

UNIPARTS INDIA LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.611.45 (As on 8th Sep 2023)

TARGET PRICE : Rs.765.00

FACE VALUE : Rs.10

BSE CODE : 543689

NSE CODE : UNIPARTS





Agricultural



Construction & Forestry



After Market



ABOUT THE COMPANY

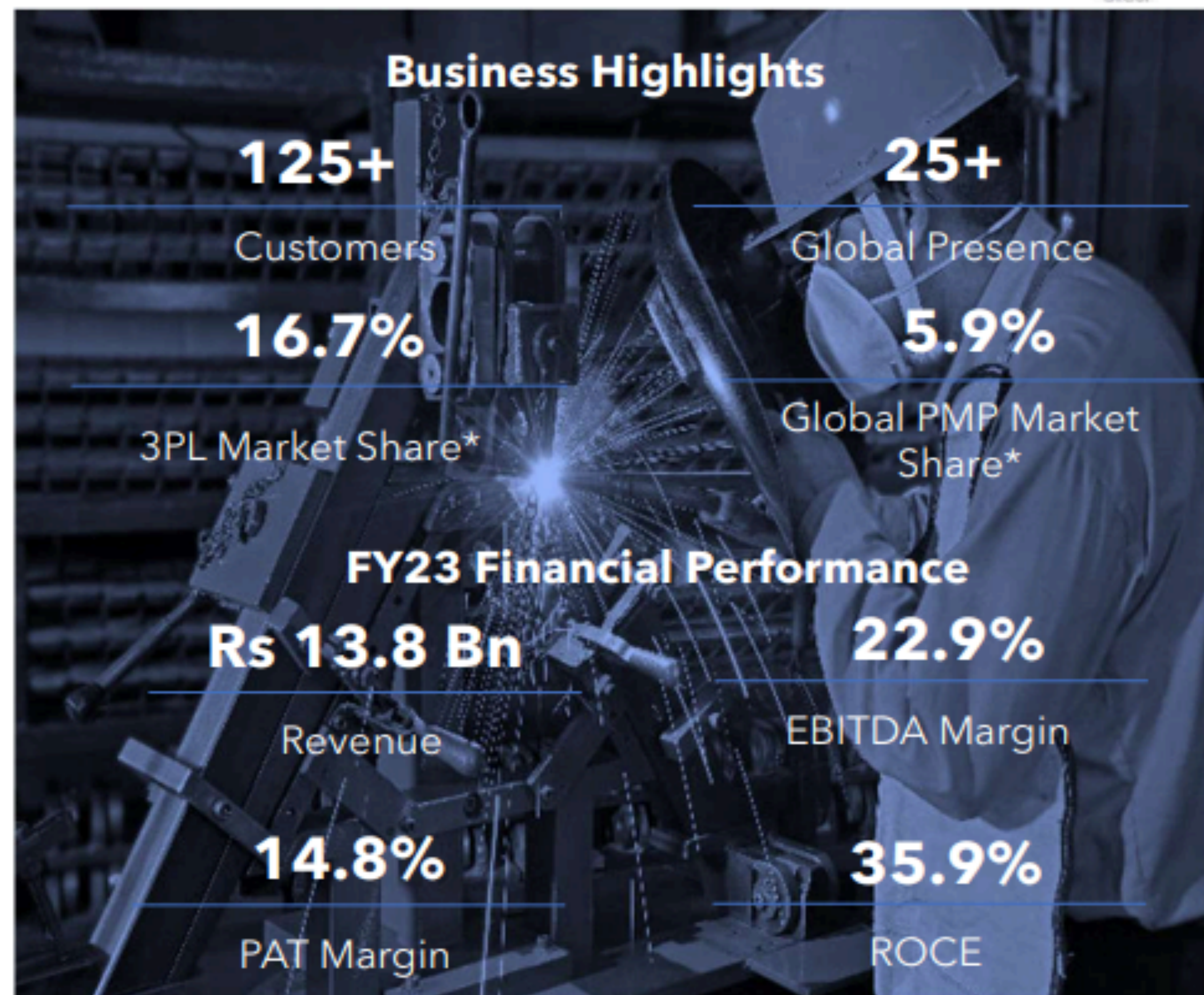
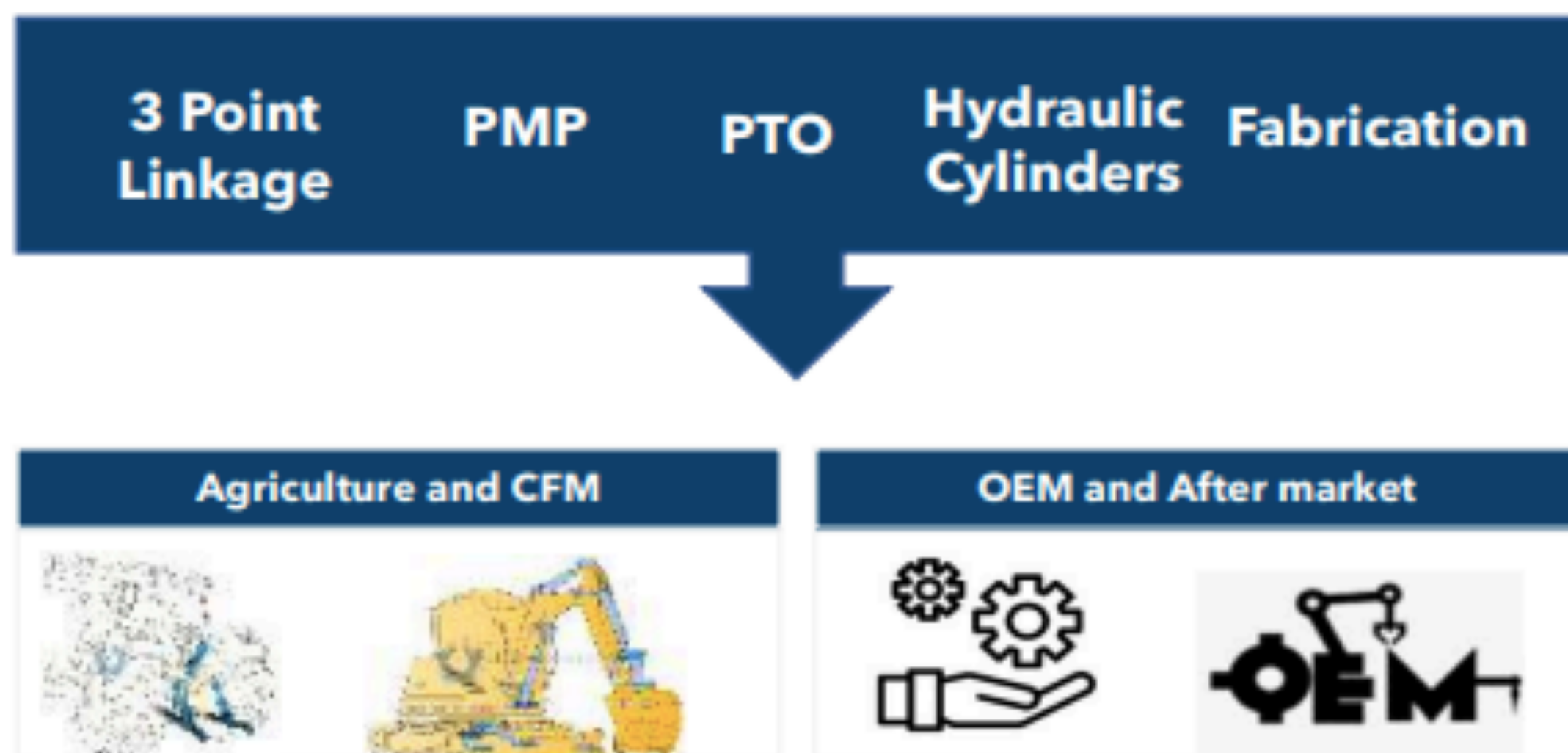
Uniparts India Ltd. is an Indian based global manufacturer of engineered systems and solutions. The Group is a leading supplier of systems and components for the off highway market and operates out of Six manufacturing facilities and four warehousing locations across US, Europe and India with its products reaching 25 countries.

The Company is a global manufacturer of engineered systems and solutions and are one of the leading suppliers of systems and components for the off-highway market in the agriculture, construction forestry & mining (CFM) and aftermarket sectors on account of its presence across over 25 countries. The Company provides comprehensive solutions and manufactures high-quality, critical products and components for Off Highway Vehicles (OHV) industry including complete assemblies of precision engineered products and end-to-end solutions ranging from product conceptualisation, design, prototyping, testing, development and assembly to customised packaging and delivery.

The Company's product portfolio includes core product verticals of 3-point linkage systems (3PL) and precision machined parts (PMP) as well as adjacent product verticals of power take off, fabrications and hydraulic cylinders or components thereof. It serves OHV players including OEMs and aftermarket retail store chains, through its global business model based on the Company's dual-shore integrated manufacturing, warehousing and supply chain management systems and solutions.

Strategic Presence in OHV Segment

- Uniparts ('UIL' or the 'Company') is a leading supplier of systems and components for the **off-highway vehicles** ('OHV')
- UIL has market leadership in supplying key systems and components like 3PL and PMP for OHVs globally:
Complex, critical, and low volume high SKUs products
- The company has been a partner of choice for global leaders in the agriculture & construction, forestry, and mining (CFM) segments



*Based on FY22 estimates

Leading Global Supplier of Critical Components Solutions

3 Point Linkage - Revenue Contribution: 56%

- Tractor specific designed and validated system
- Allows for quick and easy attachment and detachment of implements
- Allows for the balanced operation of the implement, improves efficiency, and reduces operator fatigue



Market leaders in small tractor (<70 HP) linkage system globally

Precision Machined Parts - Revenue Contribution: 40%

- High-quality and reliable components for use in construction machinery, equipment, and structures
- These parts are made to tight tolerances and durability to withstand the tough operating environment of OHVs



Leading global supplier in fragmented market with manufacturing base in India and US and servicing all major geographies (Americas, Europe, Japan, India, ROW)

Precision Manufacturing

High No. of SKUs

Higher Complexities

Healthy Margins

\$1 billion +

Market Size

Additional Synergistic Offerings to Extend System Boundaries

Power Take Off (PTO)



Hydraulic Cylinders



Fabrication



- **Large Addressable Market:** Estimated Market Size of \$10 billion; Establish new customer base by addressing growing markets of UTVs etc
- **More Value Per Vehicle:** Leveraging manufacturing expertise to diversify the product portfolio and move up the value chain
- **Deepen wallet share:** Extended offerings in adjacent areas on the same OHVs for existing customers by offering integrated system solutions
- **Healthy Margin Profile**

Strengthened Customer Relationship

20+ Years

Long Standing Relationship
with Several Key Customers

- Supplying to all 10 leading Global OHV OEMs in Agriculture and half of the leading 10 players in the CFM Segment*
- Preferred component supplier for manufacturer of <70 HP Tractors
- Involved from the design stage for new products and launches providing end-to-end solutions

**CFM global players outside China*

Conceptualisation



Design



Prototyping



Testing

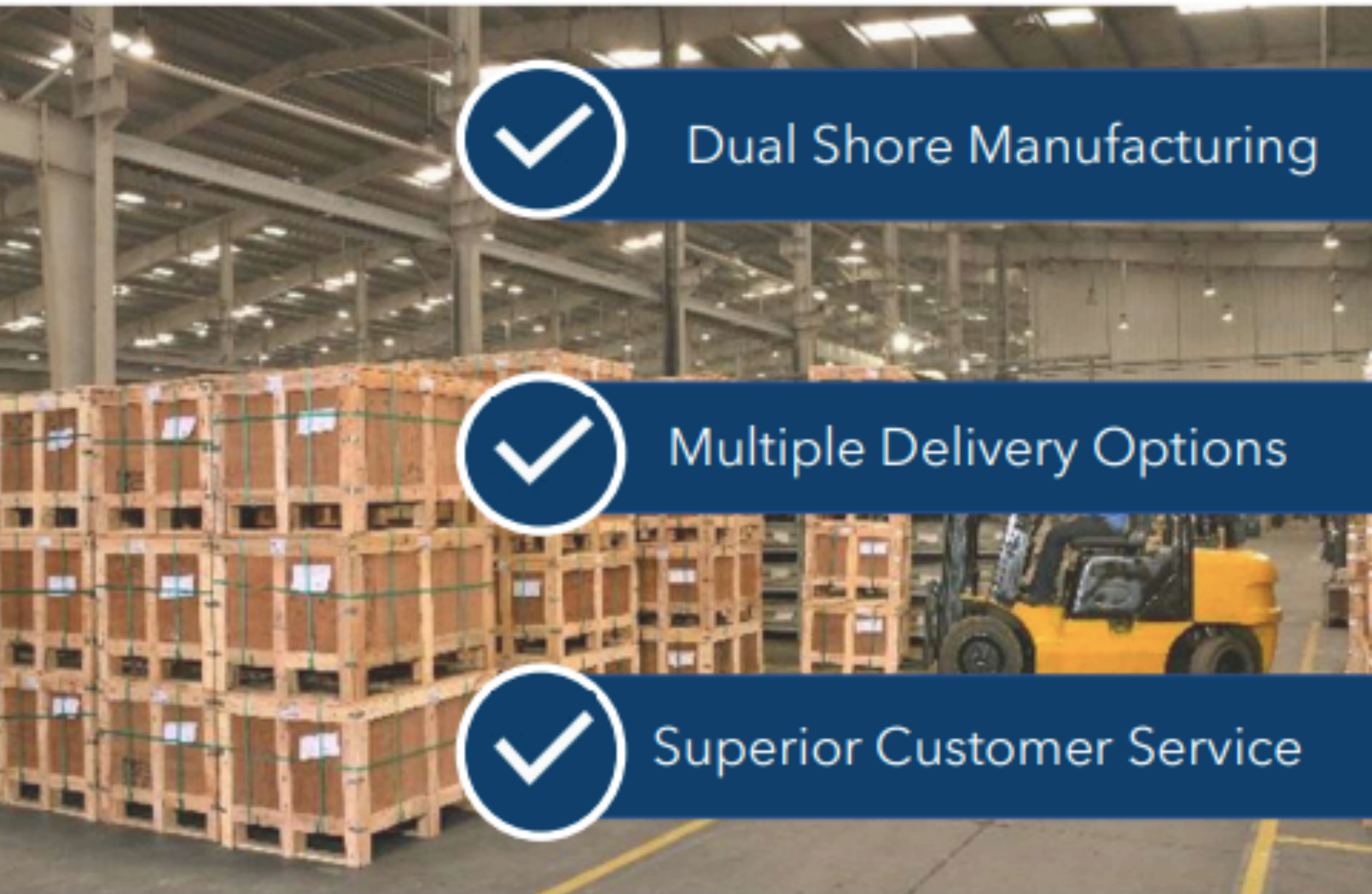


Development &
Assembly



Customised &
Packaging

Global Delivery Model De-Risks Clients' Supply Chain



Dual Shore Manufacturing



Multiple Delivery Options



Superior Customer Service

- Fully integrated engineering solutions provider
- Manufacturing facilities in India and US
- Well utilised capacities and modular additions
- Global delivery model encompassing local deliveries, Direct exports and warehouse sales
- Delivery facilitated as per customer requirements
- Warehousing Sales: pre-sales services and customized delivery

Reduced

Supply Chain Uncertainty

Timely

Support Services

Superior

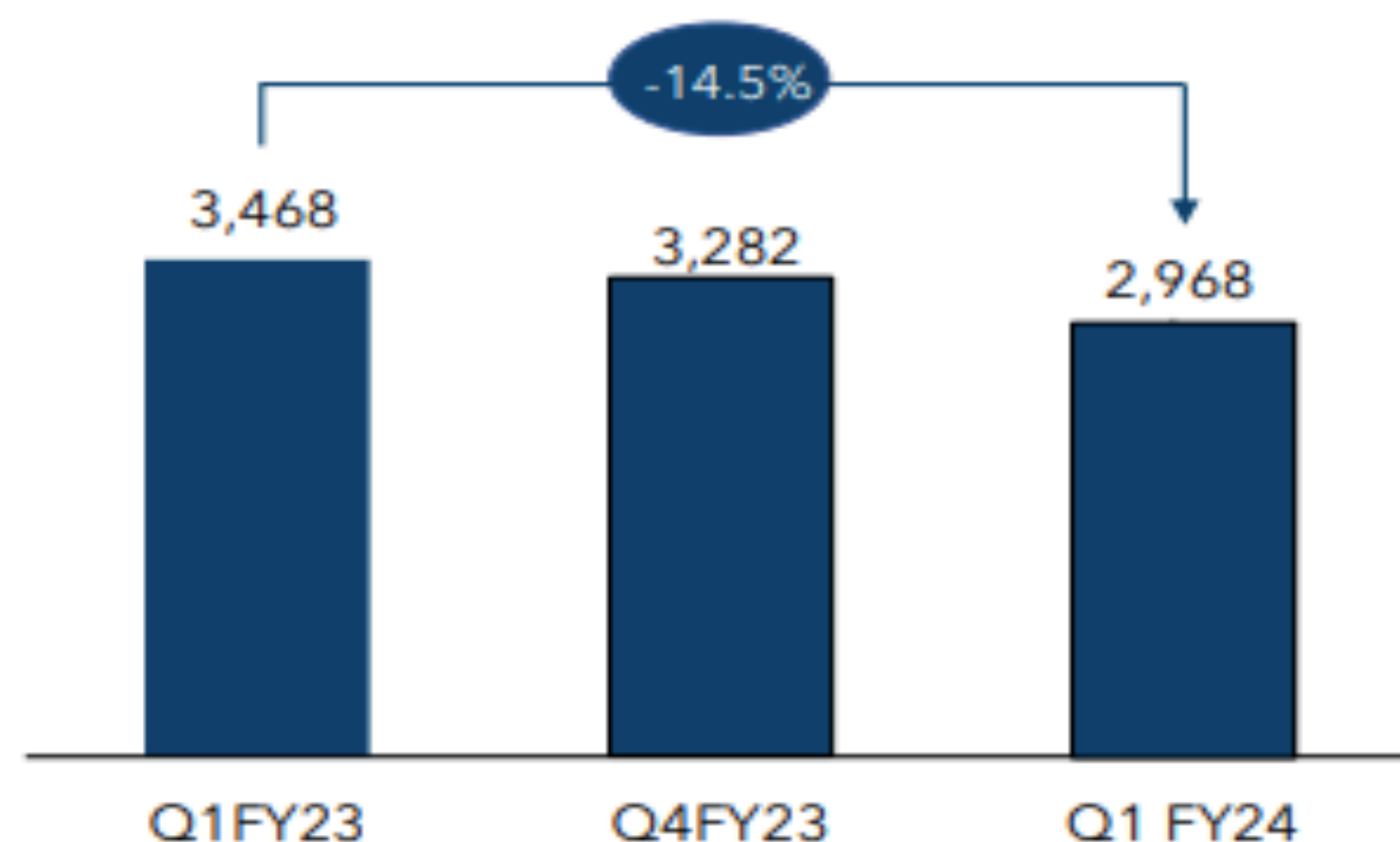
Quality Controls

Future Growth Drivers

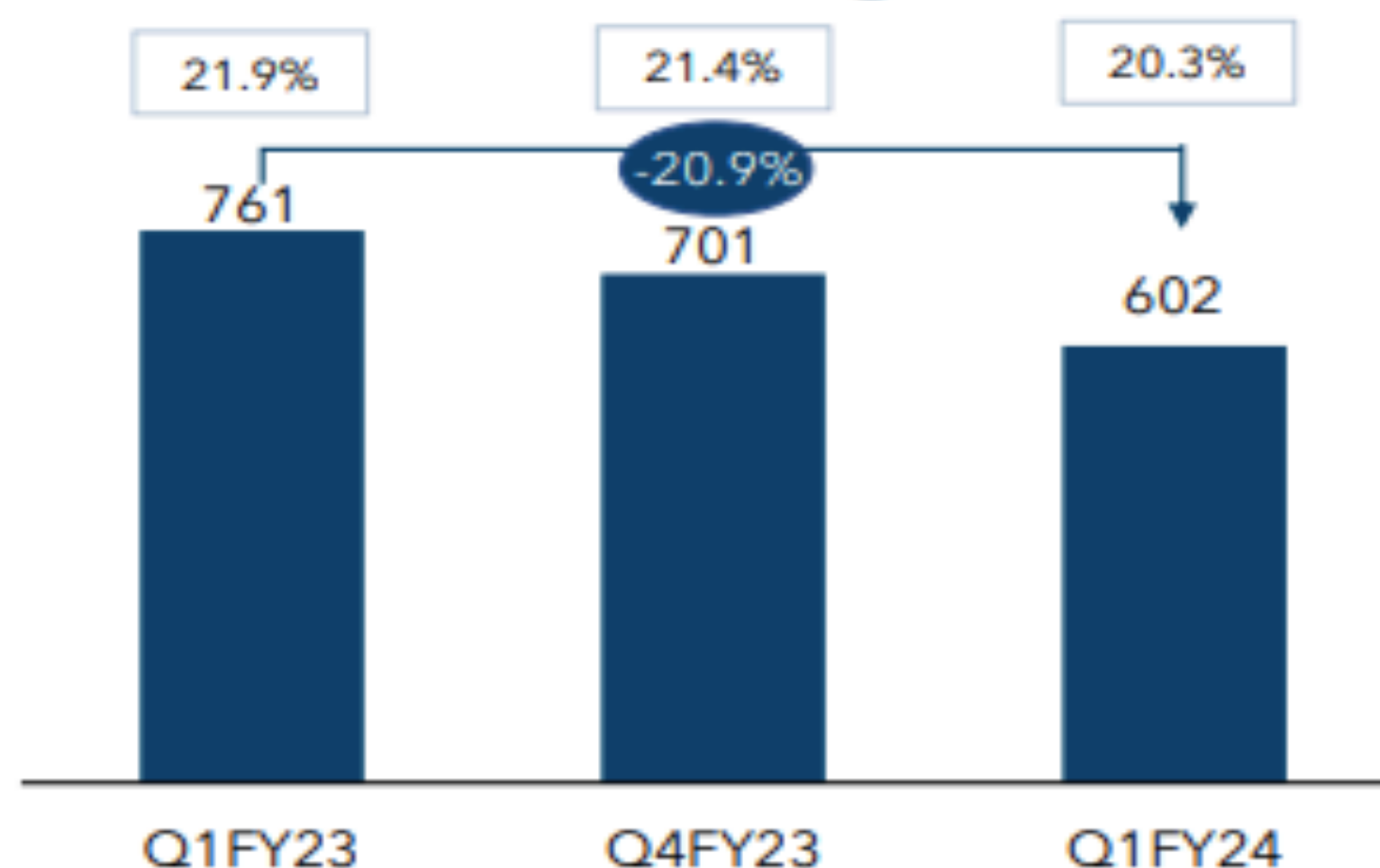


Q1 FY24 Results

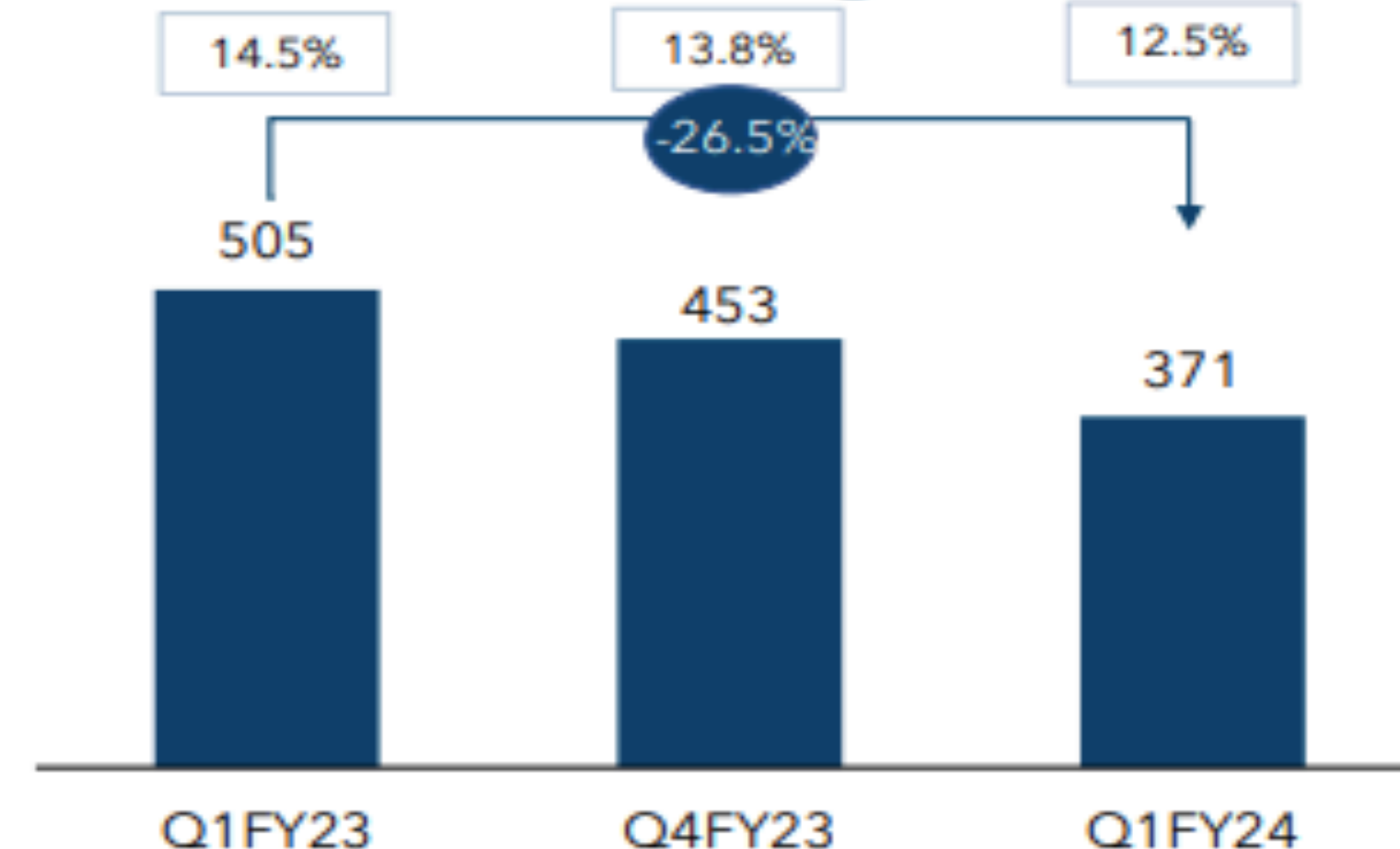
Revenue from operations



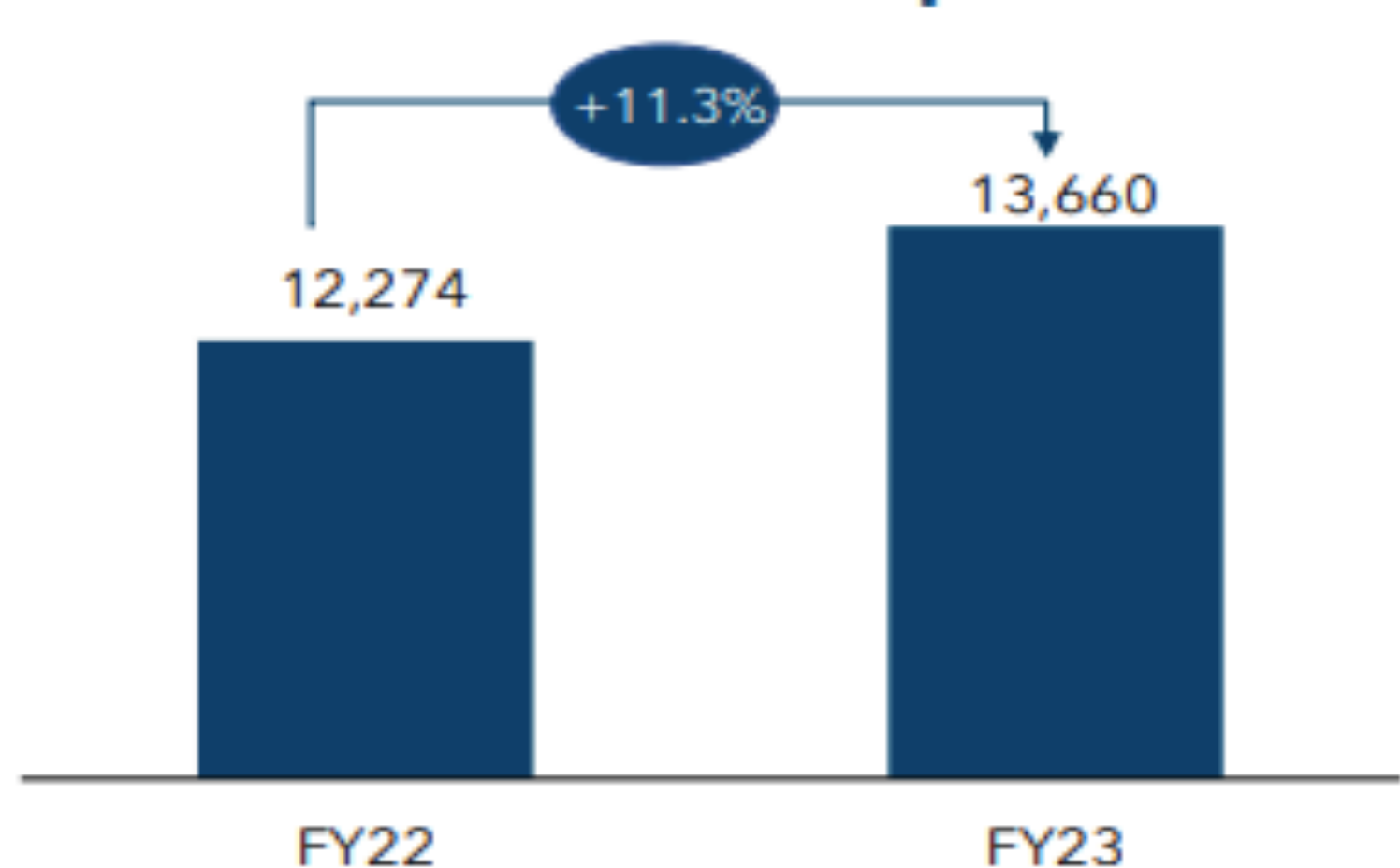
EBITDA & Margins(%)



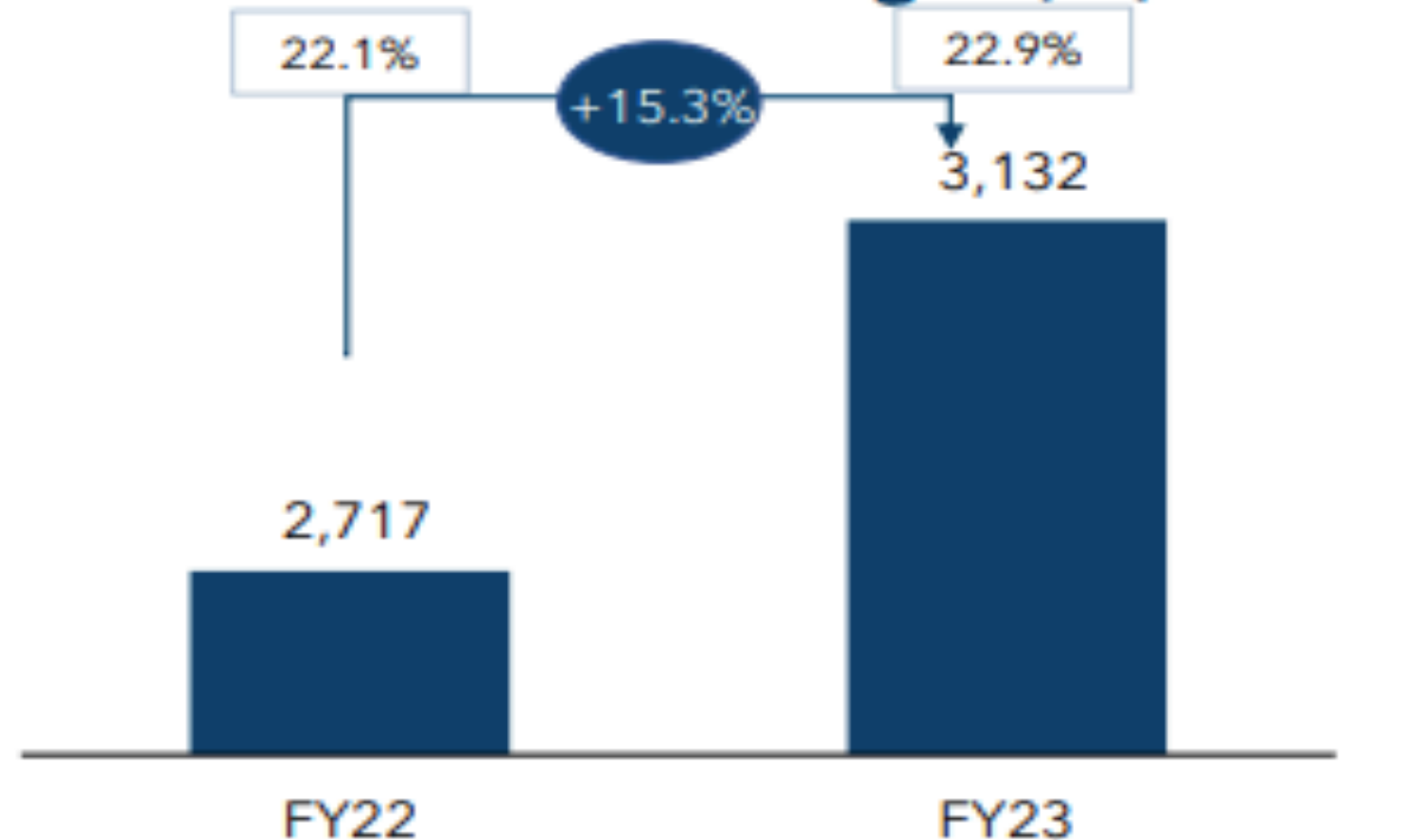
PAT & Margins(%)



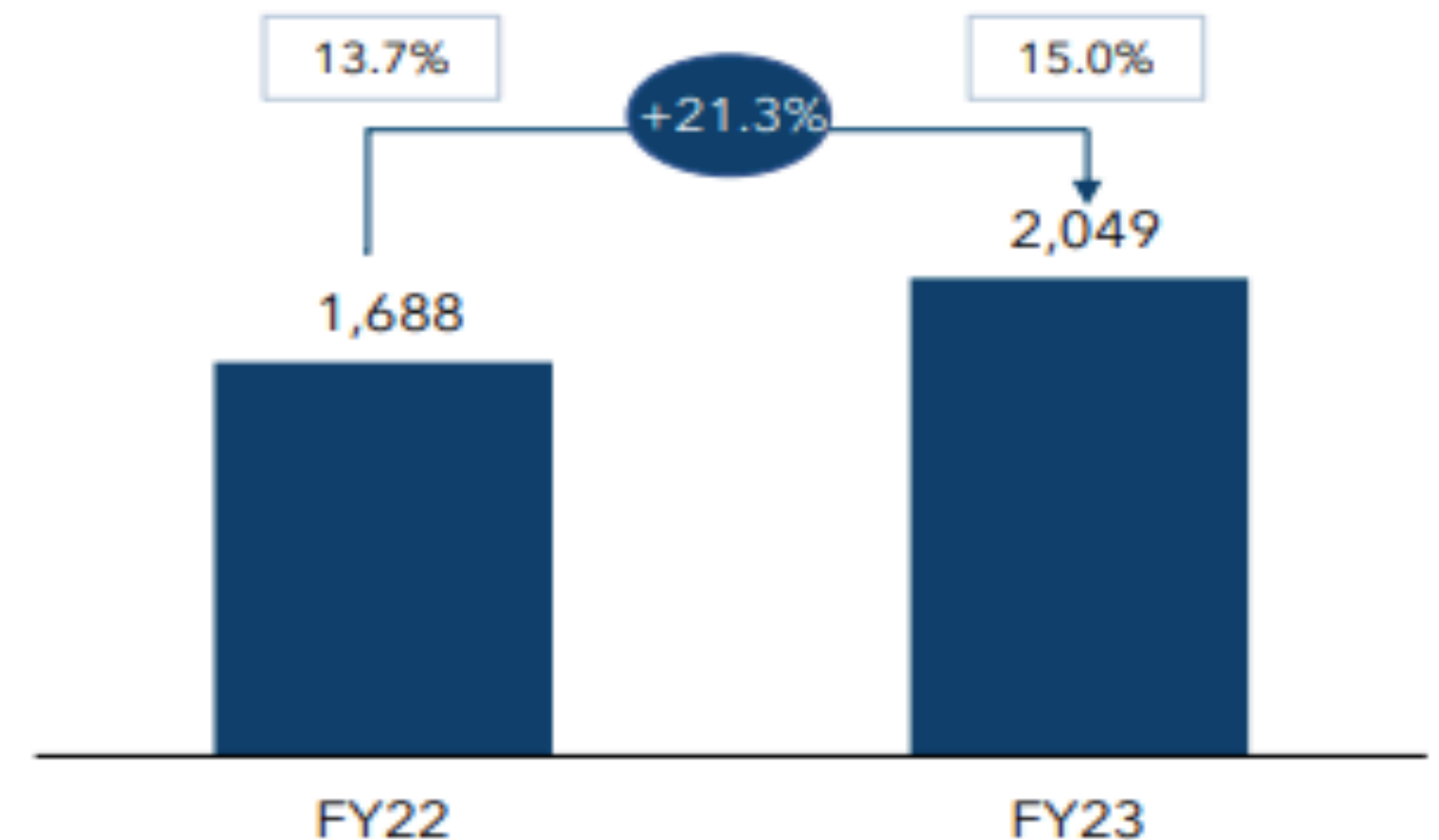
Revenue from operations



EBITDA & Margins(%)



PAT & Margins(%)



Passion

Innovation

Integrity

Excellence

Team Work

All Figures in Rs Mn

Operating Environment Updates -

North America: Small Ag market demand continues to be subdued in the short term. Large Ag and Construction equipment market is performing well with healthy end-user demand.

Europe: Demand from OEM customers is stable.

Aftermarket segment: Softness in the aftermarket segment in Europe and USA is extending a little more than earlier estimated. This includes inventory levels re-balancing at customer's end as one of the drivers.

Demand in Indian Domestic Tractor market made a slow start to the year but is expected to pick up in balance year

The new enquiries, engagements, conversions owing to the China+1 theme continue to be robust.

UTV 3PL project is progressing well for pilot launch in H2 of the fiscal



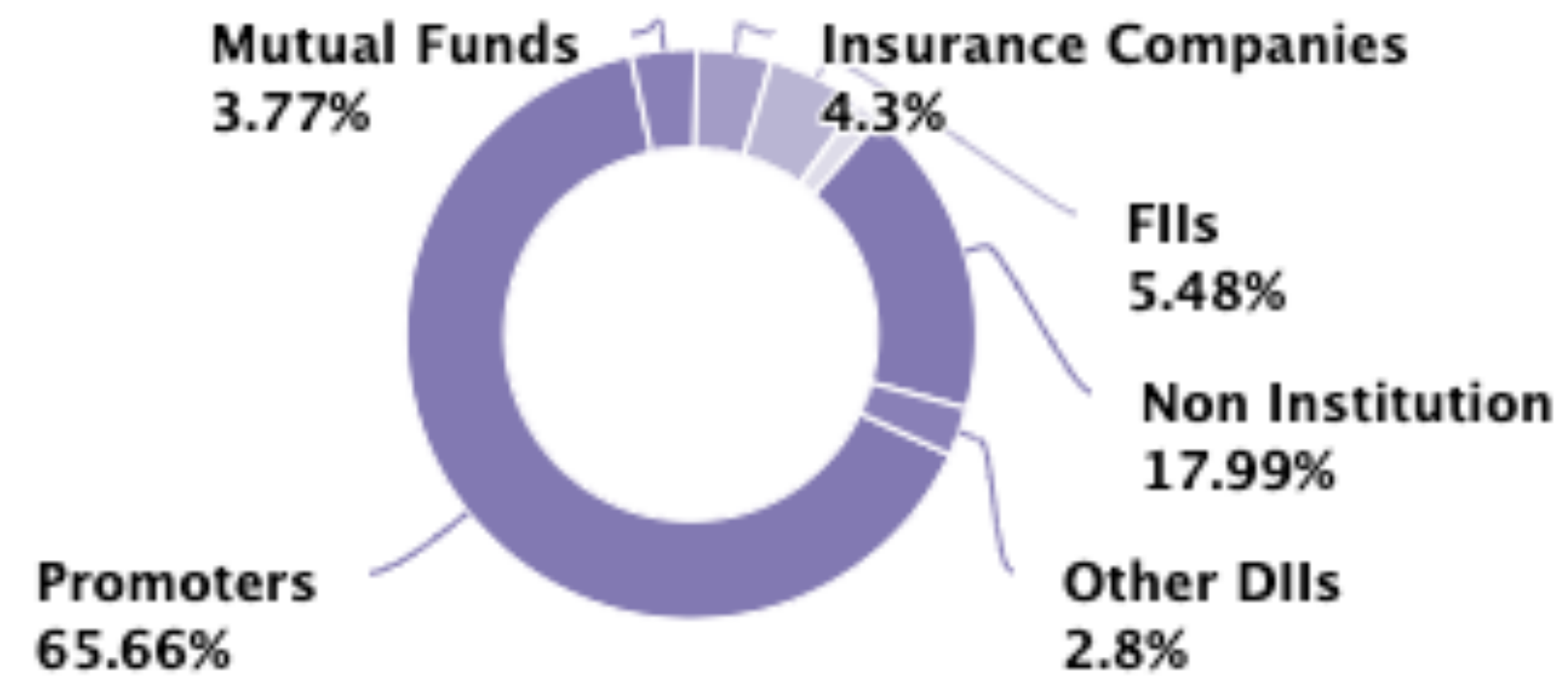
Yearly Results

YEARLY RESULTS OF UNIPARTS INDIA (in Rs. Cr.)	MAR '23
Net Sales/Income from operations	1,366.02
Total Income From Operations	1,366.02
EXPENDITURE	
Consumption of Raw Materials	496.68
Increase/Decrease in Stocks	-9.15
Employees Cost	239.65
Depreciation	39.03
Other Expenses	341.83
P/L Before Other Inc., Int., Excpt. Items & Tax	257.98
Other Income	16.22
P/L Before Int., Excpt. Items & Tax	274.21
Interest	5.97
P/L Before Exceptional Items & Tax	268.23
P/L Before Tax	268.23
Tax	63.34
P/L After Tax from Ordinary Activities	204.89
Net Profit/(Loss) For the Period	204.89
Net P/L After M.I & Associates	204.89
Equity Share Capital	44.62
Reserves Excluding Revaluation Reserves	786.00
EPS BEFORE EXTRA ORDINARY	
Basic EPS	46.32
Diluted EPS	45.40
EPS AFTER EXTRA ORDINARY	
Basic EPS.	46.32
Diluted EPS.	45.40

Key Financial Ratios

KEY FINANCIAL RATIOS OF UNIPARTS INDIA (in Rs. Cr.)	MAR 23
PER SHARE RATIOS	
Basic EPS (Rs.)	46.32
Diluted EPS (Rs.)	45.40
Cash EPS (Rs.)	54.67
Book Value [ExclRevalReserve]/Share (Rs.)	186.16
Book Value [InclRevalReserve]/Share (Rs.)	186.16
Revenue from Operations/Share (Rs.)	306.15
PBDIT/Share (Rs.)	70.20
PBIT/Share (Rs.)	61.45
PBT/Share (Rs.)	60.11
Net Profit/Share (Rs.)	45.92
NP After MI And SOA / Share (Rs.)	45.92
PROFITABILITY RATIOS	
PBDIT Margin (%)	22.93
PBIT Margin (%)	20.07
PBT Margin (%)	19.63
Net Profit Margin (%)	14.99
NP After MI And SOA Margin (%)	14.99
Return on Networth/Equity (%)	24.66
Return on Capital Employed (%)	29.92
Return on Assets (%)	19.37
Total Debt/Equity (X)	0.02
Asset Turnover Ratio (%)	1.63
LIQUIDITY RATIOS	
Current Ratio (X)	4.95
Quick Ratio (X)	1.74
Inventory Turnover Ratio (X)	1.63
Dividend Payout Ratio (NP) (%)	0.00
Dividend Payout Ratio (CP) (%)	0.00
Earnings Retention Ratio (%)	0.00
Cash Earnings Retention Ratio (%)	0.00
COVERAGE RATIOS	
Interest Coverage Ratios (%)	52.44
Interest Coverage Ratios (Post Tax) (%)	52.44
VALUATION RATIOS	
Enterprise Value (Cr.)	2,398.75
EV/Net Operating Revenue (X)	1.76
EV/EBITDA (X)	7.66
MarketCap/Net Operating Revenue (X)	1.77
Retention Ratios (%)	0.00
Price/BV (X)	2.91
Price/Net Operating Revenue	1.77
Earnings Yield	0.08

Shareholding Pattern an on Jun'23



Summary

- ❖ With deliverance of steady performance in Q1 of FY'24, the Company's Net Sales were Rs.296.77 crs in Jun'23 as compared to Rs.346.84 crs in Jun'22. However, the Net Profits stood as Rs.37.11 crs in Jun'23 versus Rs.50.51 crs in Jun'22.
- ❖ Taking into consideration fine financials and fair fundamentals, the Company is available at a good price of Rs.611.45 with its 52 week low of Rs.501.15 and 52 week high of Rs.722.65.
- ❖ Since the Promoters are holding majority stake around 65.66% as well as its robust valuations, anticipates that the Management is committed to growth of the Company.
- ❖ In Public Shareholding as on Jun'23, the FIIs and the Other DIIs altogether stood with 8.28% stake. Whilst, the Mutual Fund Houses own 3.77% holdings in the Company.
- ❖ As a reaffirming fact, Uniparts India Ltd. is held by HDFC MF, NIPPON INDIA MF, MAHINDRA MANULIFE MF, EDELWEISS MF and a few more.
- ❖ On consolidated basis, Return on Equity (ROE) and Return on Capital Employed (ROCE) were registered around 24.66% & 29.92% respectively as on Mar'23.
- ❖ Uniparts India Ltd. is a dividend paying stock. For the year ending Mar'23, the Company has declared an equity dividend of 142.50% i.e. Rs.14.25 per equity share.

Disclosure

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2. My daughter, Ms. Palvit Kaur

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