



## Expect Operational Outperformance to Continue

**Est. Vs. Actual for Q3FY25:** Revenue – **BEAT**; EBITDA – **BEAT**; PAT – **BEAT**

### Change in Estimates post Q3FY25

**FY25E/FY26E:** Revenue: 0.0%/0.1%; EBITDA: -1.3%/0.1%; PAT: -5.6%/-2.2%.

### Recommendation Rationale

- **Operational Highlights in Q3FY25:** (1) Uno Minda began commercial production at an advanced manufacturing facility at Khed city for 4W Lighting commissioned in Q3FY25. (2) NCLT approves the merger of Minda Kosei, Kosei Minda and Kosei Minda Mould into Uno Minda Ltd. (3) The company's board approved Capex for expansion of the Casting facility at Hosur from 11kMT per annum to 15kMT per annum.
- **Robust Growth Across All Verticals:** UnoMinda's outperformance across all segments can be witnessed, led predominantly by the Lightning, Switches, Casting, and Other divisions (sensors, motors-controllers), which grew 15%/13%/12%/60% YoY respectively in Q3FY25.
- **EV Capabilities:** Sales of 2W EVs rose to Rs 238 Cr in Q3FY25, compared to Rs 164 Cr in Q3FY24, driven mainly by higher volumes of sensors and controllers. The potential EV kit value is estimated at Rs 35k, with Rs 27k currently in commercial production.

**Company Outlook & Guidance:** The company expects steady revenue growth driven by capacity expansion, new product launches, and OEM partnerships. EBITDA margins are projected to improve over the next few years, supported by cost optimisation and higher utilisation. The company's ongoing capacity expansion initiatives, coupled with a robust order book, position it to outperform industry growth rates in the near to medium term.

**Current Valuation:** 43x on FY27EPS (earlier 41x on FY27EPS)

**Current TP:** Rs 1,140/share (previous TP: Rs 1,090/share)

**Recommendation:** We maintain our **BUY** rating on the stock.

**Financial Performance:** Uno Minda's Q3FY25 revenue grew by 18.8% YoY but declined 1.4% QoQ (4% beat), driven by strong performances all divisions. The company's consolidated EBITDA grew by 20.4% YoY but was down 5.3% QoQ (3.2% beat), with EBITDA margins improving to 10.9%, up 15 bps YoY but down 44 bps QoQ, primarily due to higher capacity utilisation and sustained cost reduction efforts. Adjusted PAT stood at Rs 254 Cr, up 24% YoY but down 4.4% QoQ (10% beat). The EBITDA outperformance was supported by increased other income but was partially offset by higher-than-expected interest, depreciation, and higher share of minority interest.

**Outlook:** We remain positive about Uno Minda as a play in the auto sector, driven by new product introductions, premiumisation trends, ongoing capacity building to meet industry demand, and a strong EV order book. Capacity expansion projects, the benefits of which are expected to materialise in H2FY26 and beyond, further support growth. We forecast a Revenue/EBITDA/PAT CAGR of 15%/17%/24% over FY24-FY27E.

### Key Financials (Consolidated)

	Q3FY25	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	4,184	-1.4%	18.8%	4,024	4.0%
EBITDA	457.0	-5.3%	20.4%	442.7	3.2%
EBITDA Margin	10.9%	-44 bps	15 bps	11.0%	-8 bps
Adj Net Profit	254.4	-4.4%	24.0%	231.2	10.0%
EPS (Rs)	4.05	-5.2%	18.2%	3.70	9.5%

Source: Company, Axis Securities Research

(CMP as of 6<sup>th</sup> February 2025)

CMP (Rs)	1030
Upside /Downside (%)	11%
High/Low (Rs)	1253/605
Market cap (Cr)	59,147
Avg. daily vol. (6m) Shrs.	901,823
No. of shares (Cr)	57.42

### Shareholding (%)

	Jun-24	Sep-24	Dec-24
Promoter	68.8	68.8	68.8
FIIs	8.7	9.7	9.9
MFs / UTI	14.1	13.1	13.1
Banks / FIIs	0.0	0.0	0.0
Others	8.5	8.5	8.3

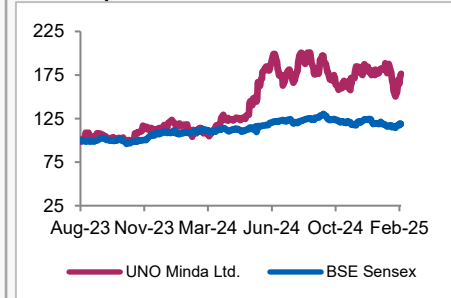
### Financial & Valuations

Y/E March (Rs)	FY25E	FY26E	FY27E
Net Sales	16,804	18,963	21,429
EBITDA	1,871	2,213	2,533
Adj PAT	979	1,341	1,621
EPS (Rs)	16.1	22.0	26.6
PER (x)	64.1	46.8	38.7
EV/EBITDA (x)	33.3	27.8	23.9
P/BV (x)	11.0	9.3	7.9
ROE (%)	18.8	22.0	22.5

### Change in Estimates (%)

Y/E Mar	FY25E	FY26E	FY27E
Sales	0.0%	0.1%	0.3%
EBITDA	-1.3%	0.1%	1.6%
PAT	-5.6%	-2.2%	0.0%

### Relative performance



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## Valuation & Recommendation

- Based on the company's continued outperformance and consistent execution capabilities, we value the stock at 43x on FY27EPS (earlier 41x on FY27EPS) to arrive at our target price of Rs 1,140/share, which implies an upside of 11% from the current market price (CMP). Therefore, we maintain our BUY rating on the stock.

## Key Concall Highlights

- Share of Profits from associates and JVs:** The share of profit in Q3FY25 stood at Rs 40 Cr vs 44 Cr in Q3FY24 (and Rs 48 Cr in Q2FY25).
- Revenue mix:** Revenue from Switches (25% share of consolidated revenue) in Q3FY25 stood at Rs 1045 Cr, up 13% YoY. Lighting (24% share) grew by 15% YoY to Rs 982 Cr. Castings (18% share) saw consolidated revenue growth of 12% YoY to Rs 768 Cr. The Seating (7% share) division's revenue was flat YoY, standing at Rs 274 Cr. The Acoustic segment (4% share) declined by 9% YoY to Rs 184 Cr. Other business segments (22% share) grew by 60% YoY to Rs 933 Cr in Q3FY25. Exports contribute 11% of total revenue. Channel-wise contribution is 92% OEM and 8% Aftermarket. Segment-wise, 46% of revenues came from 2W, while 4W accounted for 46% in Q3FY25.
- Switches Division:** The company commenced manufacturing components at its new greenfield plant at Farrukhnagar. The existing plant in Manesar will be shifted by Q3FY27.
- Casting Division:** The capacity of the 2W Allow wheels has been increased from 4 MPA to 6 MPA. Operations are being ramped up further. The 4W alloy wheels are set to have a production capacity of 30,000 units and are scheduled for commissioning in Q4FY25.
- The Seating Division on subdued demand in domestic Agricultural Vehicles business remained challenging, along with a subdued export growth. The company commenced supplies of pneumatic seats in the domestic market. They also received a large export order from a new American commercial vehicle/off-Road OEM.
- Lighting:** Greenfield 4W lighting plant project at Khed City Pune commenced commercial production in Q3 FY25.
- Net Debt and capex plans:** The company's Consolidated Net debt stood at Rs 1,964Cr as of Q3FY25, up ~ from Rs ~1,735Cr as of Q2FY25. The increase was mainly due to capex spending and land acquisitions. Despite this, the net debt-to-equity ratio remains at a healthy 0.34%, reflecting strong financial stability.
- Capex:** The company has incurred a capex of Rs 1,324 Cr in 9MFY25. Of this, Rs 350 Cr was allocated for land acquisitions in Kharkhoda, Hosur, and Bawal to support future expansions. Rs 72 Cr was approved for expanding the aluminium die-casting plant in Hosur, increasing its capacity from 11,000 to 15,000 metric tons per annum.

## Key Risks to Our Estimates and TP

- Any Black Swan events.

## Change in Estimates

	New Estimates			Old Estimates			Change in estimates (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	16,804	18,963	21,429	16,812	18,940	21,366	0.0%	0.1%	0.3%
EBIDTA	1,871	2,213	2,533	1,896	2,210	2,493	-1.3%	0.1%	1.6%
PAT	979	1,341	1,621	1,037	1,371	1,622	-5.6%	-2.2%	0.0%

Source: Company, Axis Securities Research

**Q3FY25 Results Review**

(Rs Cr)	Q3FY24	Q2FY25	Axis Estimates	Q3FY25	% Change (YoY)	% Change (QoQ)	% Variance
<b>Total revenue</b>	<b>3,523</b>	<b>4,245</b>	<b>4,024</b>	<b>4,184</b>	<b>18.8%</b>	<b>-1.4%</b>	<b>4.0%</b>
<b>Expenditure</b>							
Net Raw Material	2291	2754	2600	2740	19.6%	-0.5%	5.4%
Personnel	454	528	523	534	17.5%	1.0%	2.0%
Other Exp	398	481	459	453	13.9%	-5.6%	-1.2%
<b>Total Expenditure</b>	<b>3143</b>	<b>3762</b>	<b>3582</b>	<b>3727</b>	<b>18.6%</b>	<b>-0.9%</b>	<b>4.1%</b>
<b>EBIDTA</b>	<b>380</b>	<b>482</b>	<b>443</b>	<b>457</b>	<b>20.4%</b>	<b>-5.3%</b>	<b>3.2%</b>
EBITDA Margins	10.8%	11.4%	11.0%	10.9%	15 bps	-44 bps	-8 bps
Oth. Inc.	7.9	2.2	7.4	8.5	6.8%	291.2%	14.5%
Interest	28.6	46.0	36.5	47.3	65.2%	2.8%	29.5%
Depreciation	132.6	150.9	158.5	157.6	18.9%	4.5%	-0.5%
<b>PBT</b>	<b>226</b>	<b>288</b>	<b>255</b>	<b>261</b>	<b>15.1%</b>	<b>-9.4%</b>	<b>2.1%</b>
Exceptional Item	0	8.5	0.0	0.0			
Tax	64.9	78.5	70.1	46.6	-28.2%	-40.6%	-33.5%
PAT before MI	161.4	217.7	184.9	213.9	32.5%	-1.8%	15.7%
Share of profit of associates	43.7	48.4	46.2	40.5	-7.4%	-16.4%	-12.4%
<b>PAT</b>	<b>205.1</b>	<b>266.2</b>	<b>231.2</b>	<b>254.4</b>	<b>24.0%</b>	<b>-4.4%</b>	<b>10.0%</b>
Minority Interest	11.7	21.0	18.5	21.8	87.2%	3.8%	17.9%
Atrib PAT	<b>193.5</b>	<b>245.2</b>	<b>212.7</b>	<b>232.6</b>	<b>20.2%</b>	<b>-5.1%</b>	<b>9.4%</b>
EPS (Rs.)	3.43	4.27	3.70	4.05	18.2%	-5.2%	9.5%
	<b>Q3FY24</b>	<b>Q2FY25</b>	<b>Axis Estimates</b>	<b>Q3FY25</b>	<b>YoY Bps Change</b>	<b>QoQ Bps Change</b>	<b>Estimate Variance</b>
Gross Profit (Rs cr.)	1,232	1,491	1,425	1,444	17.2%	-3.2%	1.4%
Gross Profit (%)	35.0%	35.1%	35.4%	34.5%	-46 bps	-61 bps	-88 bps
RM as % of Sales	65.0%	64.9%	64.6%	64.5%	-48 bps	-32 bps	330 bps
Staff costs as % of Sales	12.9%	12.4%	12.3%	12.6%	-32 bps	13 bps	25 bps
OthExp as % of Sales	11.3%	11.3%	10.8%	10.7%	-62 bps	-64 bps	-13 bps
Tax as a % of PBT	28.7%	27.3%	27.5%	17.9%	-1079 bps	-938 bps	-960 bps

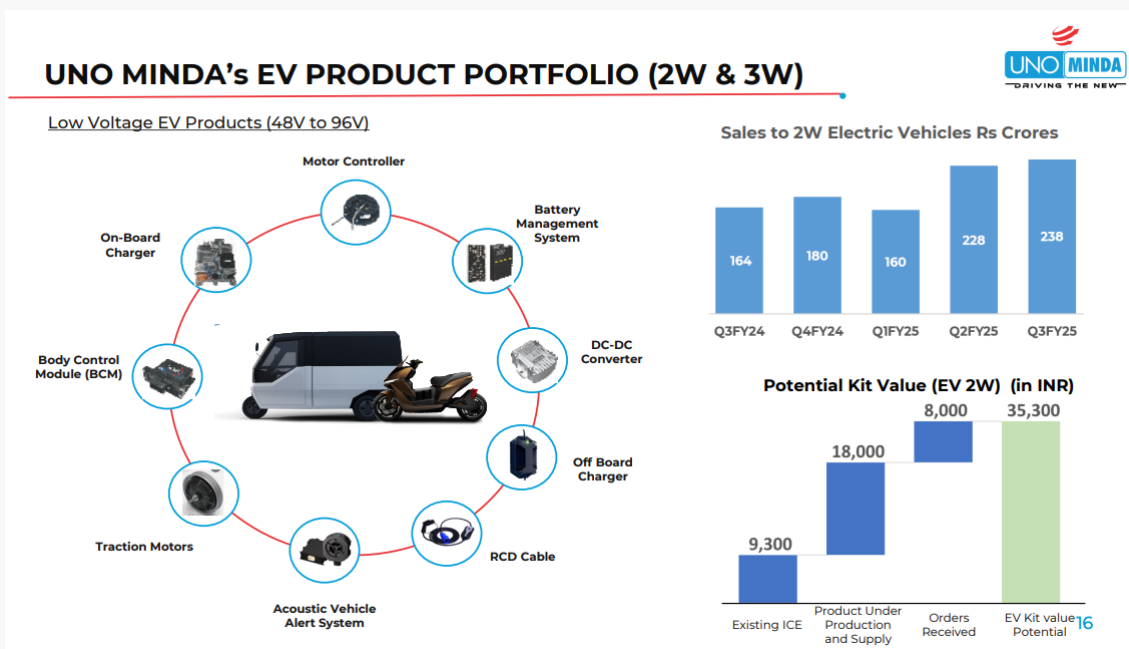
Source: Company, Axis Securities Research

**Exhibit 1: Capacity Expansion Plans**

Project Expansion Update							
Sr	Product Line	Entity	Total Cost (In Rs Crs)	Location	Capacity	Expected SOP	Update
1	4W Alloy Wheels	Uno Minda Ltd	542	Kharkhoda	120k Wheel p.m.	Q2 FY26 Phase 1	Project under implementation To be spend over 5 years
2	4W Alloy Wheels	Minda Kosei Aluminum (Now UML)	190	Bawal	60k Wheels p.m.	Q4 FY25 Phase 1	Land Acquired. 30K to start in Q4 FY25
3	2W Alloy Wheels	Uno Minda Ltd	300	Supa	2 Mn wheel pa	Q1 FY26	Project under implementation
4	4W Lighting	Uno Minda Ltd	400 (Phase I – 230 Cr)	Pune	New Lighting Facility	Q3 FY25 Phase 1	Phase 1 Commenced. To be spend over 5 yrs
5	4W Lighting	PTMA	210	Indonesia	Expansion cum Shifting	Q4 FY26 Phase 1	Project under implementation
6	4W Switches	Uno Mindarika	110	Farrukhnagar	New Switch Facility	Q3 FY25	Component manufacturing commenced
7	4W Switches	Uno Mindarika	120	Farrukhnagar	Shifting Cum Expansion	Q3 FY27	Project under implementation
8	EV Specific	Uno Minda Buehler Motor	110	Bawal	Traction Motor Production Facility	Q4 FY 24	Phase 1 Commenced To be spend over 5 years
9	EV Specific	UnoMinda EV Systems	390	Farrukhnagar	New facility for EV specific products	Q2 FY24 Phase I	Phase 1 Commenced To be spend over 6 years
10	Sunroof	Uno Minda Ltd	63	Bawal	New Facility	Q4 FY27	Project under implementation

Project Expansion Update							
Sr	Product Line	Entity	Total Cost (In Rs Crs)	Location	Capacity	Expected SOP	Update
11	Airbags	TG Minda (JV)	283	Harohalli	Greenfield	Q1 FY27	Project Announced
12	Casting	Uno Minda Ltd	72	Hosur	Expansion	Q4 FY 26	Project Announced
<b>Total</b>			<b>2,790</b>				

Source: Company PPT.

**Exhibit 2: EV Sales, Order and Potential Kit Value**


Source: Company PPT

## Financials (consolidated)

### Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
<b>Net sales</b>	<b>14031</b>	<b>16804</b>	<b>18963</b>	<b>21429</b>
Other operating income	0	0	0	0
<b>Net Revenue</b>	<b>14031</b>	<b>16804</b>	<b>18963</b>	<b>21429</b>
Cost of goods sold	11965	14367	16101	18163
Contribution (%)	14.7%	14.5%	15.1%	15.2%
Other operating costs	481	566	649	733
<b>EBITDA</b>	<b>1585</b>	<b>1871</b>	<b>2213</b>	<b>2533</b>
Other income	34	38	100	135
<b>PBIDT</b>	<b>1619</b>	<b>1909</b>	<b>2313</b>	<b>2668</b>
Depreciation	526	609	707	750
Interest & Fin Chg.	113	157	100	90
E/o income / (Expense)	27	9	0	0
<b>Pre-tax profit</b>	<b>1006</b>	<b>1151</b>	<b>1506</b>	<b>1829</b>
Tax provision	267	280	376	476
(-) Minority Interests	45	71	71	71
Share of Associates/JV profits	185	179	282	338
<b>Adjusted PAT</b>	<b>860</b>	<b>973</b>	<b>1341</b>	<b>1621</b>

Source: Company, Axis Securities Research

### Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
<b>Total assets</b>	<b>7134</b>	<b>7751</b>	<b>8625</b>	<b>9724</b>
Net Block	3932	4023	4017	3967
CWIP	214	214	214	214
Investments	976	976	976	976
Wkg. cap. (excl cash)	1758	1593	1797	2024
Cash / Bank balance	254	944	1622	2543
Misc. Assets	0	0	0	0
<b>Capital employed</b>	<b>7134</b>	<b>7751</b>	<b>8625</b>	<b>9724</b>
Equity capital	115	115	115	115
Reserves	4828	5584	6599	7838
Pref. Share Capital	0	0	0	0
Minority Interests	322	322	322	322
Borrowings	1850	1710	1570	1430
Def Tax Liabilities	19	19	19	19

Source: Company, Axis Securities Research

**Cash Flow**

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
EBIT	1006	1151	1506	1829
Other	33	0	0	0
Depreciation & Amortization	526	609	707	750
Interest paid(-)	113	157	100	90
Others	-4	-38	-100	-135
Operating Cash Flow	1675	1880	2213	2533
Tax paid(-)	-275	-280	-376	-476
Change in Working Capital	-420	179	-203	-228
<b>Cash flow from Operations</b>	<b>979</b>	<b>1778</b>	<b>1633</b>	<b>1830</b>
Capex	-1049	-700	-700	-700
Strategic Investment	0	0	0	0
Non-Strategic Investment	96	38	100	135
<b>Cash flow from Investing</b>	<b>-953</b>	<b>-662</b>	<b>-600</b>	<b>-565</b>
Change in borrowing	358	-100	-100	-100
Interest on borrowings	-104	-157	-100	-90
Other	-59	-40	-40	-40
Dividends paid(-)	-105	-115	-115	-115
<b>Cash Flow from Financial Activities</b>	<b>90</b>	<b>-412</b>	<b>-355</b>	<b>-345</b>
<b>Net Increase/(Decrease in Cash)</b>	<b>116</b>	<b>704</b>	<b>678</b>	<b>920</b>
Opening cash	121	241	944	1622
Forex gain/ (loss)	3	0	0	0
Closing cash	241	944	1622	2543

Source: Company, Axis Securities Research

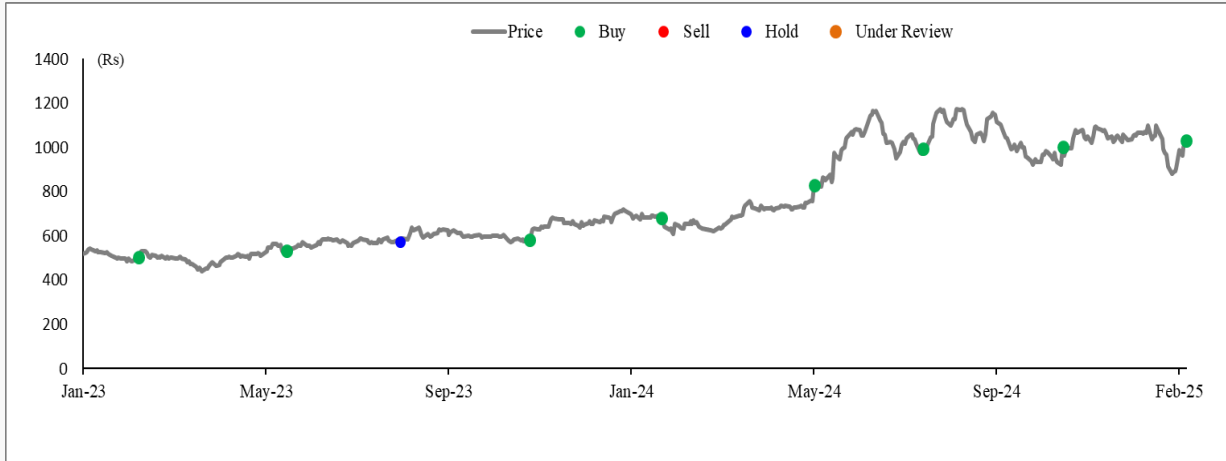
**Ratio Analysis**

(%)

Y/E March	FY24	FY25E	FY26E	FY27E
<b>Sales growth</b>	<b>24.9</b>	<b>19.8</b>	<b>12.8</b>	<b>13.0</b>
OPM	11.3	11.1	11.7	11.8
Operating profit growth	27.6	18.0	18.3	14.5
COGS / Net sales	85.3	85.5	84.9	84.8
Overheads/Net sales	3.4	3.4	3.4	3.4
Depreciation / G. block	8.6	9.0	9.4	9.1
Effective interest rate	7.9	10.3	7.2	7.2
Net kg.cap / Net sales	0.09	0.08	0.08	0.08
Net sales / Gr block (x)	2.3	2.5	2.5	2.6
<b>RoCE</b>	<b>18.9</b>	<b>19.8</b>	<b>21.9</b>	<b>22.9</b>
Debt/equity (x)	0.34	0.26	0.20	0.15
Effective tax rate	26.5	24.3	25.0	26.0
<b>RoE</b>	<b>20.0</b>	<b>18.8</b>	<b>22.0</b>	<b>22.5</b>
Payout ratio (Div/NP)	4.2	11.7	8.6	7.1
<b>EPS (Rs.)</b>	<b>15.3</b>	<b>16.1</b>	<b>22.0</b>	<b>26.6</b>
EPS Growth	34.7	4.9	37.0	20.9
CEPS (Rs.)	24.5	26.1	33.6	38.9

Source: Company, Axis Securities Research

## UNO MINDA Price Chart and Recommendation History



Date	Reco	TP	Research
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
08-Aug-24	BUY	1,090	Result Update
13-Nov-24	BUY	1,090	Result Update
07-Feb-25	BUY	1,140	Result Update

Source: Axis Securities Research

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<b>Ratings</b>	<b>Expected absolute returns over 12 – 18 months</b>
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.