



Q4 Results Beats Estimates; Outperformance Likely To Continue

Est. Vs. Actual for Q4FY24: Revenue – **INLINE**; EBITDA – **BEAT** ; PAT – **BEAT**

Change in Estimates post Q4FY24

FY25E/FY26E: Revenue: 3.4%/4.9%; EBITDA: 8%/7.3%; PAT: 16.9%/17.5%.

Recommendation Rationale

- **Outperformance across all verticals:** Uno Minda is likely to witness outperformance across all segments predominantly led by the Lightning, Switches, Casting and Other divisions (sensors, motors-controllers), which grew 26%/25%/26%/16% YoY respectively in Q4FY24. It is focused on achieving and maintaining an ROCE of 20+% in the long run.
- **EV capabilities:** The peak annual order value from OEMs stood at Rs 3,755 Cr, of which Rs 1,918 Cr is for EV-specific components. Sales to 2W EVs grew to Rs 180 Cr in Q4FY24 (vs. Rs 78 Cr in Q4FY23), primarily led by increased sensor and controller volumes. The potential EV kit value stands at Rs 35,300 out of which Rs 27,300 is under commercial production.
- **Key Operational Highlights in Q4FY24:** Uno Minda has (1) entered into TLA with Starcharge Energy Pte Ltd to manufacture and sell EV supply equipments – wall mounted AC chargers for home charging. (potential kit value 14k to 70k), (2) increased stake in its JV with Westport to 76% to accelerate growth in CNG and other alternative fuel market, (3) increased 2W alloy wheel capacity from 6 Mn to 8 Mn annually and (4) announced capacity expansion updates (as per Exhibit 1).

Company Outlook & Guidance: Growth momentum in the Indian Auto Industry is expected to continue over the medium term with positive signals from the 2W rural demand, new launches in PV and recovery in the export market. The ongoing capacity expansion initiatives and a robust order book will enable the company to outperform industry growth over the medium term. The projected EBITDA margin range for FY25E is expected to be rangebound: 11-12% (FY24 EBITDA Margins came in at 11.3%) on account of production start up costs.

Current Valuation: 38x on FY26EPS (earlier 36x)

Current TP: Rs 930/share (Earlier TP: Rs 750/share)

Recommendation: Operational outperformance is likely to continue with a strong EV product portfolio, robust order book, and capacity expansion projects (benefits expected in FY26 and beyond). With a continuing focus on capacity expansion along with strong execution capability, **we maintain our BUY rating on the stock.**

Financial Performance: Uno Minda's Q4FY24 revenue grew by 31%/8% YoY/QoQ, (inline estimates) led by a 10% YoY increase in automobile industry production volumes. A strong performance was seen in lighting, switches, alloy wheels and sensor/motor controller divisions. The company's consol. EBITDA (10% Beat) grew by 48%/25% YoY/QoQ, and EBITDA margins (119 bps Beat) stood at 12.5%, up 144/172 bps YoY/QoQ respectively. This beat was led by improved gross margins and lower staff cost (as % to sales) being partly offset by higher other manufacturing costs. Adj. PAT stood at Rs 301 Cr, up 55%/47% YoY/QoQ; a beat on our/consensus estimates by 26%/21% respectively, largely following the EBITDA, higher share of profits from associates and JVs and also annual price increase settlements with various OEMs (Rs 30 Cr impact in Q4).

Outlook: With the introduction of new products, premiumization trends and continuous capacity building to meet industry demand, UNO Minda has been outpacing the industry growth in both 2W/4W segments. We like UNO Minda as a play on Auto, especially with a strong EV product portfolio, robust order book and capacity expansion projects, the benefits of which are expected to be visible in FY26 and beyond. We forecast Revenue/EBITDA/PAT CAGR of 16%/18%/28% over FY24-26E.

Valuation & Recommendation: On account of the continued outperformance and consistent execution capabilities by the company, we confidently value the stock at 38x on FY26EPS (earlier 36x) to arrive at our TP of Rs 930/share (earlier Rs 750). The TP implies an upside of 11% from the CMP. Resultantly, **we maintain our BUY rating on the stock.**

Key Financials (Consolidated)

	Q4FY24	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	3,794	7.7%	31.3%	3,806	-0.3%
EBITDA	474.0	24.9%	48.5%	430.1	10.2%
EBITDA Margin	12.5%	172 bps	144 bps	11.3%	119 bps
Adj Net Profit	301.7	47.1%	55.5%	241.5	25.0%
EPS (Rs)	5.04	49.4%	57.9%	4.00	26.0%

Source: Company, Axis Securities

(CMP as of 23rd May 24)

CMP (Rs)	835
Upside /Downside (%)	11%
High/Low (Rs)	879/514
Market cap (Cr)	47,971
Avg. daily vol. (6m) Shrs.	5,73,344
No. of shares (Cr)	57.44

Shareholding (%)

	Sept-23	Dec-23	Mar-24
Promoter	68.74	68.73	68.76
FIIIs	7.79	7.94	7.57
MFs / UTI	15.34	15.32	14.95
Banks / FIs	0.00	0.00	0.01
Others	8.13	8.01	8.71

Financial & Valuations

Y/E March (Rs Cr)	FY24	FY25E	FY26E
Net Sales	14,031	16,807	18,905
EBITDA	1,585	1,933	2,206
Adj PAT	880	1,165	1,408
EPS (Rs)	15.3	20.2	24.5
PER (x)	44.7	33.8	28.0
EV/EBITDA (x)	25.0	20.1	17.3
P/BV (x)	8.0	6.9	5.8
ROE (%)	20.0	22.4	23.0

Change in Estimates (%)

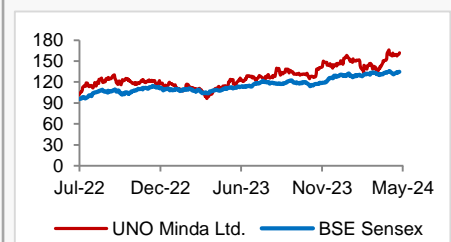
Y/E Mar	FY25E	FY26E
Sales	3.4%	4.9%
EBITDA	8.0%	7.3%
PAT	16.9%	17.5%

ESG disclosure Score**

Environmental Disclosure	20.05
Social Disclosure Score	19.49
Governance Disclosure Score	75.59
Total ESG Disclosure Score	39.43
Sector Avg	46.4

Source: Ace Equity, Scale: 0.1-100
 **Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2022 disclosures

Relative performance



Source: Ace Equity, AxisSecurities.

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Key Concall Highlights

- **Increases stake in its JV with Minda Westport** : Minda Westport has now become a subsidiary (76% stake) and will be consolidated in financials from Q1FY25. The compressed natural gas powered vehicles in India have increased by 32% in FY24, in-line with increasing CNG penetration. Minda Westport revenues have also grown by 156% to Rs 277 Cr in FY24. With better availability of supplies, new CNG model launches for PVs/CVs, the strengthening of CNG infrastructure and higher CNG penetration, it is further expected to attain 18% penetration by FY27 from current levels of 15%.
- **Share of Profits from associates and JV's**: The share of profit in Q4FY24 stood at Rs 58 Cr vs ~24 Cr in Q4FY23. All businesses witnessed significant growth led by Denso Ten, Roki, Westport, Toyoda Gosei among others.
- **Revenue mix**: Revenue from Switches (25% share of consolidated revenue) in FY24 stood at Rs 3,663 Cr, up 14% YoY, Lighting (26% share) grew by 31% YoY to Rs 3,368 Cr, Castings (20% share) consol revenue grew 30% YoY to Rs 2,830 Cr, Seating (7% share) division business revenue grew by 4% YoY and stood at Rs 1,100 Cr, Acoustic segment (6% share) grew 13% YoY to Rs 833 Cr. Other business segments (16% share) grew by 50% YoY to Rs 2,236 Cr in FY24. **Exports** stood 14% of total revenue. **Channel-wise contribution**: OEM – 93%, Aftermarket – 7%. **Segment-wise**: 46% of revenues came from 2W, while 4W stood at 54% in FY24.
- **EBITDA margins**: The management aspires to maintain 11%-12% in the medium term. In the short term, a drag on margins is possible (multiple project expansion work underway) with higher fixed costs and lower operating leverage. However in the long run, as production stabilizes, operating leverage is expected to kick-in having a positive impact on margins.
- **Switches Division**: The management highlighted that the Export of 2W switches continues to grow. The division crossed Rs 150 Cr in FY24.
- **Casting Division**: The company is looking to ramp-up additional capacity of 2 Mn for 2W alloy wheels in the coming quarters. Strong orders have been received from American 2W OEM and Japanese 4W OEM.
- **Seating Division**: Uno Minda Tachi-S has started production and won orders for Mechanical suspended seats and Pneumatic suspended seats from Indian CV OEMs.
- **Dividend**: The board has also approved and declared an interim dividend of Rs 1.35 per share which is 67.5% of face value, reflecting the commitment from the company to return value to shareholders consistently.
- **Net Debt and capex plans**: Consolidated Net Debt for the company as of FY24 stood at Rs ~1,318 Cr against Rs 1,078 Cr as of Mar'23. The net debt to equity as on 31st Mar'24 stood at 0.26. The company plans Rs 850 investment capex and Rs 350 Cr of maintenance capex in FY25.

Key Risks to our Estimates and TP

- Slower-than-expected demand revival momentum in the 2W/4W segment.
- The company is not able to convert orders into revenue.
- High-interest rates for longer period than expected.
- Any Black Swan event.

Change in Estimates

- Increase in revenue is led by strong order book.
- EBITDA expansion led by improved operating leverage and economies of scale.
- Increase in PAT estimates led by higher share from associates and JVs.

	New Estimates			Old Estimates			Change in estimates (%)		
	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Revenue	14,031	16,807	18,905	13,727	16,261	18,030	2.2%	3.4%	4.9%
EBIDTA	1,585	1,933	2,206	1,497	1,789	2,056	5.9%	8.0%	7.3%
PAT	880	1,165	1,408	790	997	1,198	11.4%	16.9%	17.5%

Source: Company, Axis Securities

Q4FY24 Results Review

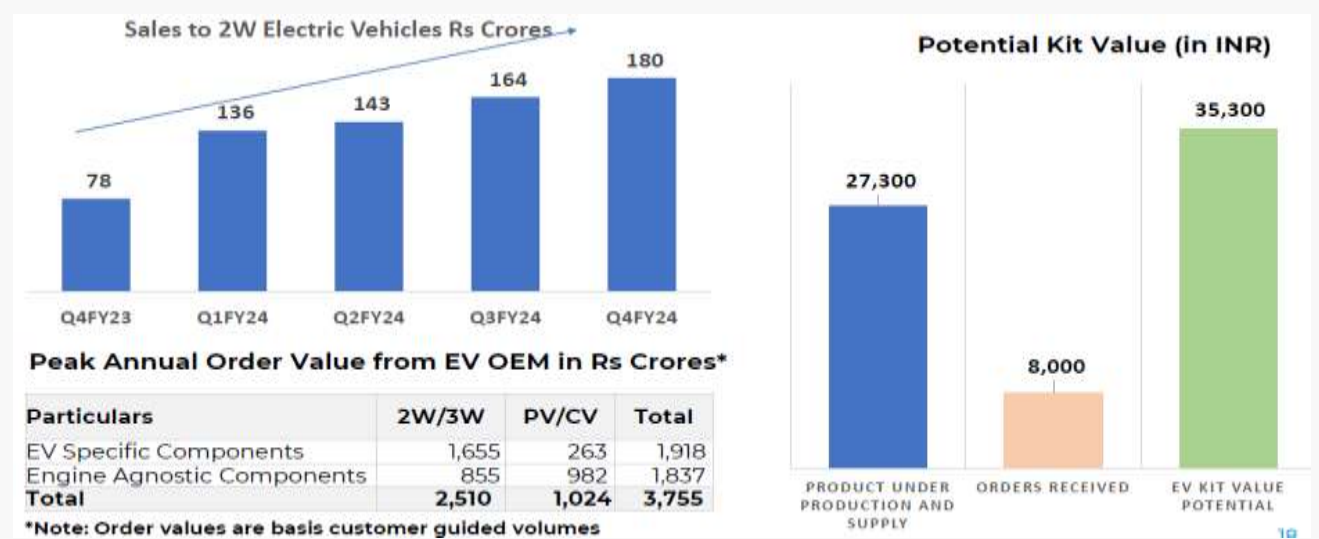
(Rs Cr)	Q4FY23	Q3FY24	Axis Estimates	Q4FY24	% Change (YoY)	% Change (QoQ)	% Variance	BBG Consensus	% Variance
Total revenue	2,889	3,523	3,806	3,794	31.3%	7.7%	-0.3%	3,773	1%
Expenditure									
Net Raw Material	1860	2291	2470	2410	29.6%	5.2%	-2.4%		
Personnel	383	454	472	452	17.8%	-0.6%	-4.3%		
Other Exp	327	398	434	459	40.4%	15.1%	5.7%		
Total Expenditure	2570	3143	3376	3320	29.2%	5.6%	-1.7%		
EBIDTA	319	380	430	474	48.5%	24.9%	10.2%	426	11%
EBITDA Margins	11.1%	10.8%	11.3%	12.5%	144 bps	172 bps	119 bps		
Oth. Inc.	19.2	7.9	8.7	9.1	-52.5%	15.2%	5.1%		
Interest	21.0	28.6	30.4	32.0	52.6%	11.7%	5.4%		
Depreciation	108.3	132.6	149.1	149.3	37.8%	12.6%	0.1%		
PBT	209	226	259	302	44.3%	33.4%	16.4%		
Exceptional Item	0	0.0	0	27					
Tax	39.5	64.9	66.1	85.0	115.2%	31.0%	28.6%		
PAT before MI	169.7	161.4	193.2	243.5	43.5%	50.9%	26.1%		
Share of profit of Associates	24.4	43.7	48.3	58.2	138.7%	33.2%	20.5%		
PAT	194.1	205.1	241.5	301.7	55.5%	47.1%	25.0%		
Minority Interest	11.4	11.7	12.1	12.6	10.5%	8.2%	4.5%		
Atrib PAT	182.7	193.5	229.4	289.1	58.3%	49.4%	26.0%	238.2	21%
EPS (Rs.)	3.19	3.37	4.00	5.04	57.9%	49.4%	26.0%		
	Q4FY23	Q3FY24	Axis Estimates	Q4FY24	Bps Change	Bps Change	Bps Change	BBG Consensus	Bps Change
Gross Profit (Rs cr.)	1,029	1,232	1,336	1,384	34.5%	12.3%	3.6%		
Gross Profit (%)	35.6%	35.0%	35.1%	36.5%	85 bps	151 bps	139 bps		
RM as % of Sales	64.4%	65.0%	64.9%	63.5%	-85 bps	-151 bps	-139 bps		
Staff costs as % of Sales	13.3%	12.9%	12.4%	11.9%	-137 bps	-99 bps	-49 bps		
Oth Exp as % of Sales	11.3%	11.3%	11.4%	12.1%	78 bps	78 bps	69 bps		
Tax as a % of PBT	18.9%	28.7%	25.5%	28.2%	927 bps	-52 bps	266 bps		

Source: Company, Axis Securities

Exhibit 1: Capital Expansion Update.

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 PPT.

Exhibit 2: EV Sales, Order and Potential Kit Value


Source: Company PPT.

Exhibit 3: Engine Agnostic portfolio with potential upside from EV Transition

Domains	Product Lines	ICE	EV
Electronic & Control Systems	4W Switches & HVAC	✓	✓
	Charging Sockets	✓	✓
	Sensors	✓	✓
	Actuators	✓	✓
	Controllers	✓	✓
	Seat Belts	✓	✓
	Shifters	✓	✓
	Infotainment Systems	✓	✓
	Cameras	✓	✓
	Telematics & TCU	✓	✓
	RPAS & ADAS	✓	✓
Safety & Comfort Systems	Steering Wheel with Airbags	✓	✓
	Body Sealing	✓	✓
	EA Pad	✓	✓
	Air Ducts & Washer Bottle	✓	✓
	Spoiler	✓	✓
	Brake Hoses	✓	✓
	Fuel/Water Hoses	✓	✓
	Seats	✓	✓
Lighting & Acoustics	Alternate Fuel Systems	✓	X
	Horns	✓	✓
	Lamps	✓	✓
	Speakers	✓	✓
Light Metal & Power Train	Alloy Wheels	✓	✓
	Casting	✓	✓
	Air Filtration Systems	✓	X
	Canisters	✓	X
Battery	Batteries - Lead Acid	✓	✓

Source: Company PPT.

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
Net sales	11236	14031	16807	18905
Other operating income	0	0	0	0
Net Revenue	11236	14031	16807	18905
Cost of goods sold	9602	11965	14299	16053
Contribution (%)	14.5%	14.7%	14.9%	15.1%
Other operating costs	393	481	575	647
EBITDA	1242	1585	1933	2206
Other income	49	34	64	81
PBIDT	1291	1619	1997	2287
Depreciation	430	526	634	707
Interest & Fin Chg.	70	113	72	61
E/o income / (Expense)	0	27	0	0
Pre-tax profit	791	1006	1291	1520
Tax provision	191	267	310	365
(-) Minority Interests	47	44	61	61
Share of Associates/JV profits	100	185	245	315
Adjusted PAT	653	861	1165	1408

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
Total assets	6050	7134	7257	8194
Net Block	3306	3932	3998	3991
CWIP	291	214	214	214
Investments	910	976	976	976
Wkg. cap. (excl cash)	1370	1758	1483	1690
Cash / Bank balance	173	254	586	1323
Misc. Assets	0	0	0	0
Capital employed	6050	7134	7257	8194
Equity capital	115	115	115	115
Reserves	4041	4828	5607	6684
Pref. Share Capital	0	0	0	0
Minority Interests	278	322	322	322
Borrowings	1567	1850	1194	1054
Def Tax Liabilities	49	19	19	19

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
EBIT	791	1006	1291	1520
Other	14	33	93	0
Depreciation & Amortization	430	526	634	707
Interest paid(-)	70	113	72	61
Others	-12	-4	-64	-81
Operating Cash Flow	1293	1675	2026	2206
Tax paid(-)	-211	-275	-310	-365
Change in Working Capital	-284	-420	71	-207
Cash flow from Operations	798	979	1787	1635
Capex	-970	-1049	-700	-700
Strategic Investment	-25	0	0	0
Non-Strategic Investment	-191	96	64	81
Cash flow from Investing	-1186	-953	-636	-619
Change in borrowing	530	358	-366	-100
Interest on borrowings	-61	-104	-72	-61
Other	-111	-59	-291	-40
Dividends paid(-)	-57	-105	-78	-78
Cash Flow from Financial Activities	301	90	-806	-279
Net Increase/(Decrease in Cash	-86	116	345	737
Opening cash	202	121	241	586
Forex gain/ (loss)	6	3	0	0
Closing cash	121	241	586	1323

Source: Company, Axis Securities

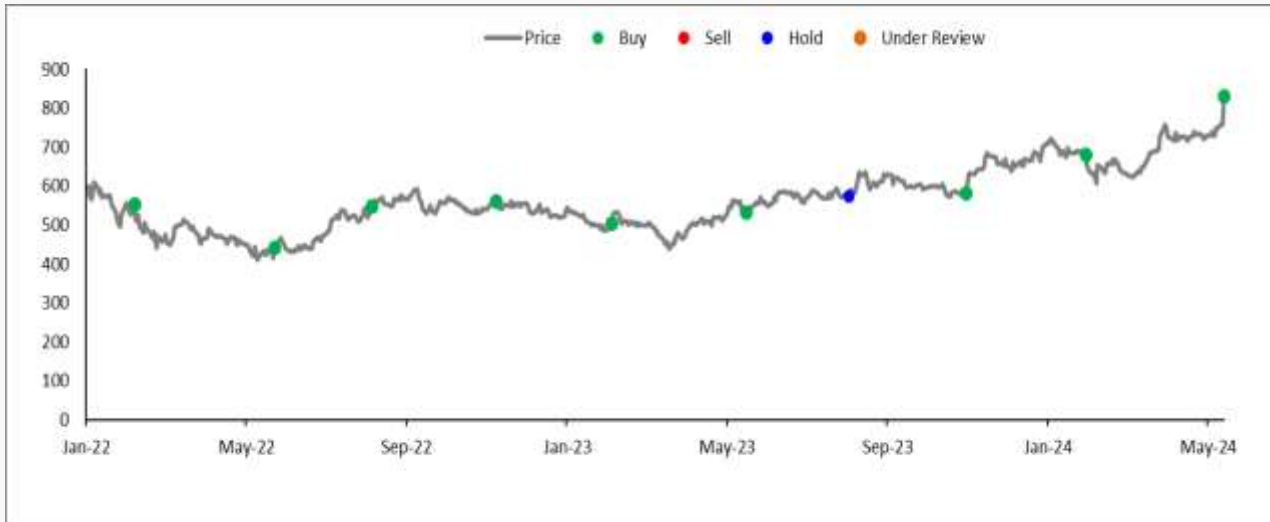
Ratio Analysis

(%)

Y/E March	FY23	FY24	FY25E	FY26E
Sales growth	35.2	24.9	19.8	12.5
OPM	11.1	11.3	11.5	11.7
Operating profit growth	40.3	27.6	21.9	14.1
COGS / Net sales	85.5	85.3	85.1	84.9
Overheads/Net sales	3.5	3.4	3.4	3.4
Depreciation / G. block	8.6	8.6	9.3	9.4
Effective interest rate	6.6	7.9	5.6	7.0
Net wkg.cap / Net sales	0.09	0.09	0.08	0.07
Net sales / Gr block (x)	2.3	2.3	2.5	2.5
RoCE	17.5	18.9	21.2	22.2
Debt / equity (x)	0.32	0.34	0.17	0.12
Effective tax rate	24.1	26.5	24.0	24.0
RoE	17.8	20.0	22.4	23.0
Payout ratio (Div/NP)	13.2	8.8	6.7	5.5
EPS (Rs.)	11.4	15.3	20.2	24.5
EPS Growth	(9.7)	34.3	32.4	20.9
CEPS (Rs.)	18.9	24.4	31.2	36.7

Source: Company, Axis Securities

UNO MINDA Price Chart and Recommendation History



Source: Axis Securities

Date	Reco	TP	Research
07-Feb-22	BUY	625	Result Update
25-May-22	BUY	550	Result Update
08-Aug-22	BUY	600	Result Update
14-Nov-22	BUY	620	Result Update
09-Feb-23	BUY	570	Result Update
22-May-23	BUY	600	Result Update
10-Aug-23	HOLD	620	Result Update
08-Nov-23	BUY	670	Result Update
08-Feb-24	BUY	750	Result Update
24-May-24	BUY	930	Result Update

About the Analyst

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UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
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