as the Chief Financial Officer, guiding the company's financial decisions.
- Key Managerial Personnel:** As of March 31, 2024, Uno Minda's Key Managerial Personnel also include Mr. Tarun Kumar Srivastava, the Company Secretary & Compliance Officer.
- Board Composition:** Uno Minda's Board of Directors includes Mr. Anand K. Minda as a Non-Executive Director. Previously, Mrs. Paridhi Minda served as a Whole Time Director but stepped down from the directorship on April 1, 2023.
- Average Tenure of Independent Directors:** Independent directors at Uno Minda have an average tenure of 2-3 years for their first term. This practice of regular rotation helps to ensure fresh perspectives and independent oversight.
- Investor Relations:** Uno Minda is committed to clear and consistent communication with its investors. They use various methods like quarterly and annual reports, investor presentations, press releases, and their corporate website to share information. They also comply with all necessary disclosures according to the Companies Act, 2013, and SEBI (LODR) Regulations, 2015

Valuation and view

The provided excerpts from Uno Minda's 2023-24 Annual Report do not contain explicit details about the company's current valuation in terms of specific metrics like Price-to-Earnings ratio or Enterprise Value.

However, the sources do offer insights into Uno Minda's financial performance and position:

Financial information:

Market Capitalisation: As of 30 June 2024, Uno Minda's market capitalisation stood at ₹ 62,694 Crores. Financial Momentum: The "Financial Momentum" section likely provides detailed financial data for the past several fiscal years, but the excerpt does not include the actual figures.

Viewpoints from Leadership:

CMD's Letter: The excerpt from the CMD's letter highlights FY 2023-24 as a year of "robust growth, strategic expansion, and significant advancements in innovation and sustainability." CFO's Thoughts: While the source mentions "CFO's Thoughts," it does not include any excerpts from the CFO.

Value Creation Model:

Inputs: The excerpt showcases Uno Minda's Value Creation Model, listing inputs such as financial capital employed, net debt-to-equity ratio, CSR investments, energy consumption, and manufacturing facilities.


Value Creation Process: This section likely elaborates on how Uno Minda leverages these inputs to generate value, but the excerpt cuts off before providing those details.

To gain a comprehensive understanding of Uno Minda's valuation and investor perspectives, you should refer to the complete annual report or other investor-related materials:

QR Code and Website: The document suggests scanning a QR code or visiting the company's investor relations website for more investor-related information.

Industry Context: Uno Minda's valuation would be influenced by broader market trends and the performance of the automotive industry. Considering industry benchmarks and competitor analysis would provide valuable context.

Future Outlook: Evaluating Uno Minda's growth prospects, strategic initiatives in areas like EV components, and risk management strategies would be crucial for forming an informed view.



Recommendation

xxx

CMP

: INR 1,056

Target Price

xxx

Stock Data (As on Sep 27, 2024)

Nifty

: 25,300

52 Weeks H/L (INR)

: 1,255/549

Market Cap (INR Crs)

: 65,460

Outstanding Shares (Crs)

: 573

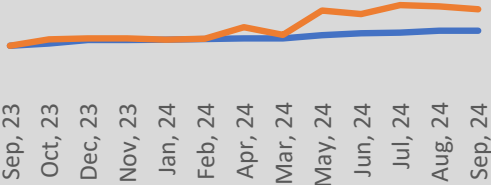
Dividend Yield (%)

: 0.17%

NSE code

: UNOMINDA

Relative Stock Performance-1Y



Nifty Index

Uno Minda Index

Shareholder Pattern (as on June 27, 2024)

Promoter

: 68.75%

FIIS

: 8.65%

DIIS

: 16.39%

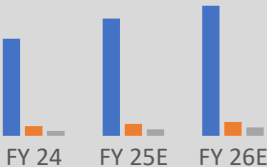
Public

: 6.2%

Financial Summary

In INR Crs	FY 24	FY 25E	FY 26E
Net Revenue	14,030.9	16,920.0	18,740.0
EBIDTA	1,585.3	1,914.0	2,187.0
PAT	880.0	1,125.0	1,391.0
EPS (in INR)	15.8	19.5	24.2
EV/EBIDTA	21.3	29.4	25.5
ROE (%)	13.8	21.5	22.5

Financial Summary



Net Revenue

EBIDTA

PAT

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EBIDTA	1,585.3	1,914.0	2,187.0
PAT	880.0	1,125.0	1,391.0

Rohan Mhetre

Mail Id: rmhetre15@gmail.com

Guidance By : Parth Verma

Concalls Analyzing

Strong Financial Performance: Uno Minda Limited had a strong first quarter in FY '25, with consolidated operating revenues increasing by 23% year-on-year to INR 3,818 crores.

Growth Across Product Lines: This growth was driven by strong performance across key product lines, including lighting, alloy wheels, switches, sensors, and controllers.

Increased Profitability: EBITDA for the quarter reached INR 408 crores, a 24% year-on-year increase.

Robust Growth in Switching Systems: The Switching Systems segment saw exceptional performance, generating revenues of INR 958 crores, a 14% year-on-year growth.

Lighting as a Key Growth Driver: The lighting business continued to be a key growth driver, with revenues of INR 894 crores, representing a 26% year-on-year growth.

Expansion in Alloy Wheel Business: The Casting business experienced 21% year-on-year growth, primarily driven by the alloy wheel business.

Strategic Partnerships and TLAs: Uno Minda has entered into several strategic partnerships and technology license agreements (TLAs) to expand its product portfolio and cater to the growing EV market.

Focus on EV Portfolio: The company is aggressively working on building its EV portfolio, including products for 2-wheelers, 3-wheelers, and 4-wheelers.

Sunroof Market Entry: Uno Minda has entered into a TLA with Aisin Corporation to manufacture sunroofs in India, aiming to capture a share of the rapidly growing sunroof market.

Positive Outlook: The outlook for the industry and the company remains promising, with Uno Minda confident of sustained outperformance over the long term.

- Conference calls are used by publicly traded companies to discuss their quarterly and annual financial results with analysts and investors.
- During a conference call, company management typically begins by providing an overview of the economy and the industry in which the company operates.
- Management then reviews the company's financial and operational performance for the quarter and the full year.
- This is followed by a question-and-answer session, during which analysts and investors can ask management questions about the company's business.
- Conference calls are typically recorded and made available to the public.
- * The information shared on a conference call can be helpful for analysts and investors who are trying to understand the company's business and its future prospects.

The transcript of the conference call you provided includes a great deal of detail about Uno Minda's financial and operational performance in Q4 of FY 2024. Here are a few of the most important takeaways:

- * Uno Minda's revenue grew by 31% year-on-year in Q4 FY 2024.
- * The company's EBITDA margin was a record 11.3% in FY 2024.
- * Uno Minda is benefiting from strong growth in the Indian auto industry, particularly in the market for electric vehicles.
- * Uno Minda is making significant investments in new capacity to meet the growing demand for its products.

Global Economy

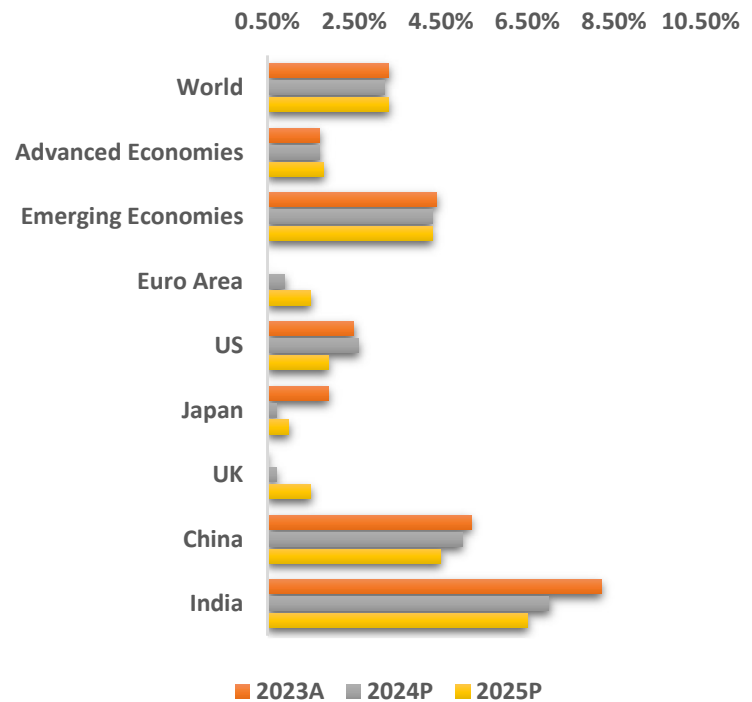
After COVID-19, the global economy started to recover, but some countries like the U.S. and Europe are growing slower, with the U.S. expected to grow by ****2.6% in 2024**** and ****1.9% in 2025****. Meanwhile, countries like India are growing much faster, with an expected growth of ****7.0% in 2024**** and ****6.5% in 2025****.

The pandemic also caused problems with moving goods around the world, making things more expensive, but world trade is slowly improving with a ****3.4% growth**** expected by 2025.

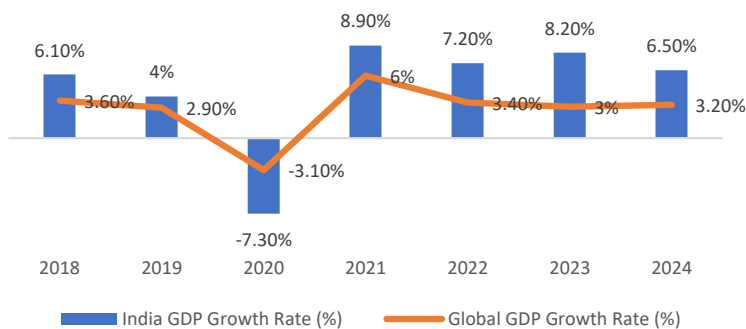
Countries are also investing in clean energy like solar and wind power, creating new jobs and opportunities for businesses. At the same time, technology is advancing quickly with robots and AI, helping companies work faster and smarter.

In short, the world economy is recovering, and in fast-growing countries like India, clean energy, and technology offer the most opportunities for future growth.

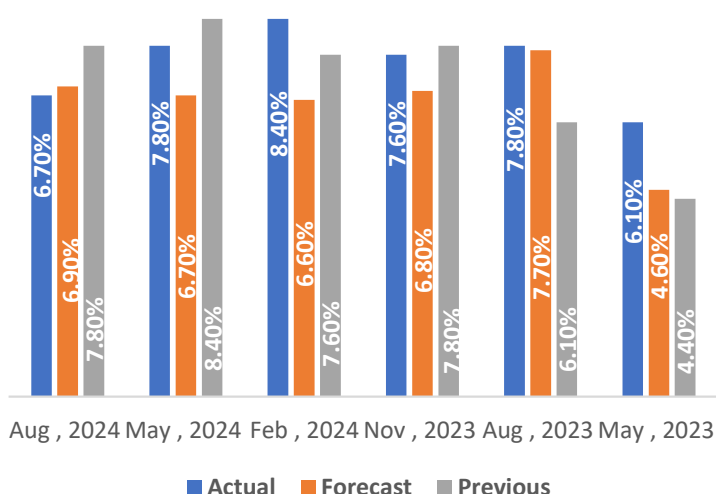
Global GDP Predications (%)



India VS Global GDP Growth (%)



India GDP Quarterly YoY(10%)



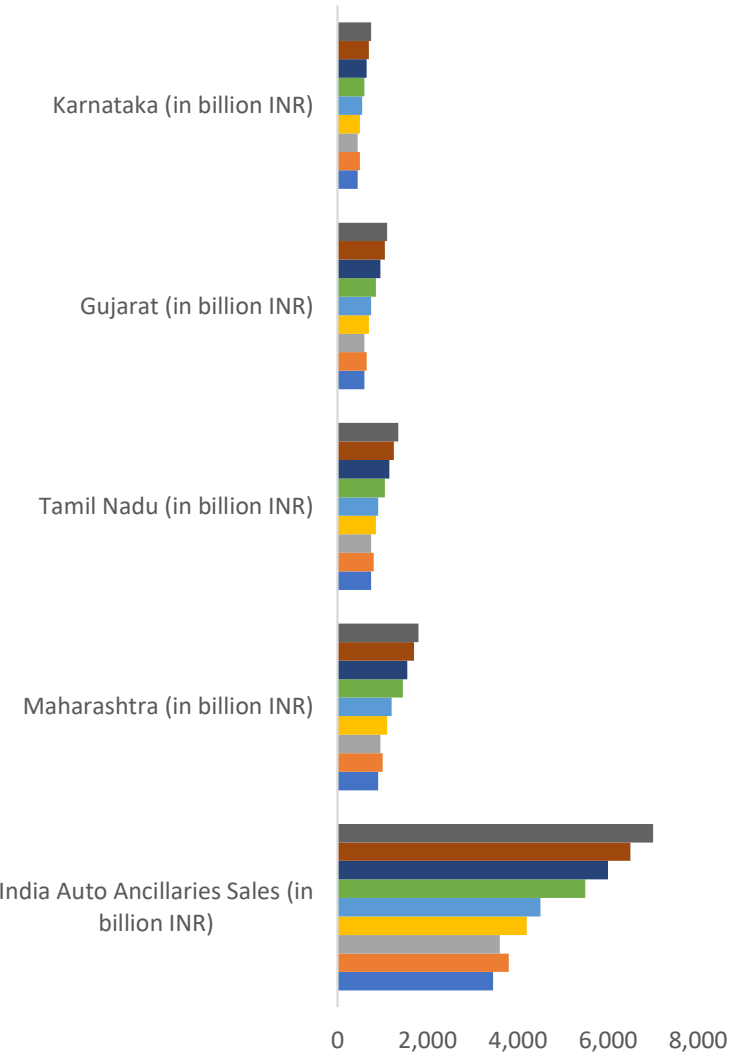
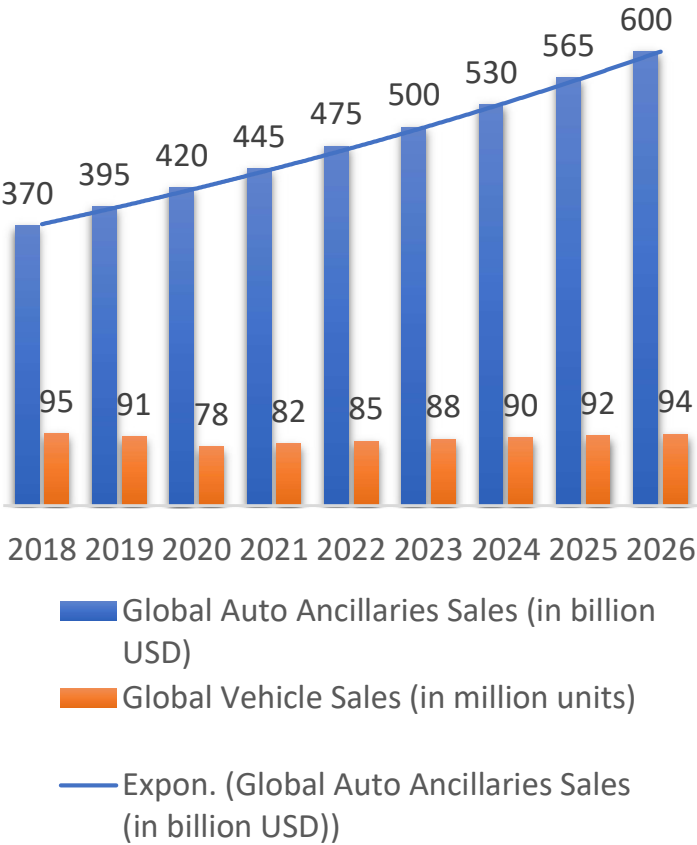
India's economy

Projected to grow by 6% to 6.5% in the coming years, following a strong 8.2% growth in FY 2023-24.

- **Key growth drivers include:** Increased Domestic Spending and boosting consumption.
- **Major Infrastructure Projects:** The government is investing in various sectors like transportation and energy.
- **Expansion of Key Sectors:** Manufacturing and IT are expected to grow significantly, supported by a young population.
- As of 2024, India has approximately \$600 billion in foreign exchange reserves, which provides stability and helps manage international trade.
- The Indian government is implementing several initiatives to boost economic growth.
- **Production Linked Incentive (PLI) Scheme:** Targets boosting manufacturing.
- **National Infrastructure Pipeline (NIP):** Plans to invest ₹111 lakh crore (~\$1.5 trillion) in infrastructure over five years.
- **At manirbhar Bharat (Self-Reliant India):** Focuses on reducing import dependency.
- **Digital India:** Enhances digital infrastructure and aims for 100% broadband connectivity in rural areas.
- **Renewable Energy Push:** Aims for 500 GW of non-fossil fuel capacity by 2030.
- **Start-up India:** Supports new businesses, contributing to the goal of having 50,000 start-ups by 2025.

Global Structure Growth (Automotive Industry)

- 1.Market Size:** The global auto ancillaries market was valued at approximately **\$500 billion** in 2023 and is projected to grow at a **CAGR of 6-7%** from 2023 to 2028, driven by increasing demand for electric vehicles (EVs), connected technologies, and smart mobility solutions.
- 2.Electric Vehicle Growth Impact:** The EV component segment is expected to grow at a **CAGR of 22%**, significantly outpacing traditional internal combustion engine (ICE) components. This is driven by the global shift toward electric mobility, particularly in Europe and North America.
- 3.M&A and Strategic Alliances:** The global auto component market saw an increase of **20-25%** in M&A activity in 2023, as companies sought to bolster capabilities in electrification, autonomous driving, and digitalisation technologies.
- 4.Growth by Region:** **Asia-Pacific** is the largest auto ancillary market, contributing to about **40%** of global production, with key markets like China and India leading the growth. **Europe** and **North America** are seeing slower growth (around **3-4% CAGR**), focused on premium and electric components.



India Structure Growth (Automotive)

- 1.Market Size:** The Indian auto ancillary industry was valued at **INR 5.5 lakh crore (approx. \$66 billion)** in FY2023. It is expected to grow at a **CAGR of 10-12%** over the next five years, driven by rising domestic vehicle production and increasing exports.
- 2.Domestic Market vs Exports:** Domestic sales account for **65-70%** of the total market, while exports make up the remaining **30-35%**. Exports are growing faster at around **13-15% CAGR**, benefiting from India's cost advantages.
- 3.Electric Vehicle Components:** EV-related components in India are projected to grow at a **CAGR of 35-40%**, although they currently represent only about **4-5%** of the total market.
- 4.Tiered Supplier Growth:** Tier 1 suppliers (key auto components) dominate the market with about **60% share**, while Tier 2 and 3 suppliers, who provide raw materials and smaller parts, are expanding at a **CAGR of 12-14%**.
- 5.Employment and Contribution:** The auto ancillary sector contributes to **2.3%** of India's GDP and provides employment to around **5 million** people, with significant growth expected due to increasing demand and production.

Global Automotive Industry

The global automotive industry is large and changing fast. It includes the production of cars, trucks, and other vehicles, along with parts and services like engines, tires, and electronics.

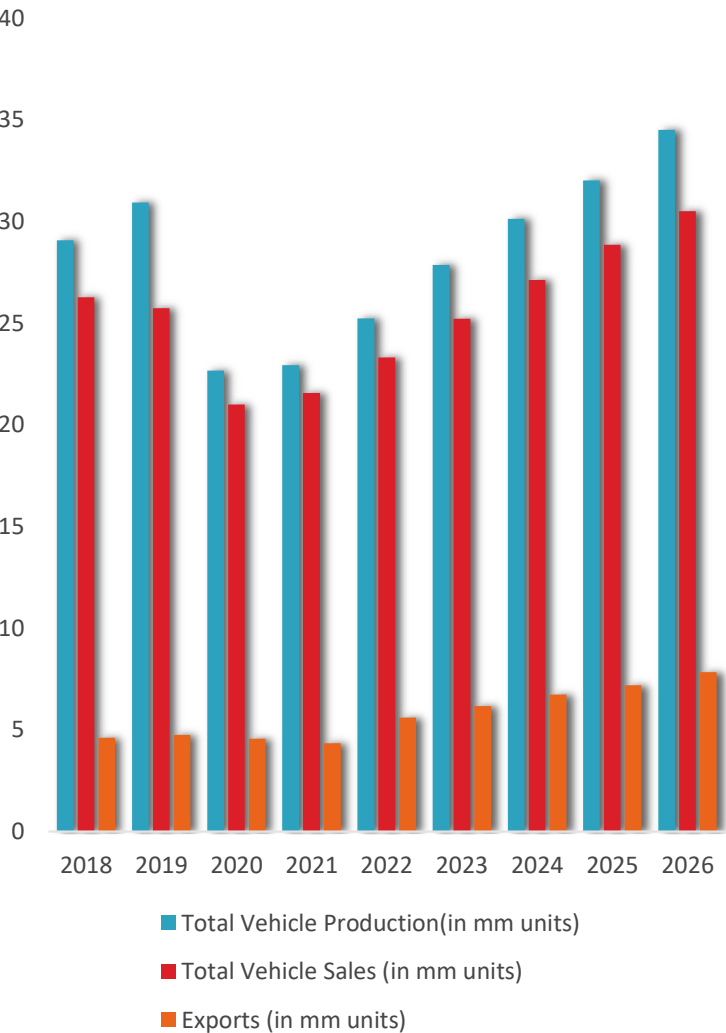
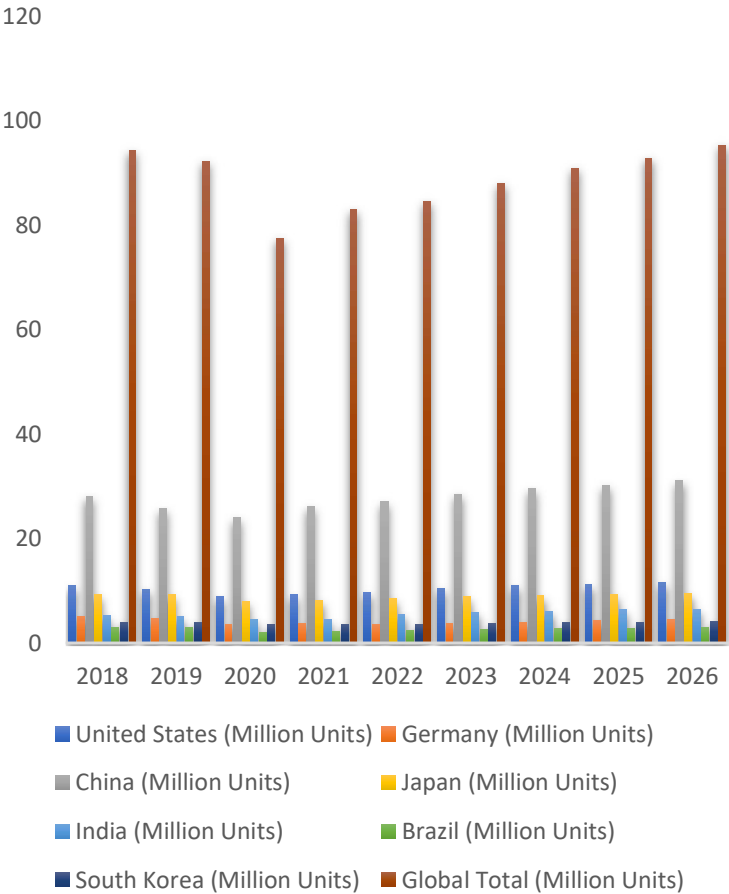
Trends and Changes: Recently, there’s been a shift towards electric vehicles (EVs) because they produce less pollution. Many governments offer incentives for people to buy EVs. Companies are working on making these vehicles affordable and improving their performance.

Technology: Cars today have advanced technology. Many now come with features like self-driving modes, sensors, and connectivity. This means cars can avoid accidents better and communicate with other cars or traffic systems to reduce traffic jams.

Challenges: The industry faces challenges such as high costs of new technologies and materials needed for EVs and advanced features. Additionally, supply chain disruptions, like the shortage of semiconductors, have impacted production.

Sustainability: A major focus for the automotive industry is to become more environmentally friendly. Companies are trying to reduce the carbon footprint of manufacturing cars by using renewable energy and recyclable materials.

Competition: There is a lot of competition in this industry with traditional car manufacturers like Toyota, Ford, and newer EV-only companies like Tesla. Companies must innovate to stay ahead.



India's Automotive Industry

The automotive industry in India is a significant driver of economic growth, with strong backward and forward linkages across various sectors. The industry is described as a "Sunrise Sector" and has grown to contribute about 7.1% to India's GDP in 2023, up from 2.77% in 1992-93. It is expected to become the world's third-largest automotive industry by 2030, driven by government initiatives like the ₹ 25,938 Crores Production Linked Incentive (PLI) scheme.

Strong Performance Across Segments

Passenger Vehicles (PVs): The PV segment has consistently shown strong performance, achieving record production in recent years. In FY 2023-24, production reached 4.9 Million units, a 7% year-on-year increase. This growth is attributed to improved vehicle availability, a strong product mix, new model launches, and growing demand for Sports Utility Vehicles (SUVs).

Two-Wheelers: The two-wheeler segment has experienced a strong recovery after a decline during the COVID-19 pandemic, with production reaching 21.5 Million units in FY 2023-24, a 10% year-on-year increase. This segment is the largest in India and accounts for 40% of global two-wheeler volume.

Commercial Vehicles (CVs): The CV segment has also shown growth, exceeding pre-pandemic levels. In FY 2023-24, production reached 1.07 Million units, a 3% year-on-year increase. This growth is attributed to increased industrial activity and replacement demand

Top Management Team



Mr. Nirmal K. Minda
Chairman & Managing
Director



Mr. Ravi Mehra
Deputy Managing
Director & Head
Group Corporate



Mr. Sunil Bohra
Group Chief Finance
Officer and Chief
Strategy Officer



Mr. Vivek Jindal
Whole-Time Director
and CEO – Lighting &
Acoustics Systems
Domain - 1



Mr. Kundan K. Jha
CEO – Light Metal
and Powertrain
Systems Domain



Mr. Rakesh Kher
CEO – Aftermarket
Domain



Mr. Amit Jain
Group Chief Technology
Officer



Mr. Rakesh Mehta
Group Chief Human
Resources Officer

Average experience

20+ Years

Average Experience

Average tenure

2-3 Years

Average Tenure of
Independent
Directors for the First
Term

Uno Minda Ltd

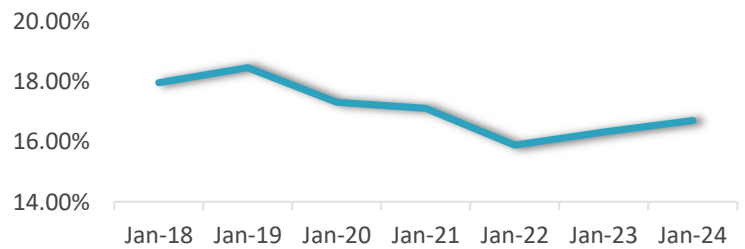


Charting and Formatting

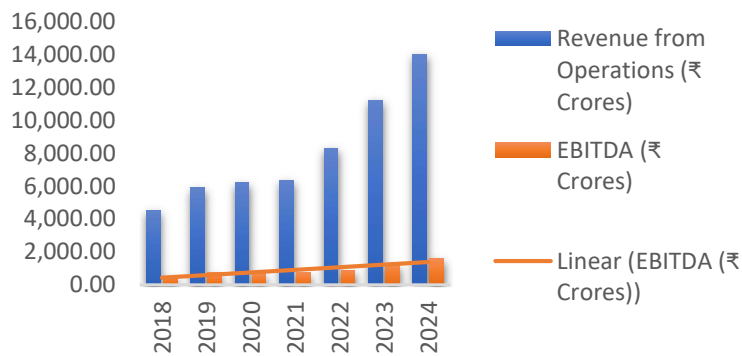
Sale & Sales Growth



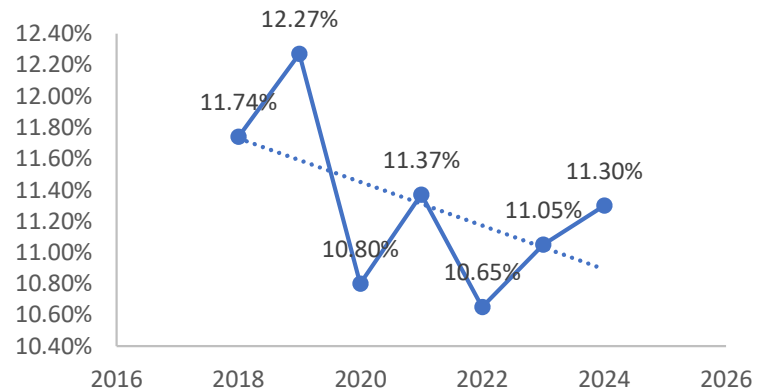
Gross Margin



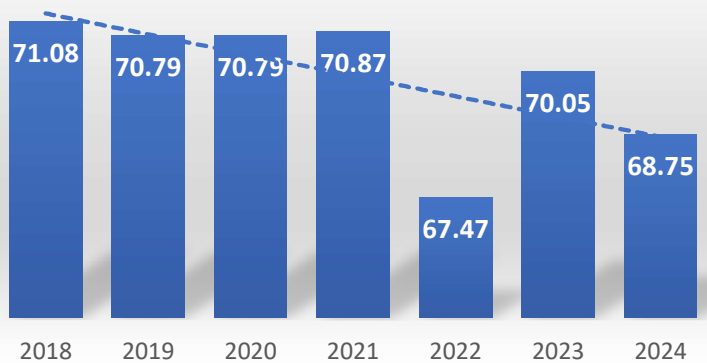
Revenue from Operations EBITDA



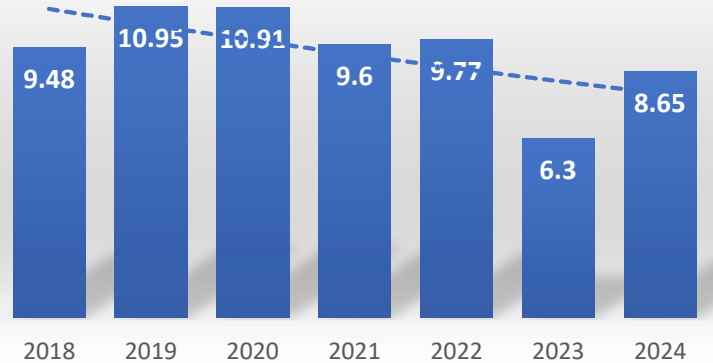
EBITDA Margin



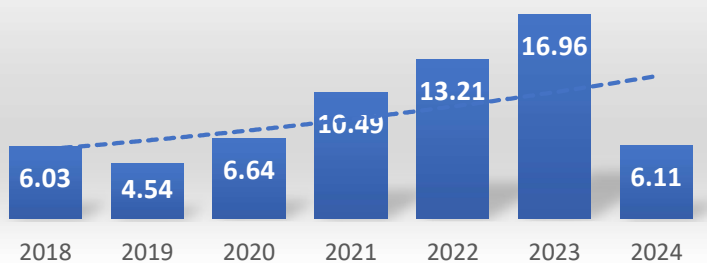
Promoter Holding (%)



FII Holding (%)



DII Holding (%)



Public Holding (%)



Uno Minda Ltd



Historical Financial Statement -UNO MINDA LTD

Years	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash Flow							
Operating Activitie							
Profit from operations	₹ 550.0	₹ 753.0	₹ 719.0	₹ 765.0	₹ 913.0	₹ 1,298.0	₹ 1,675.0
Receivables	(₹ 199.0)	(₹ 47.0)	₹ 265.0	(₹ 340.0)	(₹ 177.0)	(₹ 333.0)	(₹ 354.0)
Inventory	(₹ 104.0)	(₹ 114.0)	₹ 11.0	(₹ 141.0)	(₹ 296.0)	(₹ 285.0)	(₹ 306.0)
Payables	₹ 197.0	(₹ 70.0)	₹ 94.0	₹ 174.0	₹ 122.0	₹ 291.0	₹ 293.0
Loans Advances	-	-	₹ 4.0	-	-	-	-
Other WC items	₹ 4.0	₹ 8.0	₹ 72.0	(₹ 28.0)	(₹ 42.0)	₹ 43.0	(₹ 54.0)
Working capital changes	(₹ 102.0)	(₹ 223.0)	₹ 446.0	(₹ 336.0)	(₹ 393.0)	(₹ 284.0)	(₹ 420.0)
Direct taxes	(₹ 84.0)	(₹ 115.0)	(₹ 117.0)	(₹ 87.0)	(₹ 137.0)	(₹ 211.0)	(₹ 275.0)
Cash From Operating Activitie	₹ 262.0	₹ 192.0	₹ 1,494.0	₹ 7.0	(₹ 10.0)	₹ 519.0	₹ 559.0
Investment Activitie							
Fixed assets purchased	(₹ 516.0)	(₹ 670.0)	(₹ 607.0)	(₹ 299.0)	(₹ 578.0)	(₹ 975.0)	(₹ 1,049.0)
Fixed assets sold	₹ 21.0	₹ 8.0	₹ 15.0	₹ 11.0	₹ 13.0	₹ 26.0	₹ 16.0
Investments purchased	-	-	(₹ 18.0)	-	(₹ 10.0)	(₹ 122.0)	(₹ 10.0)
Investments sold	-	-	-	₹ 28.0	-	₹ 6.0	₹ 2.0
Interest received	₹ 15.0	₹ 8.0	₹ 10.0	₹ 6.0	₹ 6.0	₹ 8.0	₹ 4.0
Dividends received	-	-	-	-	₹ 13.0	₹ 31.0	₹ 54.0
Investment in group cos	-	-	-	-	-	(₹ 25.0)	-
Other investing items	-	₹ 10.0	₹ 25.0	₹ 50.0	(₹ 114.0)	(₹ 18.0)	₹ 41.0
Cash From Investment Activitie	(₹ 480.0)	(₹ 644.0)	(₹ 575.0)	(₹ 204.0)	(₹ 670.0)	(₹ 1,069.0)	(₹ 942.0)
Financing Activitie							
Proceeds from shares	-	-	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	-	-	₹ 2.0
Repayment of borrowings	(₹ 137.0)	(₹ 192.0)	(₹ 177.0)	(₹ 156.0)	(₹ 27.0)	(₹ 116.0)	(₹ 12.0)
Interest paid fin	(₹ 23.0)	₹ 20.0	(₹ 60.0)	-	-	-	-
Dividends paid	-	₹ 10.0	₹ 25.0	₹ 50.0	(₹ 114.0)	(₹ 18.0)	₹ 41.0
Financial liabilities	₹ 44.0	₹ 368.0	(₹ 96.0)	(₹ 40.0)	₹ 311.0	₹ 301.0	₹ 90.0
Other financing items	₹ 11.0	₹ 8.0	-	₹ 251.0	₹ 690.0	₹ 29.0	₹ 4.0
Financing Activitie	(₹ 105.0)	₹ 214.0	(₹ 308.0)	₹ 105.0	₹ 860.0	₹ 196.0	₹ 125.0
Net Cash Flow	(₹ 323.0)	(₹ 238.0)	₹ 611.0	(₹ 92.0)	₹ 180.0	(₹ 354.0)	(₹ 258.0)

Ratio Analysis -UNO MINDA LTD

Years	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Gross Margin	32.02%	32.16%	5.31%	2.44%	30.43%	35.17%	24.87%
EBITDA Margin	11.97%	12.29%	10.82%	11.37%	10.65%	11.05%	11.30%
EBIT Growth	8.28%	8.32%	5.35%	5.49%	5.94%	7.23%	7.55%
Net Profit Growth	5.31%	4.98%	2.73%	2.75%	3.42%	4.91%	4.84%
Dividend Growth	10.26%	9.79%	6.17%	13.17%	15.06%	15.59%	16.91%
Gross Margin	17.96%	18.46%	17.31%	17.11%	15.89%	16.31%	16.70%
EBITDA Margin	11.97%	12.29%	10.82%	11.37%	10.65%	11.05%	11.30%
EBIT Margin	8.28%	8.32%	5.35%	5.49%	5.94%	7.23%	7.55%
EBT Margin	7.50%	7.25%	3.84%	4.33%	5.19%	6.61%	6.74%
Net Profit Margin	5.31%	4.98%	2.73%	2.75%	3.42%	4.91%	4.84%
Sales Exp % Sales	5.99%	6.17%	6.49%	5.73%	5.23%	5.26%	5.41%
Dep % Sales	3.69%	3.97%	5.47%	5.89%	4.71%	3.83%	3.75%
Operating % Sales	8.28%	8.32%	5.35%	5.49%	5.94%	7.23%	7.55%
Return on Capital Employed	18.46%	17.64%	10.48%	10.24%	11.26%	14.63%	15.93%
Retained Earnings %	89.74%	90.21%	93.83%	86.83%	84.94%	84.41%	83.09%
Return on Equity %	17.06%	17.28%	9.14%	7.78%	8.28%	13.27%	13.74%
Self Sustained Growth Rate	15.31%	15.59%	8.58%	6.75%	7.03%	11.20%	11.41%
Interest Coverage Ratio	10.55x	7.79x	3.54x	4.75x	7.92x	11.68x	9.37x
Debtor Turnover Ratio	5.66x	6.57x	7.21x	5.32x	6.04x	6.52x	6.79x
Creditor Turnover Ratio	3.29x	4.09x	2.59x	2.49x	3.44x	4.14x	4.34x
Inventory Turnover	10.71x	10.53x	10.21x	8.49x	7.94x	8.44x	8.57x
Fixed Asset Turnover	3.31x	3.17x	2.33x	2.28x	2.96x	3.39x	3.57x
Capital Turnover Ratio	3.21x	3.47x	3.34x	2.82x	2.42x	2.70x	2.84x
(Days)							