



Nov 28, 2022

# UNIPARTS INDIA LTD

## IPO

*One of the leading suppliers of systems and components for the off-highway market in the agriculture and construction, forestry and mining sector, Uniparts India Ltd, said it will launch its initial public offer (IPO) on Nov 30, 2022. The offer will close on Dec 2, 2022 and the company has fixed the price band at ₹548-₹577 per equity share.*

Rating: **Subscribe**

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## Company's Overview

- Uniparts India Ltd is a global manufacturer of engineered system and solution and leading suppliers of system and component for the off-highway market in the agriculture and construction, forestry and mining (CFM) and aftermarket sectors on account of their presence across 25 countries.
- The product portfolio of the company includes 3-point linkage system(3PL) (consist of different assemblies that are attached to an agricultural tractor) and precious machined parts (PMP) (group of products that are components requiring stringent material and manufacturing specifications and controls) as well as adjacent product verticals of power take off ("PTO"), fabrications and hydraulic cylinders or components thereof.
- The company has leading presence in the manufacture of 3PL and PMP products globally on account of serving some of the largest global companies.
- They offer fully integrated engineering solutions from conceptualization, development and validation to implementation and manufacturing of products. Conceptualization stages involves acquiring intelligence, assessing customer requirement and formulating customized strategy for individual customers. The development phase includes product designing, material procurement and processing. This is followed by the validation phase, which involves prototyping, testing and feasibility analysis.
- In India, the company has five manufacturing facilities, two at Ludhiana, Punjab, one at Visakhapatnam, Andhra Pradesh, and two at Noida, Uttar Pradesh.
- The company had an estimated 16.68% market share of the global 3PL market in Fiscal 2022 in terms of value and an estimated 5.92% market share in the global PMP market in the CFM sector in Fiscal 2022 in terms of value.

## Valuations

- Considering the FY22 / FY23 Annualized EPS of Rs.36.98 / Rs.44.76 on a post issue basis, the company is going to list at a P/E of 15.60x / 12.89x with a market cap of Rs.26,042 mn whereas its peers namely Bharat Forge Ltd and Ramkrishna Forgings Ltd are trading at P/E of 47.1x and 14.3x.
- We assign "Subscribe" rating to this IPO as the company has leading market presence in global off-highway vehicle systems and components segment. Also, it is available at reasonable valuation as compared to its peers.

## Financial Snapshot

Particulars (in millions)	FY22	FY21	FY20
Revenue	12,274	9,031	9,072
Other Income	36	445	316
Total Income	12,310	9,477	9,388
Total Expenses	10,017	8,291	8,644
EBITDA	2,680	1,194	962
EBITDA Margin	21.84%	13.22%	10.60%
PAT	1,669	931	626
PAT Margins	13.60%	10.31%	6.90%
EPS	36.98	20.64	13.88

Issue Open	Nov 30, 2022, Wed
Issue Close	Dec 2, 2022, Fri
Issue Type	Book Built Issue IPO
Issue Size	<b>Fresh Issue:</b> Nil <b>OFS:</b> 14.48 mn Eq Shares (₹8,356.08 mn)
Face Value	₹10
Issue Price Band	₹548-₹577
Listing at	NSE, BSE
Minimum Lot Size	25 shares

## Objects of the Issue

- To carry out the Offer for Sale of up to 14,481,942 Equity Shares by the Selling Shareholders
- Achieve the benefits of listing the Equity Shares on the Stock Exchanges

## Issue Break-Up

Category	No of shares (Mn)	In Million	% of issue
QIB	7.24	4,178.04	50.00%
NIB	2.17	1,253.41	15.00%
Retail	5.07	2,924.63	35.00%
Total	14.48	8,356.08	-

## Shareholding Pattern

	Pre- Issue	Post- Issue
Promoters and Promoters' Group	75.54%	65.79%
Public	24.46%	34.21%
Total	100.00%	100.00%

## Capital Structure

Particulars	Aggregate value
Authorized Equity Share Capital	600.00 mn
Paid -Up Capital (Pre-Offer)	451.34 mn
Paid- Up Capital (Post-Offer)	451.34 mn



## Competitive Strengths

- Leading market presence in global off-highway vehicle systems and components segment.
- Engineering driven, vertically integrated precision solutions provider.
- Global business model optimizing cost-competitiveness and customer supply chain risk
- Long-term relationships with key global customers, including major original equipment manufacturers, resulting in a well-diversified revenue base.
- Healthy financial position with robust financial performance metrics
- Experienced Promoters and qualified senior management team

## Key Business Strategies

- Leverage integrated precision engineering capabilities and established global business model, to tap additional business opportunities and expand addressable market.
- Focus on higher value addition products and enhanced service offerings to improve the margin profile.
- Target new customer accounts and expand existing customer account.
- Enhance engineering, innovation and design competence.
- Grow inorganically through strategic acquisitions and alliances.

## Key Risks

- The company depends on a limited number of customers for a significant portion of their revenue. Top 10 customers contributed 70.42% and 71.30% to the revenues in Fiscal 2022 and three months ended June 30,2022 respectively.
- Business is impacted by cyclical effects in the global and domestic economy, specifically in the agriculture and CFM (construction, forestry and mining) sectors, as their customers and end-users operate in the agriculture and CFM sectors and are, therefore, affected by factors that affect the agriculture and CFM sectors, including the levels of investment and production in these specific sectors of the global and domestic economies.

## Peer Comparison:

Company Name	Face Value (₹ Per Share)	Total Revenue (in ₹ mn)	EPS(₹)	NAV(₹per share)	RoNW(%)
Uniparts India Ltd	10	12,310.39	36.98	151.82	24.35%
Balkrishna Industries Ltd	2	87,330.40	74.25	358.63	20.70%
Bharat Forge Ltd	2	1,06,569.78	23.23	142.33	16.25%
Ramkrishna Forgings ltd	2	23,217.06	12.43	67.45	18.36%

## Promoters and Management Details

Name	Designation
Gurdeep Soni	Chairman and Managing Director
Paramjit Singh Soni	Executive Director and Vice Chairman

