

Shubh Nivesh



Outperformance to accelerate following GST reforms

About stock: Uno Minda (MIL) is India's largest maker of automotive switches, horns, seats & PV alloy wheels and third largest automotive lighting player.

- FY25 segment mix – 4-W 47%, 2-W 45%; switches, lighting, castings, horns and seats comprised 25%, 23%, 19%, 5% and 7% of sales, respectively
- FY25 Sales Mix: 93% OEM's, 7% aftermarket; Geographical mix: India: 89%

Investment Rationale

- GST Rationalization: Structural boost for Automobile industry:** Government has announced GST 2.0 reforms thereby reducing GST rates for the automobile sector across the segments and value chain. Small cars, 2-Ws up to 350cc, & 3-Ws will now attract 18% GST vs. 28% earlier, while CVs also shift to 18% rate. Total tax incidence for larger passenger cars, SUVs is also reduced from 43-50% to 40%. Furthermore, uniform 18% GST rate on all auto parts has been introduced, which will improve Uno Minda's cost competitiveness and demand across both OEM & aftermarket. With Maruti Suzuki as its anchor client in the PV space and Maruti's recent commentary of record festive sales in 2025 and beyond, Uno Minda remains a key beneficiary of industry upcycle following GST 2.0 reforms.
- Robust core business momentum with diversified product portfolio:** Over the years, Uno Minda has emerged as a leading player in the domestic auto ancillary space, consistently outperforming its user industry. This success stems from its ability to increase its kit value (>~10% of vehicle Asp's), expand its client & product portfolio and strategic acquisitions. MIL strategy of targeting premiumisation & content enhancement, supported by strong OEM base, has helped it increase kit value and maintain 1.5x – 2x growth over the user industry. With aggressive capex spend by the company (including purchase of land bank), we project revenue at Uno Minda to grow at healthy ~16% CAGR over FY25-28E (one of the best in ancillary space).
- Strategic focus on EV & Technology-led segments:** Uno Minda proactive approach to EVs is reflected in its ramp up across both 2W and 4W platforms. It is sharply focused on building a full-stack EV ecosystem with strong execution on JV-based platforms like Uno Minda-FRIWO and Innovance. It has commercialized products like EV chargers, controllers, ADAS modules, & initiated high-voltage powertrain work under Innovance JV. In E-2W space, it has potential kit value of ~₹ 37.6k/vehicle vs ~12k in ICE 2W. With largely an EV-agnostic portfolio & proven execution on JVs, it is well placed to benefit from India's accelerating electrification drive.

Rating and Target Price

- With GST 2.0 reforms expected to meaningfully lift volumes in the auto space in the near to medium term, consistent outperformance by Uno Minda in the past by virtue of its strength in execution, scale as well as technology tie-up's, we remain positive on the company. We assign **BUY** rating on the stock & value it at ₹ 1,500 i.e. 51x P/E on avg. of FY27-28E EPS (~2x PEG).

Key Financial Summary

Key Financials	FY21	FY22	FY23	FY24	FY25	5 year CAGR (FY20-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	6,373.7	8,313.0	11,236.5	14,030.9	16,774.6	21.9%	19,526.9	22,747.3	26,134.8	15.9%
EBITDA	725.0	885.4	1,242.0	1,585.3	1,873.8	22.8%	2,310.1	2,729.7	3,188.4	19.4%
EBITDA Margins (%)	11.4	10.7	11.1	11.3	11.2		11.8	12.0	12.2	
Net Profit	206.6	355.8	653.5	880.3	943.0	43.5%	1,204.2	1,503.3	1,865.9	25.5%
EPS (₹)	3.6	6.2	11.4	15.3	16.4		21.0	26.2	32.5	
P/E	352.2	204.5	111.3	82.8	77.3		61.0	48.9	39.4	
RoNW (%)	9.2	10.3	15.7	17.8	16.5		17.7	18.5	19.1	
RoCE (%)	9.1	10.2	13.7	15.1	14.7		16.3	18.2	20.3	



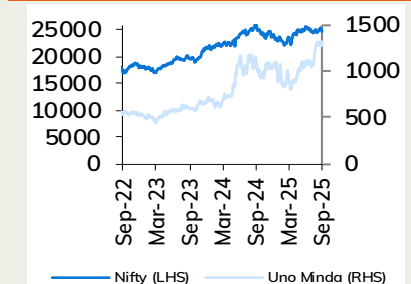
Particulars

Particulars	₹ crore
Market capitalisation	72,771
Total Debt (FY25)	2,294
Cash & Inv. (FY25)	207
EV (₹ crore)	74,859
52 week H/L (₹)	1,359 / 768
Equity capital (FY25)	114.8
Face value (₹)	2.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	68.8	68.8	68.8	68.7
FII	9.7	9.9	10.1	9.6
DII	15.3	15.5	15.2	15.9
Other	6.3	5.9	6.0	5.9

Price Chart



Recent Event & Key risks

- GST 2.0 reforms – demand booster for domestic auto space
- Reports steady performance in Q1FY26. Normalized Margins stood at 10.7%.
- Key Risk:** (i) lower than anticipated underlying volume growth at OEM's (PV, 2-W space) (ii) negative surprise on margins amidst limited o/p leverage gains

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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