



KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- Q4 FY23 consolidated revenues came in at ₹2888.97 Cr, up 19.62% YoY and down -0.91% QoQ.
- Op Profit for Q4FY23 stood at ₹319.28 Cr, up 15.89% YoY and down -5.65% QoQ.
- Op margins for Q4FY23 came at 11.05%, -36 bps YoY and -55 bps QoQ.
- PAT for Q4FY23 stood at ₹169.68 Cr, up 33.92% YoY and up 13.95% QoQ.

2. MANAGEMENT COMMENTARY:

- Management expects that the current growth momentum would likely to continue in FY24 also especially in the PV and EV space.
- The management expects operating margins to remain in range of 11-12% for FY24.
- The management also expects the largest EV maker may be added in their client list in near to medium term.

3. SEGMENTAL ANALYSIS:

- FY23 Division Mix: Switches (29%), Lightings (23%), Acoustics (7%), Castings (19%), Seatings (9%), Others (13%).
- FY23 Geographical Mix: India (83%), International (17%)

4. CONCALL SUMMARY

- EV 2W sales is contributing 8% of overall 2W segment sales.
- Co Commissioned new 4-W alloy wheel line with additional capacity of 30,000 wheels
- Co's Chennai and Gurugram plants would be operationalized from Q2FY24 and Q3FY24 respectively.
- Co is witnessing significant recovery in Clarton Horn.
- Co won Rs 200 Cr order for their seatings division.
- Co net debt at the end of FY23 is at Rs 1071 Cr as compared to Rs 570 Cr in FY22.
- Net debt to Equity rose to 0.24 in FY23 from 0.15 in FY22.
- FY24 CAPEX Guidance: Rs 700 Cr. Rs 400 Cr growth CAPEX and Rs 300 Cr Maintenance CAPEX.

5. OTHER DEVELOPMENTS:

- The management mentioned about completion of land acquisition of ~86 acre being done in Pune for the expansion of their lighting plant

6. VALUATION AND OUTLOOK:

Overall Uno Minda is well set to witness good revenue growth led by strong order book, CAPEX plans in line, strong demand from OEMS and traction in the EV segment.

Co's Operating margin guidance for FY24 is in range of 11-12% which will help them to generate good profitability.

We initiate a "BUY" rating on the stock and value the stock at 39.3x FY25E earnings to arrive at the target of ₹657.

RECOMMENDATION - BUY

CMP – 571

TARGET – 657 (15%)

Industry	Auto Ancillary
NSE CODE	UNOMINDA
BSE CODE	532539
Market Cap (₹ Cr)	33575.81
Shares Outstanding (in Cr)	57.31
52 wk High/Low (₹)	604.7 / 435
P/E	51.37
P/BV	8.08
Face Value (₹)	2.00
Book Value (₹)	72.55
EPS (FY23) (₹)	11.41
Dividend Yield (%)	0.09
Debt / Equity	0.34
Interest Coverage	13.8

SHAREHOLDING PATTERN

	Mar 23	Dec 22	Sep 22
Promoters	70.06	70.07	70.11
MF/ DII	15.69	13.38	12.98
FII/FPI	6.30	8.88	9.07
Retail & Others	6.68	6.74	6.87
Promoter Pledging	0.00	0.00	0.00

FINANCIAL SNAPSHOT (₹ Cr)

Y/E March	2023A	2024E	2025E
Crore			
Sales	11236	12921	15506
Sales Gr. (%)	35%	15%	20%
EBITDA	1242	1421	1783
EBITDA %	11%	11%	11.5%
PAT	654	734	957
EPS (₹)	11.41	12.80	16.70
EPS Gr. (%)	83.15	12.21	30.44
Ratios			
RoE (%)	17.2	18.5	19.5
RoCE (%)	19.4	19.5	22.5
Valuation			
P/E (x)	50.83	45.3	34.72

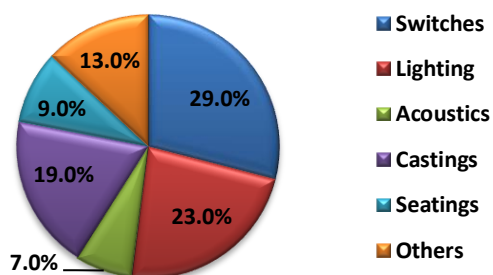
Historical & Industrial Val Ratios

Historical P/E	49.36
Industry P/E	44.87
Historical P/B	5.90
Industry P/B	3.61

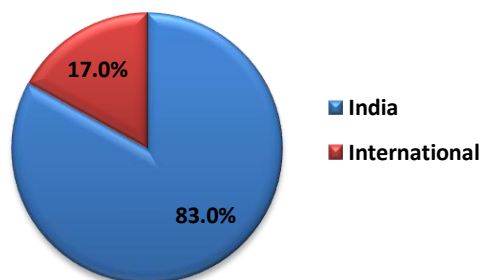


REVENUE SPLIT (FY23)

Division Mix (FY23)



Geography Mix (FY23)



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

Y/E March	FY22			FY23			FY24	FY23	FY24E*	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4			Q1E*
Net sales	2,114	2,181	2,415	2,555	2,877	2,915	2,889	2938.25	11,236	12,921
YoY change (%)	29.51%	7.39%	7.90%	59.45%	36.09%	33.65%	19.62%	15%	35.17%	15%
Total Expenditures	1,886	1,946	2,140	2,289	2,558	2,577	2,570	2615.0	9,995	11,500
EBITDA	228	235	276	266	318	338	319	323.2	1,242	1,421
Margins (%)	11%	11%	11%	10%	11%	12%	11%	11%	11%	11%
Other income	21	32	53	10	45	29	44	35	149	150
Interest	18	13	13	17	19	13	21	20	70	80
Depriciation	97	94	110	99	107	115	108	125	430	500
PBT	134	160	204	159	237	240	234	213.2	891	991
Rate (%)	31%	26%	24%	20%	23%	27%	17%	26%	21%	26%
Adjusted PAT	113	118	156	150	182	174	194	157.8	700	734
EPS in Rs	1.66	1.77	2.53	2.43	2.97	2.83	3.19	2.75	11.41	12.80

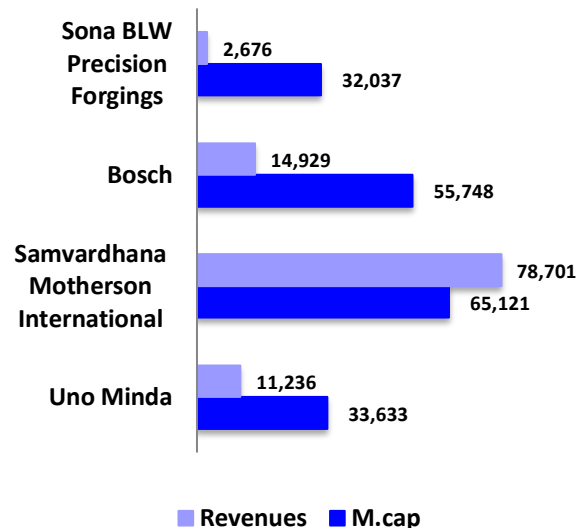
Source: Company, Hem Securities Research.



INDUSTRY OVERVIEW

- The Indian automobile sector is one of the largest industries in the country and it plays a significant role in the Indian economy.
- The industry experienced a healthy upswing in FY 2022-23, supported by a recovery in economic activity and increased mobility.
- The PV segment recorded its highest production of over 4.6 million units in FY23. Indian 2W industry witnessed strong growth in FY23 growing by 9.2% over FY22. Tractor demand across markets recorded consistent strong production volume in FY23 at 1.1 million units, up 12% YoY.
- India's auto components industry's market share has significantly expanded led by an increase in demand for automobiles by the growing middle class and exports globally
- The auto components industry accounted for 2.3% of India's GDP and provided direct employment to 1.5 million people.
- By 2026, the automobile component sector will contribute 5-7% of India's GDP.
- The Indian auto component industry aims to achieve US\$ 200 billion in revenue by 2026.
- The Government has rolled out numerous initiatives to encourage the adoption of Electric Vehicles (EVs) in a multilayered mobility system.

KEY PLAYERS in Mid IT Space



PEER PERFORMANCE

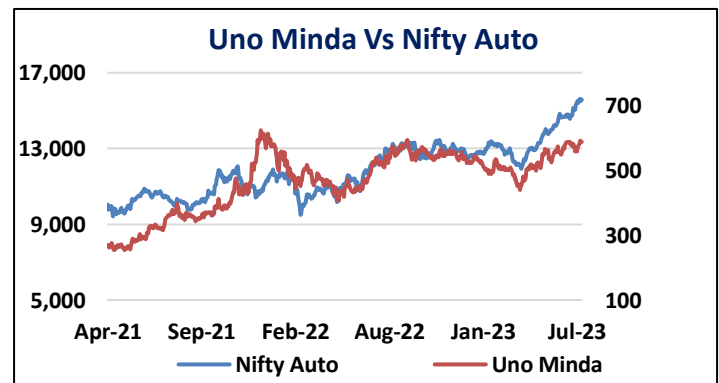
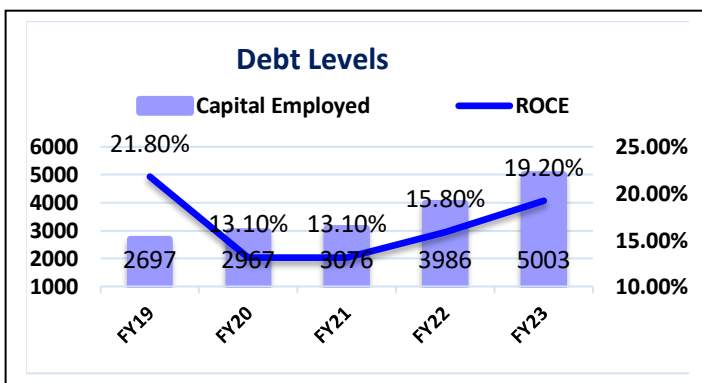
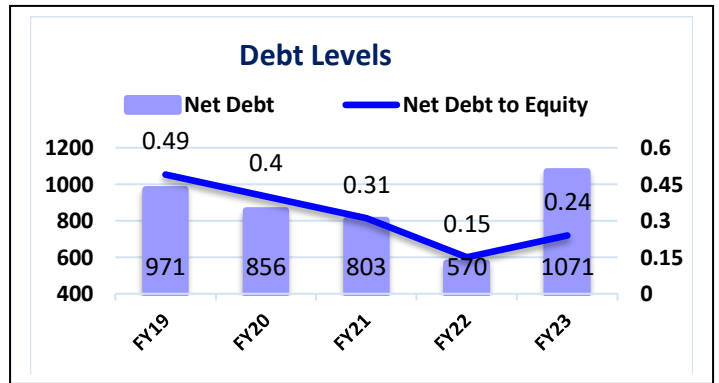
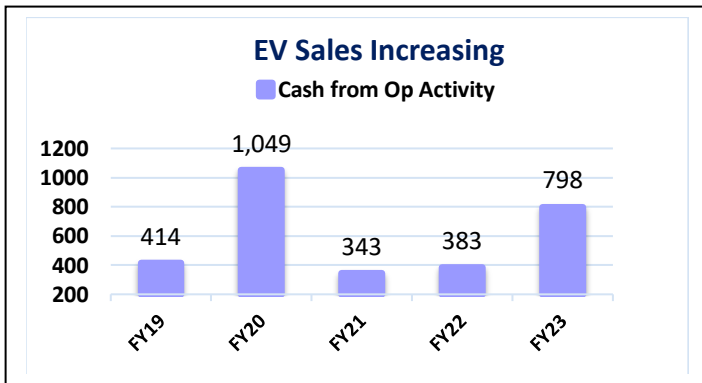
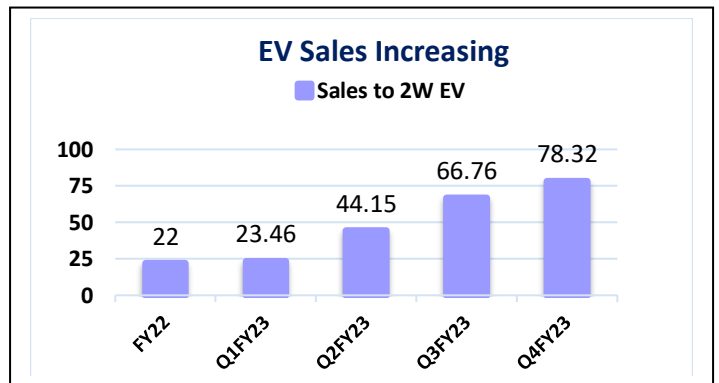
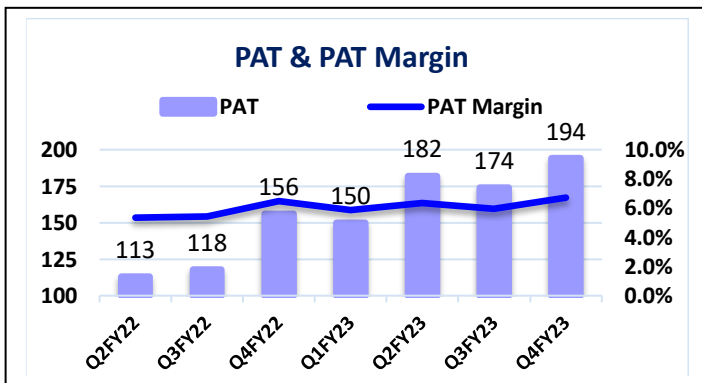
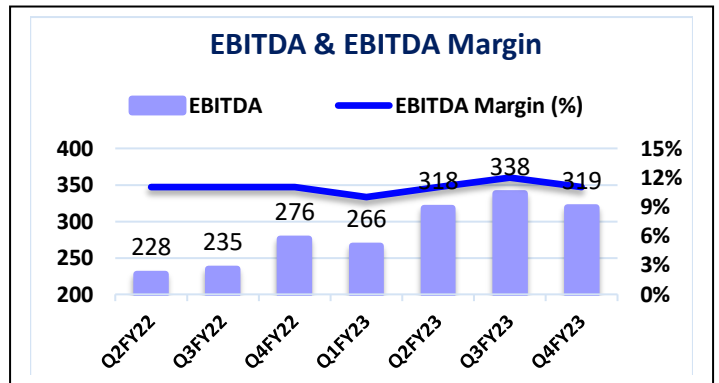
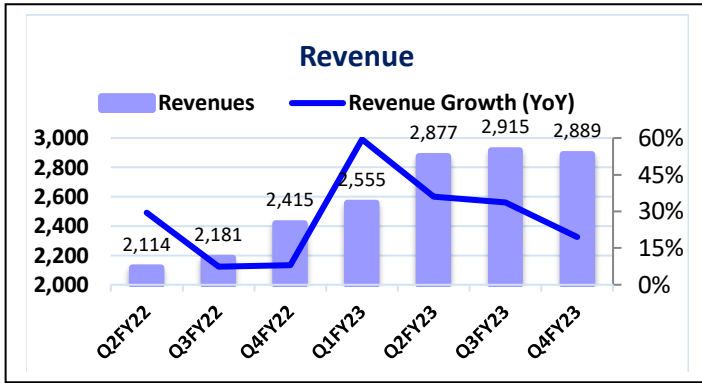
(₹ Cr)

Particulars	Samvardhan			
	Uno Minda	Motherson	Bosch	Sona BLW
Market Cap	33633	65121	55748	32037
Net Sales	11236	78701	14929	2676
EBITDA	1242	6164	1810	696
PAT	700	1670	1424	395
EPS(₹)	11.41	2.21	482.99	6.75
EBITDA MARGIN %	11	8	12	26
PAT MARGIN %	6.2	2.1	9.5	14.7
ROCE %	19.4	9.26	17.4	22.0
ROE %	17.2	7.20	13.2	18.3
P/E TTM	51.5	42.0	39.1	81.6
P/B TTM	8.09	2.9	5.06	14.0
EV/EBITDA	25.1	11.6	23.5	46.1
Dividend Yield %	0.09	0.45	2.54	0.51

Source: Company, Hem Securities Research.



STORY IN CHARTS





INVESTMENT RATIONALE:

- Co has a diverse product portfolio including lighting systems, switches, castings, infotainment systems, acoustics, seatings and interior systems.
- Company's has strategic partnerships and collaborations with global automotive manufacturers.
- Co has leadership position in the switching business. The company is investing Rs 110 Cr in expanding its 4W automotive switches capacity by 10 Mn switches/month to 50 Mn switches/month.
- Co is expected to benefit from growing LED adoption in automobiles industry.
- The company recently expanded its capacity from 295,000 wheels per month to 325,000.
- Co along with its subsidiary Clarton Horn is the world's second largest manufacturer of automotive horns.
- The potential kit value for EV two-wheelers stands is significantly higher compared to Internal Combustion Engine (ICE) vehicles, presenting a growth opportunity for Co like Unominda.
- Co has sound financial profile and is able to maintain their operating margins despite many challenges in past few years.

RISK / NEGATIVE FACTORS:

- Co's significant revenue comes from limited number of customers.
- As UML derives most of its revenues (85% in FY2022) from the domestic automotive market, its earnings remain susceptible to the inherent cyclicality of the industry.
- UML has over the years, undertaken sizeable debt-funded capex to enhance its capacities for various products.

COMPANY RECAP

- Uno Minda Limited is one of the leading manufacturers of auto components domestically with leadership across key product segments.
- With 26+ Product Lines, 1500+ Business Partners and over 29,300 employees, covering 50,000+ touch points, the company has 6 decades of experience in the Auto space
- Uno Minda over the years has diversified across product divisions (Acoustics, Switches, Castings, Lighting and others), segments (4Ws & 2Ws) and geographies (International & Domestic) and channels (replacement & OEM)
- Strong R&D focus and infrastructure helps in in-house product development and localization of products, with a team of 1022+ engineers, 394+ Patents and 381+ design registrations, with 85+ R&D technology projects underway
- The company has been steadily growing its global presence through sustained capacity additions and channel expansions.
- Company has strategically located plants across all major auto hubs. 67 plants in India and 6 plants in overseas.
- Track record of robust financial performance and delivering strong shareholder returns, supported by reputed promoters with rich experience and backed by professional management team.

ANNUAL PERFORMANCE

Financials & Valuations

Income Statement						(₹ Cr)	
Y/E March	2019	2020	2021	2022	2023	2024E	2025E
Revenue from operations	5,908.09	6,222.03	6,373.74	8,313.00	11,236	12,921.40	15,505.68
Growth YoY (%)	32.16	5.31	2.44	30.43	35.17	15%	20%
Total Expenditure	5,182.91	5,550.23	5,648.75	7,427.61	9,995	11,500.05	13,722.53
(%) of sales	87.73	89.20	88.63	89.35	89.0%	15.1%	19.3%
EBITDA	725.18	671.80	724.99	885.39	1,242	1,421.35	1,783.15
EBITDA Growth (%)	32.62	-5.31	8.39	22.84	40.3%	14.44%	25.45%
EBITDA Margin (%)	12.73	11.45	12.11	11.41	11.05%	11%	11.5%
Depreciation	234.38	340.07	375.30	391.75	430	500	570
EBIT	517.83	337.76	398.45	556.58	812	921	1,213
EBIT Growth (%)	17.54	-34.77	17.97	39.69	45.89%	13.47%	31.67%
Net Interest Expenses	63.15	94.17	73.65	62.32	70	80	70
Other Income	27.03	40.49	47.03	62.94	149	150	150
Earnings before Taxes	454.68	243.59	324.80	494.26	891	991	1,293
EBT Margin (%)	7.70	3.91	5.10	5.95	7.93%	7.67%	8.34%
Tax-Total	134.07	68.62	100.53	146.78	237	258	336
Rate of tax (%)	29.49	28.17	30.95	29.70	26.60%	26%	26%
Net Profit	320.61	174.97	224.27	347.48	654	734	957
PAT Growth (%)	4.17	-45.43	28.18	54.94	88.21%	12.17%	30.44%
PAT Margin (%)	5.43	2.81	3.52	4.18	5.82%	5.68%	6.17%
EPS	5.42	2.94	3.80	6.23	11.41	12.80	16.70
EPS Growth (%)	-8.29	-45.67	29.03	63.96	83.15%	12.21%	30.44%

Balance Sheet

Y/E March	2019	2020	2021	2022	2023
Share Capital	55	52	54	57	115
Reserves	1,652	1,809	2,202	3,381	4,041
Net Worth	1707	1861	2256	3438	4156
Borrowings	1,080	1,317	1,159	944	1,395
Other Liabilities	1,447	2,403	2,562	2,416	2,758
Total Liabilities & Equity	4,231	5,581	5,977	6,798	8,309
Fixed Assets	1,861	2,674	2,797	2,805	3,318
CWIP	150	360	134	347	291
Investments	356	398	531	607	869
Other Assets	1,864	2,148	2,515	3,040	3,831
Total Assets	4,231	5,581	5,977	6,798	8,309

Source: Company, Hem Securities Research.



Ratios

Y/E March (Basic (INR))	2019	2020	2021	2022	2023
Profitability and return ratios					
Net profit margin (%)	5.43	2.81	3.52	4.18	6.23
EBITDA margin (%)	12.73	11.45	12.11	11.41	11.05
EBIT margin (%)	8.76	5.43	6.25	6.70	7.22
ROE (%)	20.74	9.82	10.90	12.27	17.2
ROCE (%)	21.63	11.56	12.52	14.73	19.4
Working Capital & liquidity ratios					
Payables (Days)	80.42	91.79	112.14	93.52	86
Inventory (Days)	30.23	34.33	38.94	39.45	67
Receivables (Days)	52.17	51.70	59.04	56.54	56
Current Ratio (x)	1.17	0.88	0.96	1.26	1.21
Valuations Ratios					
EV/sales (x)	1.61	1.14	2.44	3.27	3.10
EV/EBITDA (x)	12.68	10.00	20.15	28.70	25.1
P/E (x)	29.99	40.39	71.37	74.85	51.5
P/BV (x)	5.03	3.37	6.54	7.81	8.09
Dividend Yield (%)	0.34	0.17	0.16	0.16	0.09
Leverage Ratio					
Debt/Equity (x)	0.49	0.40	0.31	0.15	0.24

Cash Flow Statement

Y/E March	2020	2021	2022	2023
CF from Operating activities (A)	1,049	343	383	798
CF from Investing Activities (B)	-810	-361	-697	-1186
CF from Financing Activities (C)	-96	-40	311	301
Net Cash Flow	143	-58	-3	-86
Add: Opening Bal.	120.88	263.67	205.61	202.27
Closing Balance	263.67	205.61	202.27	121.36

Source: Company, Hem Securities Research.



RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
19 JULY 2023	Buy	657

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