

One Stop Investment Avenue



GEPL
CAPITAL



Initiating Coverage
UNIPARTS INDIA LTD
LEVERAGING MARKET POSITION



Equity | India | FMCG

Jul 31, 2023

UNIPARTS INDIA LTD

Initiating Coverage

CMP: INR 647 | Target: INR 804

Upside / Downside: +24.3% | Rating: BUY

Jul 31, 2023

Market Info (as on Jul 28, 2023)

BSE Sensex	66,160
Nifty 50	19,605

Stock Detail

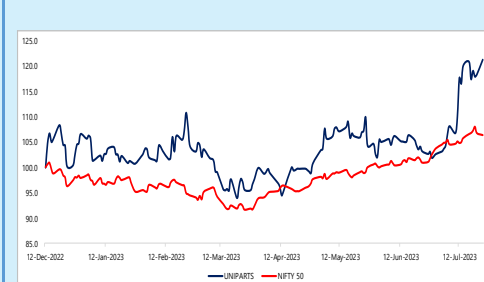
BSE Group	B
BSE Code	543689
NSE Code	UNIPARTS
Bloomberg Code	UNIPARTS:IN
Market Cap (INR Cr.)	2969
Free Float (%)	34.34%
52wk Hi/Lo	673 / 501
Avg. 20 Day Volume (NSE)	2,57,519
Face Value (INR)/ D. Yield (%)	2 / 0.26
Total Paid Up Eq. Shares (Mn.)	45.13

Promoters	Public	Others
65.66	34.34	—

Financial Snapshot

Particular	(INR Cr)			
	FY23	FY24E	FY25E	FY26E
Net Sales	1366	1537	1729	1945
EBITDA	297	366	410	459
PAT	205	254	293	330
EPS	45.3	56.2	64.9	73.1
ROE (%)	22%	27%	26%	24%
ROCE (%)	28%	34%	32%	30%
P/E	14.3	11.5	10.0	8.8
EV/EBITDA	11.5	8.4	7.3	6.3

Share Price Performance



Rel. Perf.	1Mth	3 Mths	6Mths	Dec-22
UNIPART (%)	18.6	22.0	20.7	14.9
Nifty (%)	5.2	10.6	8.6	7.5

Mr. Harshad D. Gadekar

Research Analyst, Fundamental Desk

harshadgadekar@geplcapital.com

+91-22-66142685

Summary

We Initiate Coverage on Uniparts India Ltd (hereafter 'UNIPARTS') with a 'BUY' rating and target Price of INR 804 implying 24.3% upside. Uniparts India Limited is a prominent supplier of off-highway vehicle (OHV) systems and components. Their product portfolio comprises intricate and crucial items, with 3-Point Linkage Systems (3PL) accounting for approximately 56% and Precision Machined Parts for Articulated Joints (PMP) making up around 36%. They are also venturing into Hydraulic Cylinders, Power Take-off (PTO), and Fabrication products. Their clientele includes OHV OEMs in the US (47%), Europe (25%), India (13%), and Japan (5%), encompassing agriculture (70.5%) and CFM vehicles (25%). With well-established customer relationships, cost-effective manufacturing, and global delivery capabilities, Uniparts is in an excellent position to seize emerging opportunities in the global OHV components market. The ability to cross-sell value-added products further reinforces their market presence.

Investment Rationale

Increasing Focus on Value Added Products Giving Higher Market Size

Uniparts is strategically capitalizing on its dominant position in the 3PL (3 point linkage) and PMP (power management products) markets to venture into related product verticals like hydraulic cylinders, PTO (power take-off) systems, fabrication products, and more. This expansion represents an estimated market opportunity of approximately USD 10 billion. While already a leader in providing 3PL solutions for <=60HP tractors, the company's focus now lies in extending its offerings to the >60HP tractor segment. By doing so, Uniparts aims to increase its share of business with existing customers. Uniparts has recognized a promising market opportunity in the global small farms/ranches sector, specifically in utility task vehicles (UTVs) and all-terrain vehicles. This segment presents a market opportunity worth USD 200 million.

Leading Supplier to Global OHV's with Strong Customer Relationships

Uniparts has been a dominant player in the global tractor market for over 25 years, excelling in the provision of 3PL services with a significant 16.7% market share. The company has further expanded its reach, securing a notable 5.9% share in the global precision machined parts (PMP) market, specializing in articulated joints for off-highway vehicles (OHVs). The key to Uniparts' continued success lies in its enduring customer relationships, cultivated over a decade or more through a meticulous vendor selection process. Once engaged, customers tend to remain loyal, contributing to high business retention. An essential aspect of Uniparts' competitive advantage is its efficient manufacturing capabilities.

Global Shoring to Drive Demand Tailwinds.

Uniparts' India-led manufacturing (85%) and overseas-led warehousing, along with localized customer service, drive its success. Global OEMs find value in optimizing cost and delivery time while de-risking their supply chain. Tractor demand is healthy in the US due to higher grain demand and supportive crop prices. The US infrastructure projects and the proposed EU infrastructure investment package offer growth opportunities.

Trades at Healthy Valuations

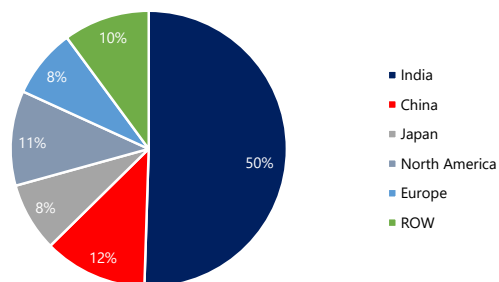
We expect UNIPARTS to revenue to post 13% CAGR over FY23-26E. EBITDA margin is expected to remain robust around 23.5% driven by positive operating leverage, leading to EPS CAGR of 17% and 20%+ return ratios and low debt are expected to further strengthen the balance sheet. Company trades at forward PE of 8.8 (x), we value it with 11(x) to 26E earnings and arrives at Price target of 804 implying 24.3% upside.

Company Profile

Uniparts, a prominent global manufacturer of engineered systems and solutions, is headquartered in India. With a strong presence in the off-highway market, the company supplies cutting-edge systems and components. Operating from eight strategically located facilities across three countries, Uniparts distributes its products to more than 25 countries, solidifying its position as a leading supplier worldwide.

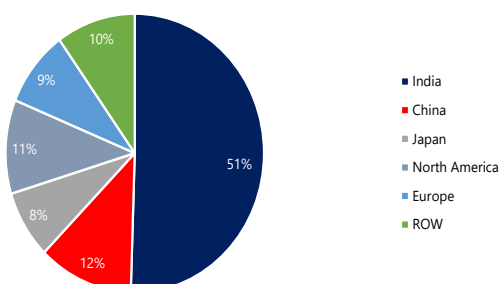
- Incorporation year: 1994
- Chairman: Mr. Gurdeep Soni
- Managing Director: Mr. Gurdeep Soni
- Company Secretary: Ms. Jatin Mahajan
- Head Office: Mumbai, Maharashtra, India
- Auditor: Rakesh Banwari & Co.

Exhibit 01- World Tractor Production 2016



Source: GEPL Capital estimates, Company data

Exhibit 02- World Tractor Production 2026P



Source: GEPL Capital estimates, Company data

INDUSTRY ANALYSIS

WHAT IS 3-POINT LINKAGE

It refers to the three-point hitch system used to attach and stabilize various implements or equipment to the back of a tractor. The 3-point linkage is a standardized mechanism found on the rear of most modern tractors and is an essential feature for connecting and operating a wide range of agricultural implements. The primary purpose of the 3-point linkage is to provide a stable and reliable connection between the tractor and the implement. It allows the tractor's hydraulic system to control the height and depth of the attached equipment, making it possible to perform various tasks such as plowing, tilling, seeding, and mowing.

GLOBAL 3P LINKAGE MARKET

The global market for 3-point linkages (3PL), valued at approximately USD 360-370 million in 2021, is anticipated to exhibit strong growth at a rate of nearly 6%-8% during the period from 2021 to 2026. This growth is primarily driven by the remarkable expansion in tractor production volumes across North America, India, and Europe, along with steady growth in China and Japan. Notably, India accounts for nearly 50% of the global tractor production in 2021, with China following closely at 12%.

Despite India and China jointly accounting for a significant 62% share of the world's tractor production, their combined share in the global 3-point linkages (3PL) demand by value is relatively lower at approximately 36%. This disparity can be attributed to two main factors: a higher proportion of lower horsepower (HP) tractors in their overall tractor population and comparatively lower per assembly price of 3PL in these regions.

In contrast, North America, known for its mature tractor market, contributes around 11% to the world tractor demand and is projected to contribute nearly 18% to the total 3PL demand worldwide in 2021. The demand for 3PL, which is closely linked to tractor demand, is expected to grow steadily and healthily during the period of 2021-2026. Global tractor production is estimated to experience a Compound Annual Growth Rate (CAGR) of 4.1% during this period. Sheet is ensured to remain stable ahead. HGIL with its proven financial discipline, continues to focus on Projects desirable EBITDA margins and IRR.

REGIONAL MARKET FOR 3P LINKAGE

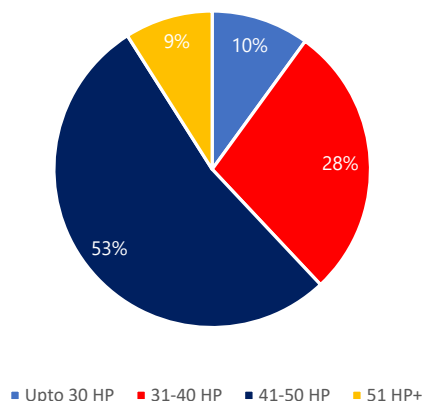
NORTH AMERICA

North America's agricultural equipment market is projected to witness a Compound Annual Growth Rate (CAGR) of around 4.0% during the period 2021-2026. Tractor sales in the region display a mix of lower and middle horsepower (HP) categories, with a notable dominance of two-wheel drive tractors. In 2021, approximately 40% of the tractors sold in North America belonged to the below 30 HP segment, while tractors above 130 HP accounted for only 9% of the overall tractor sales market. Notably, during the period 2016-2021, the growth in sales units of tractors with more than 70 HP surpassed that of other segments.

EUROPE

Europe is a major agricultural producer, and its farm machinery market is growing, reaching levels seen in 2012. Key drivers include mechanization, optimized supply chains, and labor shortage. Innovative technologies and precision farming also contribute to the positive outlook. Most tractors sold in Europe are over 70 HP, and the market is highly competitive, with players vying in cost, brand appeal, horsepower, and efficiency. The region's commitment to advancing agricultural practices ensures sustained growth.

Exhibit 03- World Tractor Production 2016



Source: GEPL Capital estimates, Company data

JAPAN

Japan's agricultural sector is relatively small and contracting slowly. Despite reduced support to agriculture, producers still receive high support (41% of gross farm receipts) compared to the OECD average. The total support estimate to agriculture represents 0.9% of Japan's GDP. Japanese farmers use the terrace system, achieving world-leading yield per hectare. Tractor sales in Japan are mainly lower and middle HP categories, with above-70 HP tractors comprising just 4% of the market. This unique combination of factors shapes Japan's agricultural landscape.

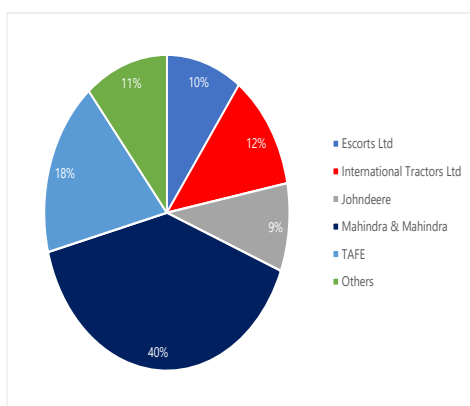
CHINA

China, the world's second-largest economy, supports 20% of the global population with only 10% of the world's arable land, a testament to its efficient agricultural practices. Remarkably, the country has become the largest agricultural importer, surpassing both the European Union and the United States. Tractor sales in China are predominantly dominated by powerful models over 70 HP, constituting about 75% of total sales in 2021. However, agricultural preferences differ across regions due to variations in farm size. In Northern China, where farms are more extensive, high-HP tractors and combines are favored, while in the south, with smaller farms, compact and smaller tractors are preferred. China's ability to balance productivity and diverse agricultural needs further reinforces its influential role in the global agricultural landscape.

INDIA

India's tractor market has experienced rapid growth in recent years, diversifying from mid-sized tractors (30-40 HP) to include larger (over 50 HP) and smaller (below 20 HP) models. The demand for various tractor sizes and utility values is increasing due to the need for precision in intensive multi-crop farming. The average tractor size in India is 35 HP, smaller compared to the US and Europe. Farmers are increasingly favoring less than 51 HP tractors, driven by the need for mechanization with rotary tillers and other equipment. Additionally, the shortage of labor is fueling the demand for higher HP tractors. Tractors with less than 15 HP are also being introduced for farming smaller plots, with the 31-40 HP and 41-50 HP segments dominating the domestic market. Tractor production is expected to increase by 5.6% in 2022, driven by normal monsoon forecasts leading to healthy crop growth and improved farmer sentiment. The government's emphasis on rural activities has significantly boosted the demand for tractors in the agricultural sector. However, rising tractor prices due to commodity inflation and higher inventory at dealers' end may impact sentiments in the upcoming year. Credit availability remains stable, with Non-Banking Financial Companies (NBFCs) focusing on tractor financing.

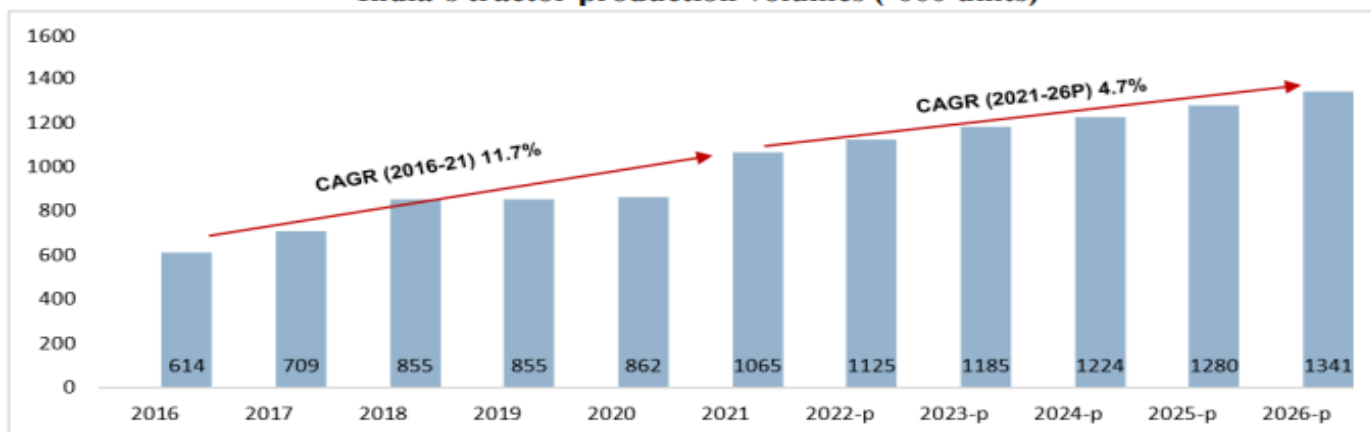
Exhibit 04- World Tractor Production 2016



Source: GEPL Capital estimates, Company data

Exhibit 05- India Tractor Production

India's tractor production volumes ('000 units)

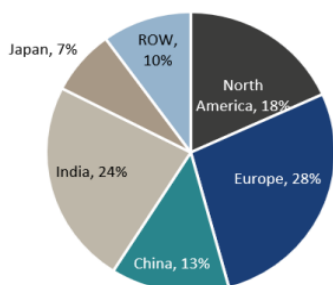


Source: GEPL Capital estimates, Company data

MARKET SIZE

Exhibit 06- World Tractor Production 2016

World 3PL Market (505-525 million USD) in 2026P



Source: GEPL Capital estimates, Company data

WORLD 3 POINT LINKAGE MARKET EXPECTED TO GROW AT 7 % CAGR

The 3-point linkages (3PL) market was valued at USD 350-375 million in 2021, experiencing a 5% CAGR from 2016-2021. Europe, contributing 8% of global tractor volume, holds a significant 27% share in 3PL demand. India and China, with 62% of world tractor production, generate only 36% of the 3PL demand due to higher lower HP tractors and lower 3PL prices in these regions. North America, a mature tractor market, accounts for 11% of global tractor demand and contributes around 18% to the 3PL market. North America and Europe, contributing nearly 45% of global 3PL demand, are expected to see a 3%-5% CAGR in tractor demand between 2021 and 2026. The three-point linkage system refers to how ploughs and implements are attached to agricultural tractors. It is the simplest and only statically determinate way of joining two bodies in engineering, forming a triangle with three coupling points to attach implements like ploughs to the tractor.

Tractor demand in North America and Europe, the key 3PL markets, accounts for nearly 45% of global demand. It is projected to grow at a CAGR of approximately 3%-5% from 2021 to 2026. The three-point linkage system is a method of attaching implements to agricultural tractors, forming a triangle with three coupling points. It is the simplest and only statically determinate way of joining two bodies in engineering.

The 3-point linkage connects the implement to the tractor, making them operate as one unit. It transfers the entire load, which can be multiple times the implement's weight, between the tractor and implement. The tractor's hydraulic system powers the hitch lifting arms, controlled by the operator with various settings available. All three-point linkage systems include a draft control mechanism.

Exhibit 07- Worldwide 3PL growth outlook

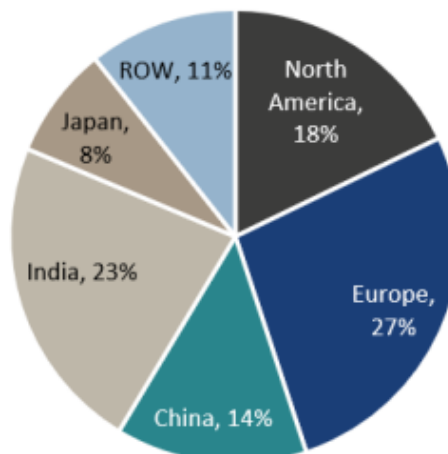
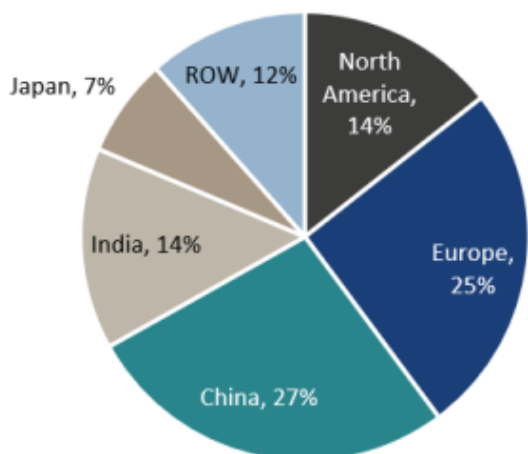
CAGR	North America	Europe	Japan	China	India	Total
2016-2021	9.8%	6.4%	7.8%	-8.2%	15.0%	5.1%
2021-2026	7.5%	7.5%	5.6%	6.3%	7.8%	7.1%

Source: GEPL Capital estimates, Company data

Exhibit 08- World wide 3PL Production

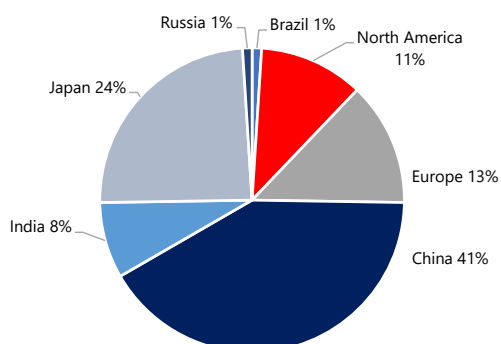
World 3PL Market (275-295 million USD) in 2016

World 3PL Market (350-375 million USD) in 2021



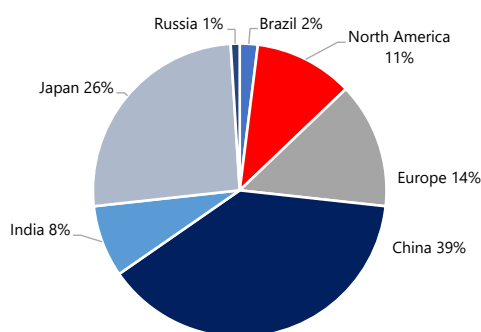
GLOBAL PRECISION MACHINE PART (PMP) MARKET

Exhibit 09- Worldwide PMP Market 2021



Source: GEPL Capital estimates, Company data

Exhibit 10- Worldwide PMP Market 2026P



Source: GEPL Capital estimates, Company data

Precision components are custom-made machinery parts used by industrial and machine-based companies in various applications, including CNC turning. They are manufactured with diverse materials like stainless steel, brass, copper, bronze, aluminum, steel, titanium, and specialized alloys to ensure stability and engineering functions. These components have strict material and manufacturing specifications and are crucial in equipment like construction, forestry, and mining machinery.

The global market for precision machined parts (PMP) used in articulated joints was estimated at USD 648 million in 2021, with over 85% of the demand coming from key geographies such as China, Japan, Europe, and North America. The demand for PMP is projected to experience a healthy 6%-8% compound annual growth rate (CAGR) between 2021 and 2026, driven by robust volume growth in construction equipment production in Japan and Europe. During the same period, PMP production is expected to grow notably in Japan (7%-9% CAGR) and India (7%-9% CAGR). In North America, higher volume growth of construction equipment is anticipated due to increased government investments in infrastructure development projects. Major Original Equipment Manufacturers (OEMs) are driving growth in the PMP industry by developing technically intensive products, processes, and applications, resulting in higher mechanization of construction equipment. China holds the largest market share (42%) in 2021 and experienced the fastest growth (less than 35%) among other regions from 2016 to 2021.

NORTH AMERICA

North America ranks among the top 5 global markets for construction equipment sales volume in 2021. After a decline in 2020 due to the COVID-19 pandemic, equipment sales rebounded in 2021, driven by a recovering economy and the necessity to replace aging equipment fleets. The US construction sector reached historically high levels in 2021.

CHINA

China holds the title of being the largest global market for construction equipment in both sales and production volumes in 2021. Its construction equipment products are primarily exported to Russia, Asia, and Africa. China has developed a comprehensive construction equipment production chain, capable of manufacturing all parts domestically.

INDIA

Construction equipment can be categorized into various types, including earthmoving and mining, material handling, road building, concreting, and material processing equipment. In Fiscal 2018, earthmoving and mining equipment (EME) accounted for the majority share, approximately 70%, of the construction equipment industry. Prominent companies in the construction equipment industry include JCB (leading in backhoe loaders market share) and Tata Hitachi (dominant in excavators market share). Other key players consist of Case New Holland, Caterpillar, Terex, Mahindra Construction Equipment, L&T Construction Equipment, Hyundai, and Bharat Earth Movers Ltd (BEML), among others.

Exhibit 49- Worldwide PMP growth outlook

CAGR	North America	Europe	Japan	China	India	Russia	Brazil	Total
2016-2021	8.0%	7.3%	8.6%	35.1%	4.2%	23.0%	13.0%	15.1%
2021-2026	5.9%	7.2%	8.4%	5.5%	7.5%	8.3%	8.4%	6.7%

Source: GEPL Capital estimates, Company data

COMPANY BUSINESS VERTICALS

Exhibit 11- Vertical wise Revenue

Businesses (INR Cr)	FY20	FY21	FY22	Q1FY23
3PL	428	507	684	200
PMP	432	340	447	123
PTO Applications	6	8	12	3
Fabrications	8	8	13	3
Hydraulic Cylinders	1	1	1	0
Others	32	39	70	18
Total	907	903	1,227	347

Exhibit 12- Geographywise revenue

Grography (INR Cr)	FY20	FY21	FY22	Q1FY23
USA	519	435	576	170
Europe	165	211	311	79
India	115	143	165	49
Japan	42	41	60	17
Asia-Pacific	17	17	27	9
Rest of World	15	22	38	10
Total	873	869	1,177	334

Exhibit 13- Channel wise Revenue

Particulars (INR Cr)	FY20	FY21	FY22	Q1FY23
International Sales	46%	46%	46%	46%
Local Deliveries	18%	16%	14%	14%
Direct Exports	13%	15%	18%	17%
Warehouse Sales	23%	23%	22%	23%
Total	100%	100%	100%	100%

Exhibit 14- Company Products

	3-Point Linkage Systems (3PL)	Precision Manufactures Parts (PMP)	Power take off	Fabrications	Hydraulic Cylinders
Description	Forms a group of assemblies allowing an implement like a plough to be attached to the tractor at three coupling points, forming a triangle	Group of components that require stringent material and manufacturing specifications and controls, used in applications across OHVs	Device used to drive implements such as rotary tillers, mowers and other equipment requiring a mechanical drive by the tractor	Parts of ag and construction implements such as rotary tillers, mowers and other equipment	Used as actuators to move mechanized components, by generating linear motion along an axis
Vehicle	Tractors	Off-highway vehicles	Tractors	Off-highway vehicles and implements	Off-highway vehicles
Features	Design varies by customer, model, size & geography Low standardization	Complex design, high degree of precision Low standardization	Implement specific International safety norm compliance	Varied usage and sizes and diverse designs Low standardization	Standard design High cleanliness norm specifications
Play	Components, complete 3PL systems, Semi-complete 3PL systems	Components for construction application majority of which is used in articulated joints	PTO for the agriculture sector	Fabrications for multiple applications across Off-highway vehicles and implements	Double acting and single acting (including plunger cylinders) hydraulic cylinders
Remarks	Be it Harvester, Cultivator, Rotavator or any other implement, 3PL is required to attach these implements.	End application for PMP is ranges from engine parts and transmission comp. to particular parts for joints in agricultural & CE. For Uniparts, majority is used in articulated joints (hinges). Primary process involved is precision machining (CNC & others).			

	Market share (%)
3PL	16.7%
PMP	5.9%

Source: GEPL Capital estimates, Company data

LONG STANDING RELATIONS WITH CLIENTS

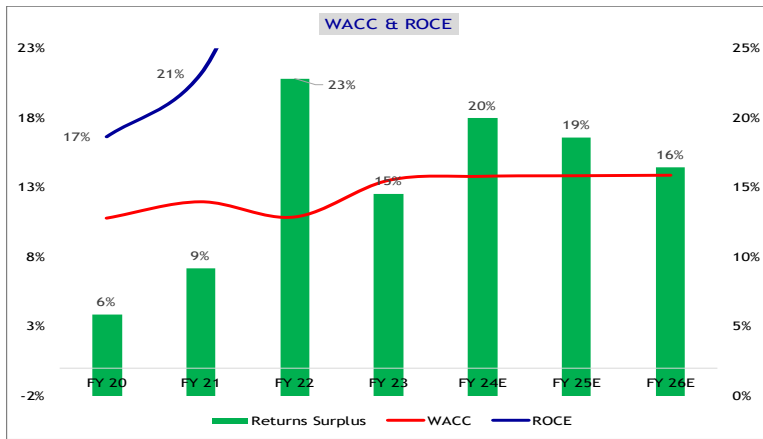
Uniparts is a prominent player in the global tractor market, having successfully supplied 3PL services for over 25 years, with a substantial 16.7% market share. Additionally, the company has diversified into precision machined parts (PMP) for articulated joints of OHVs, securing about 5.9% of the global PMP market. With long-standing relationships with key customers and a strong ability to cost-effectively manufacture multiple SKUs of 3PL components in small batches, Uniparts has created a significant entry barrier through its global business model with dual shore manufacturing and delivery options.

MANUFACTURING FACILITIES

Uniparts operates two manufacturing facilities in Ludhiana, Punjab, India, covering approximately 4.47 acres with a built-up area of about 216,603.00 sq. ft. These ISO 9001:2015 certified facilities handle machined forgings, advanced die and tool building, structural fabrications, PTO products, and precision machined parts. They have in-house capabilities for heat treatment, CNC and VMC machining, robotic welding, metal inert gas welding, and more. Power is sourced from the local grid, with backup from on-site diesel generators. Uniparts operates a sizable leased warehouse spanning 8.00 acres. This fully managed facility is integrated with the company's ERP systems and equipped with bar coding infrastructure for efficient operations. It serves as the central hub for catering to customers in North and South America, along with supplying aftermarket retail stores.

FINANCIAL ANALYSIS

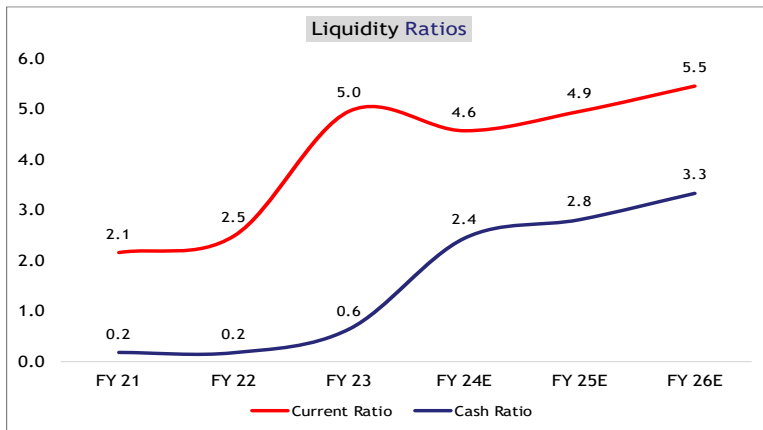
Exhibit 15- WACC & ROCE



Source: GEPL Capital, Company data

..... Its WACC expected to remain stable at 13% and 20+ ROCE implying a returns surplus of 15% for the UNIPARTS.

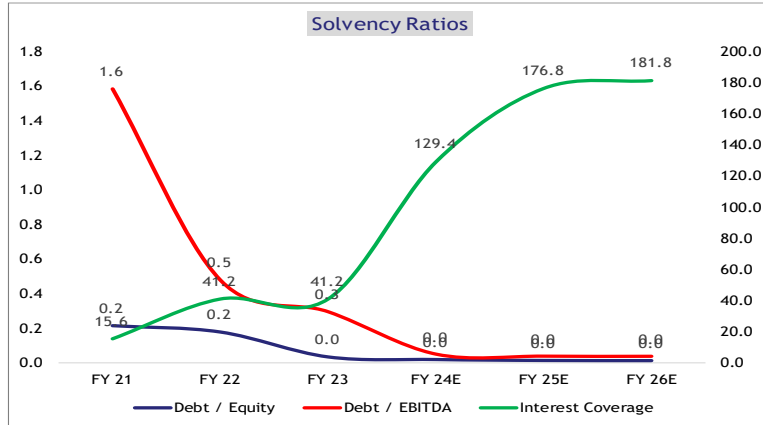
Exhibit 16- Liquidity Ratios



Source: GEPL Capital, Company data

.....Moderation in Working capital days to improve liquidity ratios. The current ratio estimated to each 5.5(x) by FY26E form 2.5(x) in FY22 .

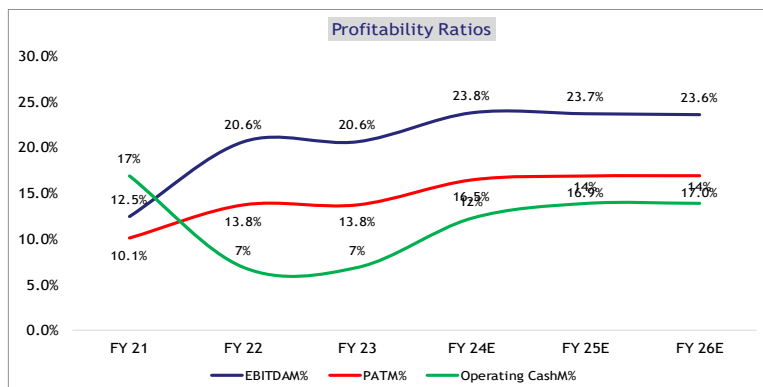
Exhibit 17- Solvency Ratios



Source: GEPL Capital, Company data

..... UNIPARTS has trimmed down its overall gearing below 1 (x) to 0.3(x) in FY23. it is estimated to improve further towards 0.1(x) by FY26E. The Interest coverage ratio to be at healthy levels of 129-181(x) levels during estimated projects.

Exhibit 18- Profitability Ratios



Source: GEPL Capital, Company data

..... company's operating profit margin and net profit margins to estimated to remain stable at ~23%/16% during FY23-FY26E period.

FINANCIAL ANALYSIS

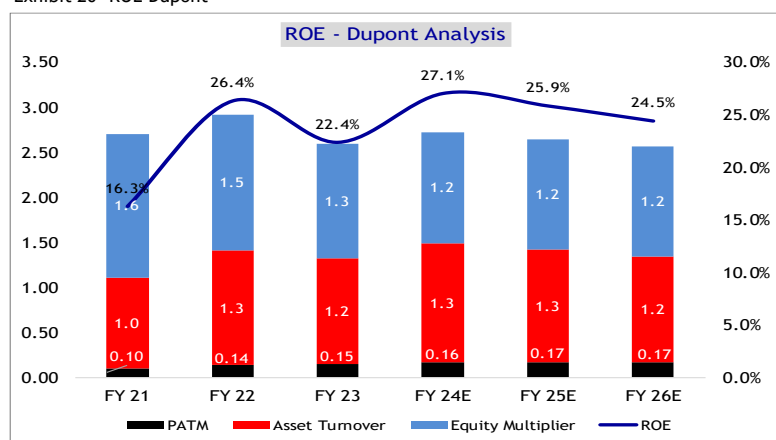
Exhibit 19- Dupont Analysis Table

Dupont Analysis						
	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
ROE	16.3%	26.4%	22.4%	27.1%	25.9%	24.5%
PATM	0.10	0.14	0.15	0.16	0.17	0.17
Asset Turnover	1.0	1.3	1.2	1.3	1.3	1.2
Equity Multiplier	1.6	1.5	1.3	1.2	1.2	1.2
ROCE	21%	34%	28%	34%	32%	30%
EBITM	14%	19%	19%	22%	23%	23%
Capital Turnover	1.5	1.8	1.5	1.7	1.6	1.5

Source: GEPL Capital, Company data

..... The improvement in profitability (PATM) and increased asset turnover is estimated to be offset lowering equity multiplier (leverage) leading to stable ROE during FY24-FY26E period. The ROCE is estimated to touch 30% by FY26E due to higher OPM and stable capital turnover .

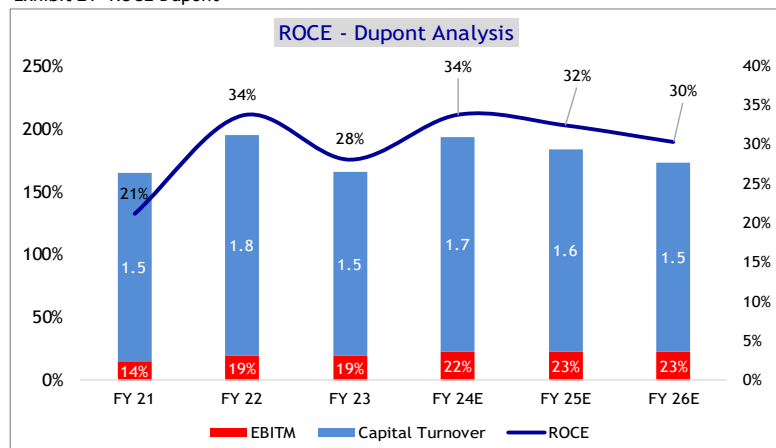
Exhibit 20- ROE Dupont



Source: GEPL Capital, Company data

..... Equity multiplier (leverage) estimated to cool-off to 1.2(x) by FY26E from the highs of 1.5(x) in FY22.

Exhibit 21- ROCE Dupont



Source: GEPL Capital, Company data

.....EBIT margin to be key catalyst for higher ROCE ratios and capital turnover ratios to be stable at 1.5(x).

GROWTH WITH FINANCIAL PRUDENCE

CAPITAL UTILIZATION

Over last 4 years, company is able to generate 1.5(x) to 2.1 (x) sales of capital employed. Asset turnover is ranging between 1.2(x) to 0.98(x). The asset turns are expected to increase due to Higer efficiencies.

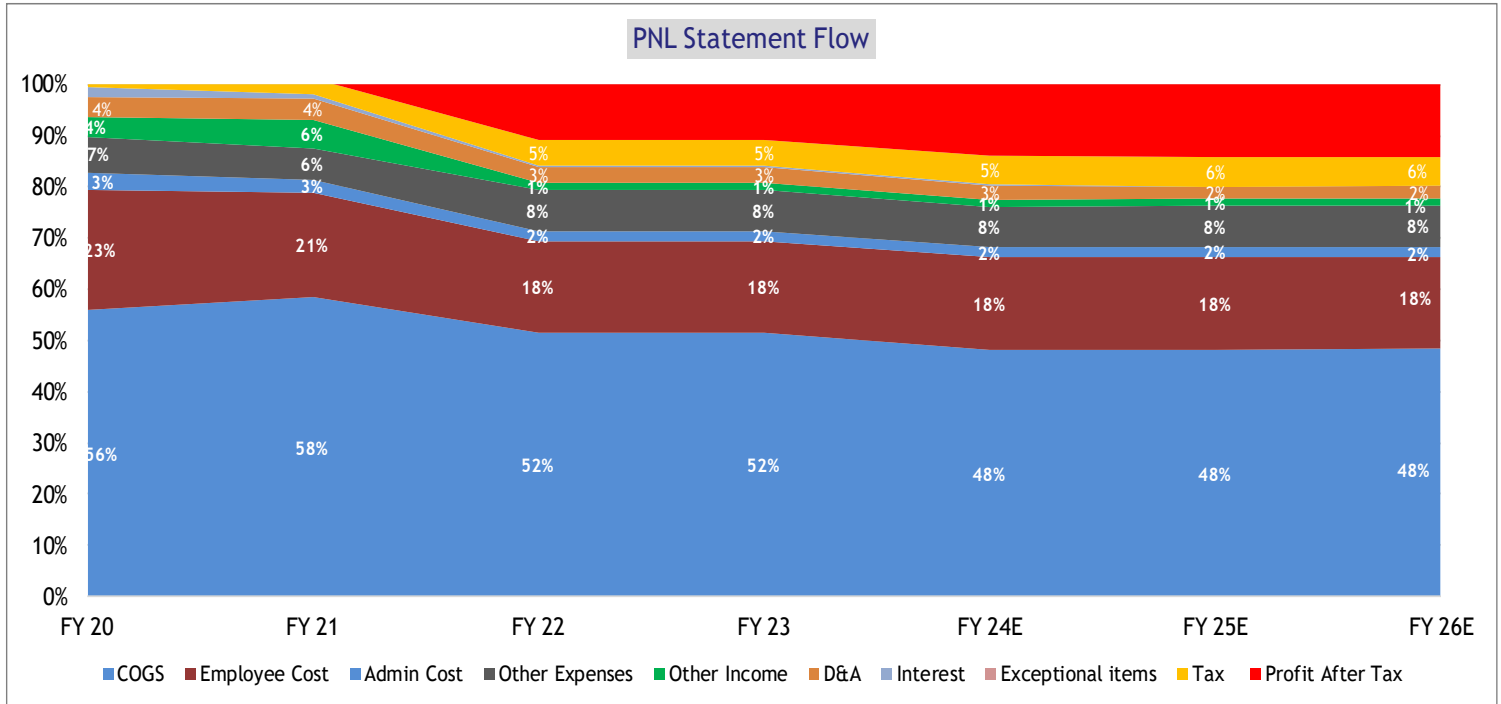
CAPITAL UTILIZATION									
Particulars	FY 16	FY 17	FY 20	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Sales	842	1,061	907	903	1,227	1,227	1,537	1,729	1,945
Capital Employed	427	550	559	637	756	917	1,097	1,321	1,594
Capital Turnover	2.1	2.2	1.6	1.5	1.8	1.5	1.4	1.3	1.2
EBIT Margin	9%	10%	10%	14%	19%	19%	22%	23%	23%
ROCE	20%	22%	17%	21%	34%	28%	34%	32%	30%
ROIC	13%	14%	11%	15%	24%	20%	25%	24%	23%
Asset Turnover	1.2	1.2	0.98	1.01	1.28	1.18	1.33	1.25	1.18

REVENUE AND PROFIT TRENDS

UNIPARTS has been able to generate higher sale in last one decade, which shows topline drives are in place. Its has able to generate FCFF In last three years and has healthy cash generation abilities though business operations. We expect its capital turnover to improve ahead on course of premiumisation and robust industry outlook .

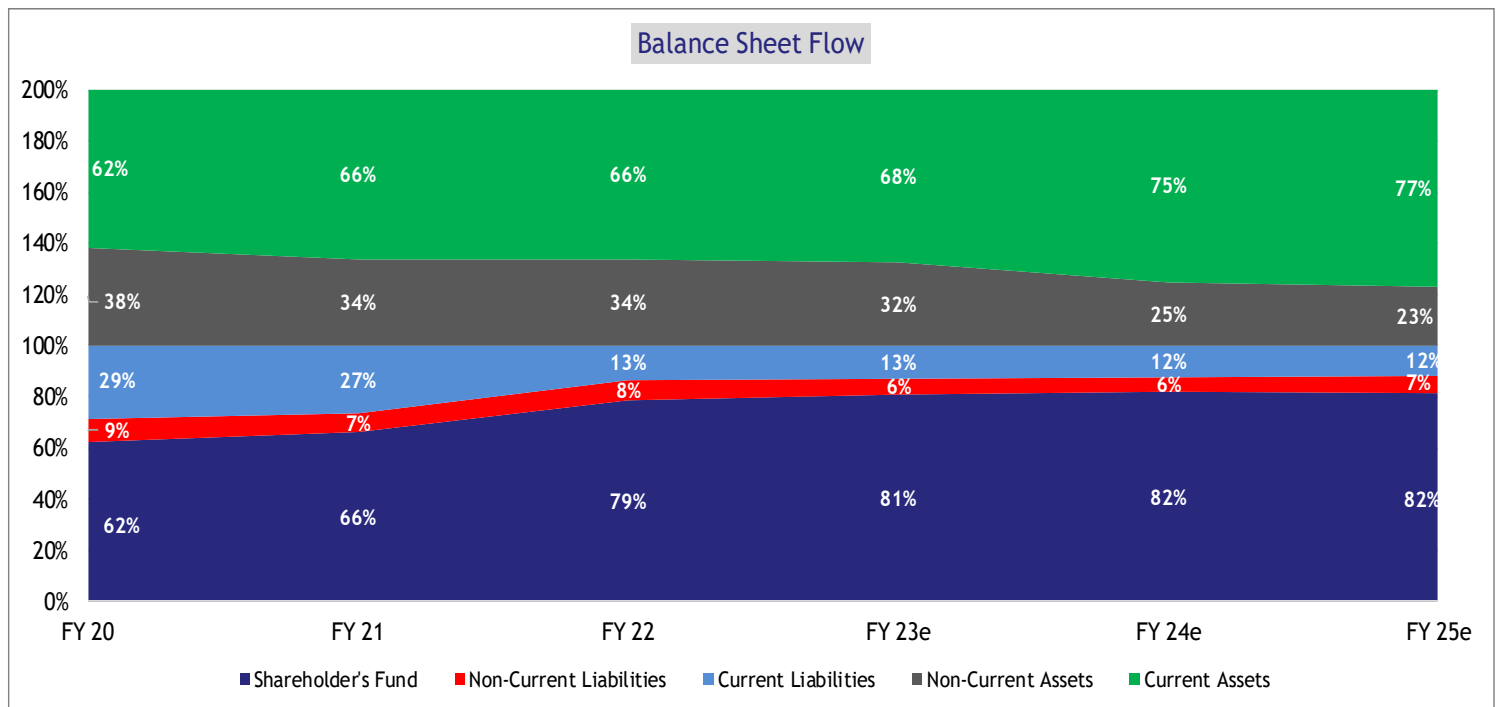
PROFITS OVER THE YEARS											
Particulars	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 20	FY 21	FY 22	FY 23	Total
Capital Employed	316	327	361	376	427	550	559	637	756	917	5,226
Sales	816	782	769	693	842	1,061	907	903	1,227	1,227	8,411
EBIT	76	44	72	48	80	110	92	127	235	235	689
Net Profit	44	29	45	27	54	70	63	91	169	169	491
Operating Cash	67	22	48	68	-6	-6	133	153	85	85	456
Free Cash Flow	33	8	7	43	-48	-116	109	136	50	50	238
Capex	-34	-15	-41	-25	-43	-110	-24	-16	-35	-35	-344
Cash Conversion	152%	77%	107%	256%	-11%	-8%	212%	167%	50%	50%	93%

Exhibit 22- PNL statement flow analysis



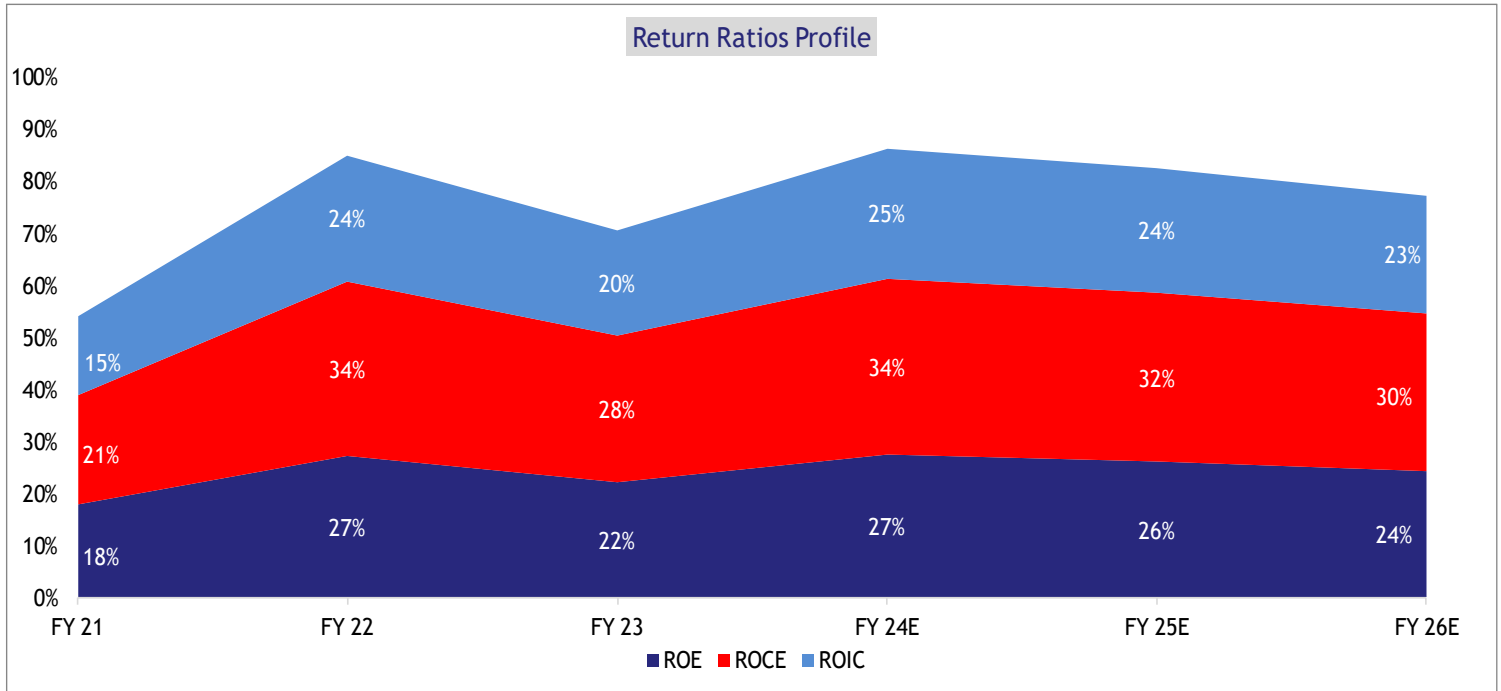
Source: GEPL Capital, Company data

Exhibit 23- Balance sheet flow analysis



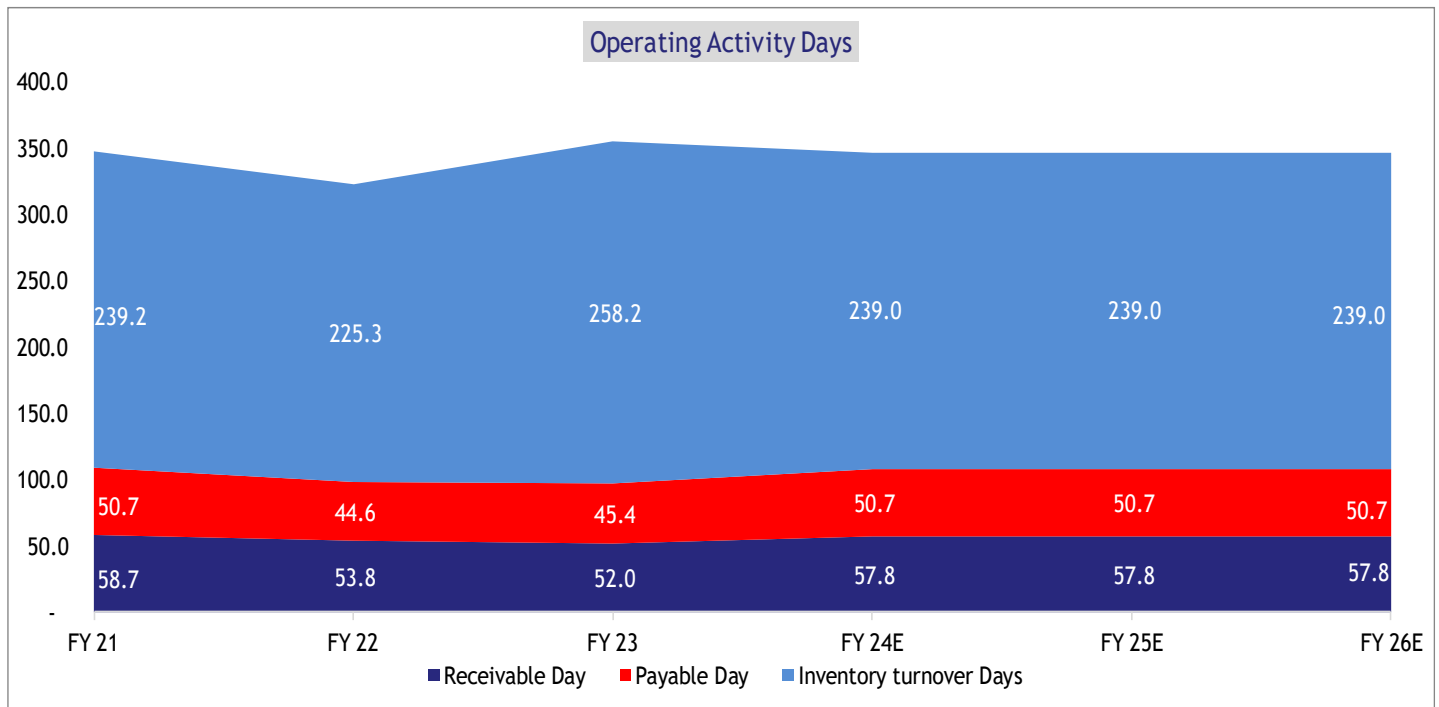
Source: GEPL Capital, Company data

Exhibit 24- Return Ratios



Source: GEPL Capital, Company data

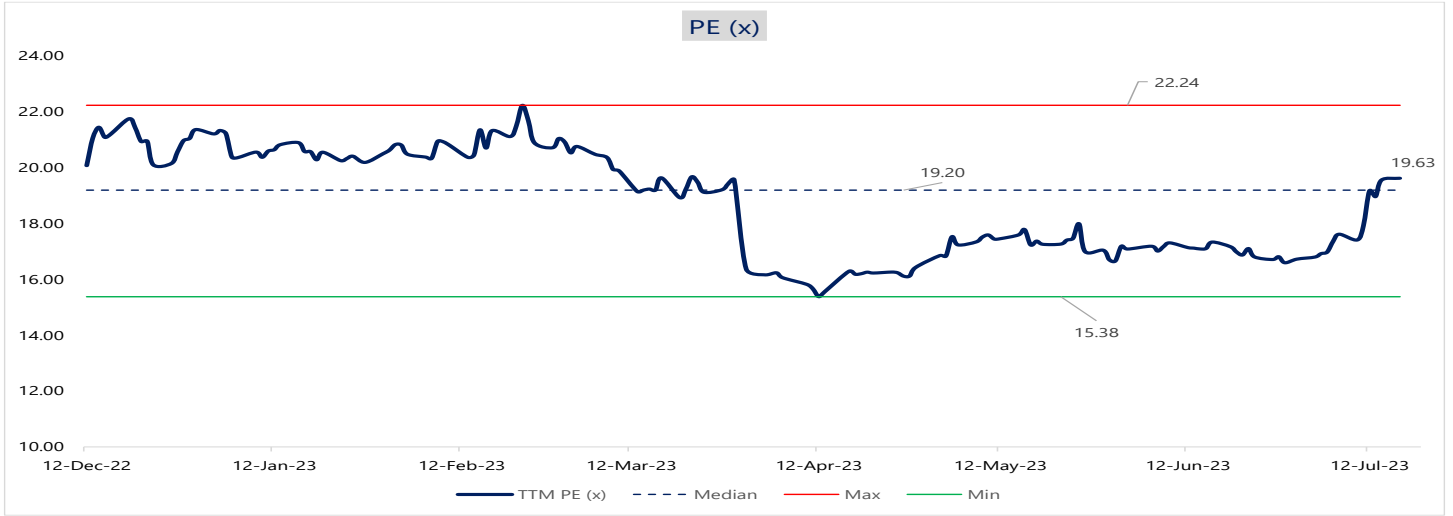
Exhibit 25- Operating Activity Days



Source: GEPL Capital, Company data

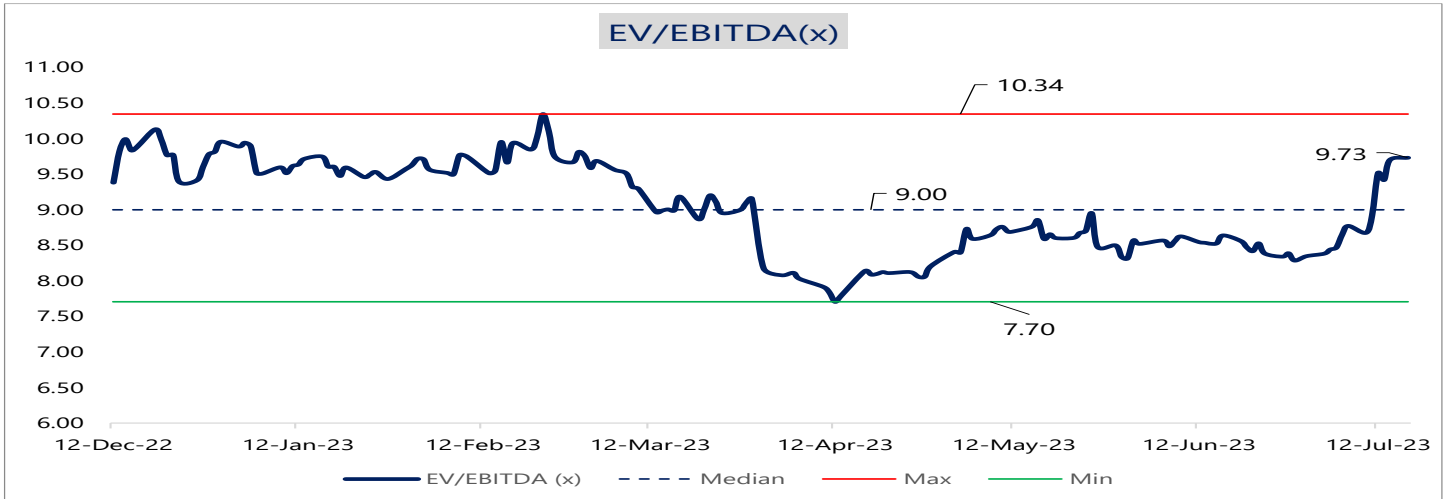
VALUATION MULTIPLE GRAPHS

Exhibit 26- Historical TTM PE (x)



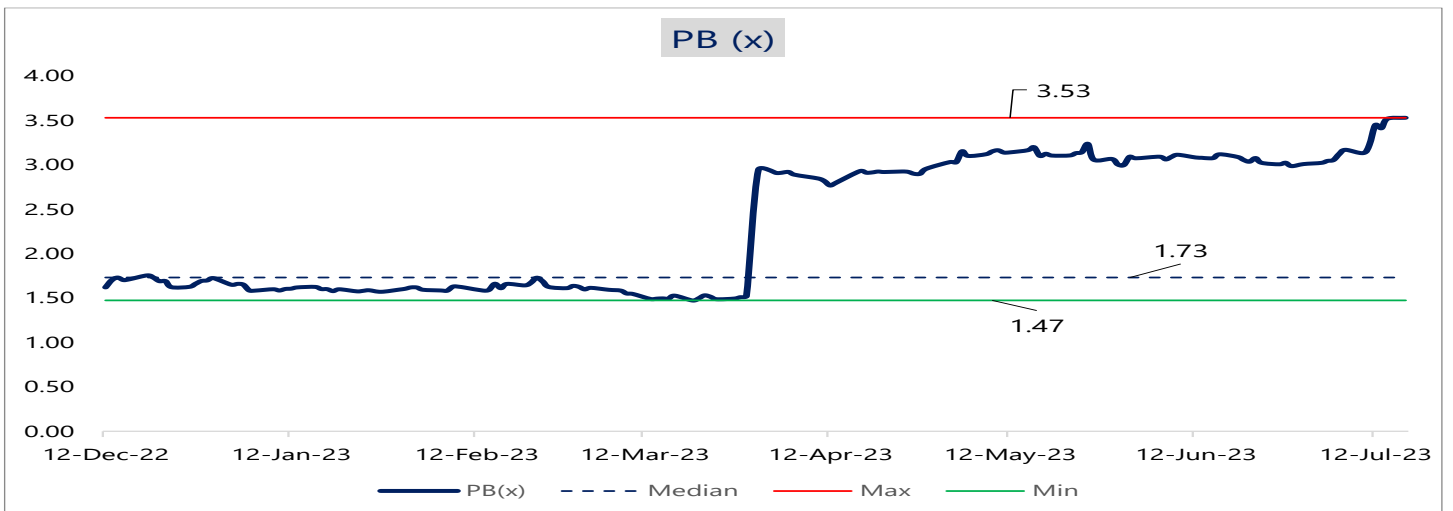
Source: Ace Equity, Company data

Exhibit 27- Historical TTM EV/EBITDA (x)



Source: Ace Equity, Company data

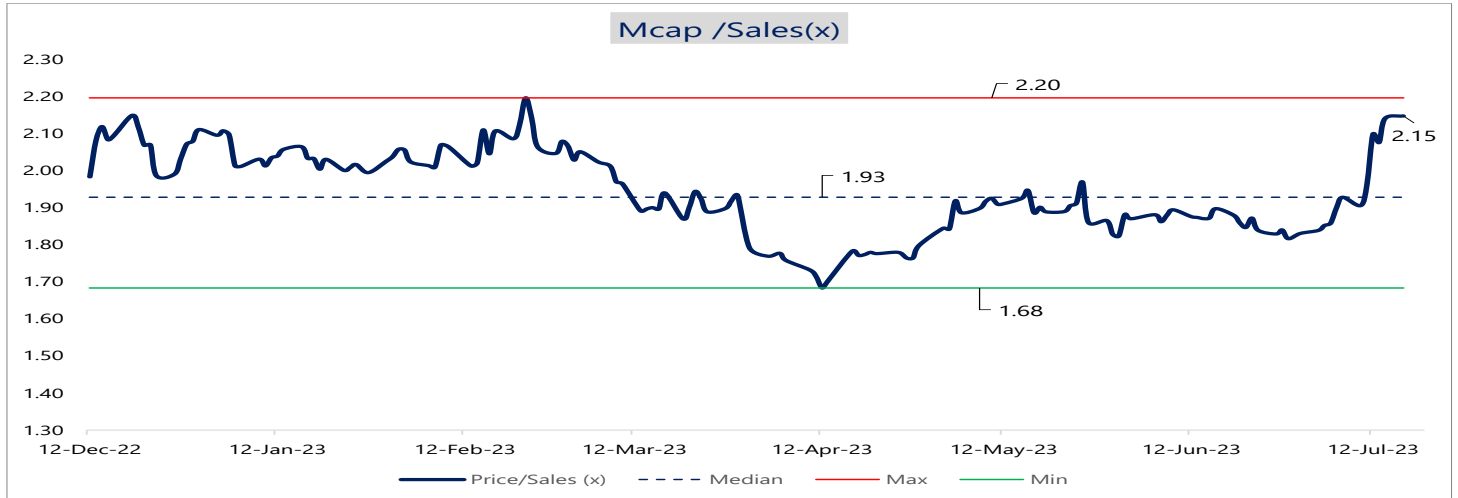
Exhibit 28- Historical TTM PBV (x)



Source: Ace Equity, Company data

FINANCIAL ANALYSIS

Exhibit 29- Historical TTM PE (x)



Source: Ace Equity, Company data

FINANCIAL STATEMENTS

Exhibit 30- Consolidated Balance Sheet Statement

In ₹ Cr.	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Shareholder's Fund	558	685	831	1,016	1,230	1,471
Equity Share Capital	45	45	45	45	45	45
Reserves and Surplus	514	641	786	971	1,185	1,426
Non-Current Liabilities	79	71	86	81	91	123
Long Term Borrowings	6	5	9	10	8	8
Other Long Term Liabilities	73	66	77	71	83	115
Current Liabilities	256	275	141	162	183	209
Short Term Borrowings	114	117	18	8	7	8
Trade Payables	90	90	70	94	108	125
Other Current Liabilities	52	69	53	60	67	76
Total Equity & Liabilities	893	1,031	1,058	1,258	1,503	1,803
Non-Current Assets	343	349	359	407	373	411
Net Fixed Assets	322	325	337	394	359	395
Capital Work In Progress	2	2	7	-	-	-
Non-Current Investments	-	-	6	-	-	-
Other Non-Current Assets	18	22	9	12	14	16
Current Assets	551	682	698	852	1,130	1,392
Inventories	339	442	453	485	547	616
Trade Receivables	168	194	155	243	274	308
Cash And Cash Equivalents	11	14	39	36	220	364
Other Current Assets	33	32	51	87	90	104
Total Assets	893	1,031	1,058	1,258	1,503	1,803

Source: GEPL Capital estimates, Company data

Exhibit 31- Consolidated Profit and Loss Statement

In ₹ Cr.	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Net Operating Revenue	903	1,227	1,366	1,537	1,729	1,945
%growth	0%	36%	11%	13%	13%	13%
COGS	528	633	652	741	835	941
Gross Profit	375	595	714	796	894	1,004
Operating Expense	263	342	417	430	484	220
EBITDA	113	253	297	366	410	459
EBITDAM%	12.5%	20.6%	21.7%	23.8%	23.7%	23.6%
Other Income	51	18	16	19	23	28
Depreciation & Amr.	37	37	39	45	41	45
EBIT	127	235	274	341	392	442
Interest	8	6	6	3	2	2
Exceptional items	-	-	-	-	-	-
Pre-Tax Profit	119	229	268	338	390	440
Tax Rate%	23.1%	26.4%	23.7%	25.0%	25.0%	25.0%
Tax Provision	27	61	64	85	98	110
Profit After Tax	91	169	205	254	293	330
PATM%	10.1%	13.8%	15.0%	16.5%	16.9%	17.0%
%growth	46%	85%	21%	24%	15%	13%

Source: GEPL Capital estimates, Company data

Exhibit 32- Consolidated Cash Flow Statement

In ₹ Cr.	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Reported PBT	119	229	268	338	390	440
Non-operating & EO items	(5)	(13)	(15)	(15)	(17)	(19)
Interest expense	8	6	6	3	2	2
Depreciation	37	37	39	45	41	45
Working capital changes	21	(114)	15	(97)	(78)	(87)
Taxes Paid	(27)	(61)	(61)	(85)	(98)	(110)
Operating Cash Flow (a)	153	85	252	189	240	271
Capex	(16)	(35)	(32)	(59)	(35)	(36)
Free Cash Flow	136	50	221	130	205	235
Others	1	3	-22	-	-	-
Investing Cash Flow (b)	(16)	(33)	(54)	(59)	(35)	(36)
Interest expense	-5	-3	-3	(3)	(2)	(2)
Dividend	0	-40	-54	(68)	(79)	(89)
Others	-136	-6	-118	0	(3)	1
%pbt	(1)	(0)	0	0	0	0
Financing Cash Flow (c)	(141)	(49)	(175)	(71)	(84)	(90)
Net Cash Flow (a+b+c)	(4)	3	24	59	121	145
Closing Cash Balance	13	16	39	98	220	364

Source: GEPL Capital estimates, Company data

Exhibit 33- Consolidated Ratios Analysis

Ratios	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Solvency (x)						
Debt / Equity	0.2	0.2	0.0	0.0	0.0	0.0
Debt / EBITDA	1.6	0.5	0.3	0.0	0.0	0.0
Interest Coverage	15.6	41.2	41.2	129.4	176.8	181.8
Liquidity (x)						
Current Ratio	2.1	2.5	5.0	4.6	4.9	5.5
Cash Ratio	0.2	0.2	0.6	2.4	2.8	3.3
Profitability (%)						
Gross Profit	41.5%	48.5%	48.5%	51.8%	51.7%	51.6%
EBITDA	12.5%	20.6%	20.6%	23.8%	23.7%	23.6%
PBT	13.1%	18.7%	18.7%	22.0%	22.6%	22.6%
PAT	10.1%	13.8%	13.8%	16.5%	16.9%	17.0%
Operating Cash	17%	7%	7%	12%	14%	14%
Returns (%)						
ROE	18%	27%	22%	27%	26%	24%
ROCE	21%	34%	28%	34%	32%	30%
ROIC	15%	24%	20%	25%	24%	23%
ROA	10%	18%	16%	20%	18%	17%
Return on Fixed	28%	52%	57%	84%	85%	87%
Turnover						
Working Capital	3.7	3.5	2.5	1.6	1.3	1.2
Inventory	1.5	1.6	1.4	3.3	3.4	3.3
Capital Employed	1.5	1.8	1.5	1.5	1.4	1.3
Payable	7.2	8.2	8.0	18.7	17.1	16.6
Receivable	6.2	6.8	7.0	7.7	6.7	6.7
Asset	1.0	1.3	1.2	1.3	1.3	1.2

Source: GEPL Capital estimates, Company data

VALUATION & RECOMMENDATION

- Uniparts India Ltd.'s stock is trading at PE multiple of 8.8(x) of forward earnings for FY25E.
- We estimate a CAGR of 13% growth in revenue during FY 23 -FY26E period.
- Profit after tax of Rs 330 cr. crore is estimated for FY26E. We Applied a PE (x) multiple of 11(x) and arrive at a market Capitalization of Rs. 3629 cr. (current Market Capitalization Rs 2969 cr).
- A 24.3% upside is visible as per valuations.
- We initiate coverage on '**Uniparts India Ltd**' with '**BUY**' rating with a price target of Rs. 804/share (11x FY26E).

BOARD OF DIRECTORS



- Mr. Gurdeep Soni, Chairman and Managing Director
- He holds master's degree in management studies from the Birla Institute of Technology and Science, Pilani. He has 42 years of work experience including 27 years of experience in different roles within the Uniparts Group



- Mr. Paramjit Singh Soni, Executive Director and Vice Chairman
- He Holds bachelor's degree in commerce from the University of Delhi. He has 40 years of work experience including 27 years of experience as a Director of the Company and is presently based in the USA



- Mr. Herbert Coenen, Non-Executive Director
- He holds a diploma from the University of Applied Science, Cologne in mechanical engineering. He has over 35 years of work experience, of which 20 years were with GKN Walter Scheid GmbH. He is also the managing director of the Subsidiary, Uniparts India GmbH.



- Mr. Harjit Singh Bhatia, Nominee Director of the Company
- He holds a master's degree in commerce from the University of Allahabad and a master's degree in business administration from the University of Delhi. He is also an associate of the Indian Institute of Bankers and has been awarded the GE Company Certification as a GE Green Belt in Six Sigma. He has over 41 years of experience across various sectors, and has previously been associated with the State Bank of India, GE Healthcare, Credit Suisse Services (Guernsey) Limited, Deutsche Bank and PineBridge Investments Singapore Limited

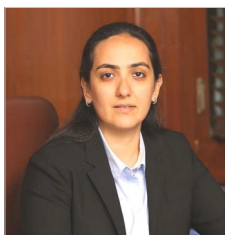
- Mr. Alok Nagory, Independent Director of Company
- He holds a master's of science degree in biological sciences from the Birla Institute of Technology and Science, Pilani. He has about 43 years of experience in international business development, joint ventures and acquisitions in India Thermit Corporation Limited. He is currently the chairman and the managing director of The India Thermit Corporation Limited.

- Mr. Sharat Krishan Mathur, Independent Directors
- He holds bachelor's degree in engineering from the Birla Institute of Technology and Science, Pilani. He has over 36 years of experience in managing complex outsourcing, remote project management and process re-engineering. He has previously worked with reputed companies in different sectors such as Maclean Power Systems. He co-founded Insight Alpha in 2008, a primary research firm focused on finding relevant experts dedicated to providing institutional investors with access to industry professionals in India and South East Asia.

KEY MANAGEMENT PERSONNEL



- Mr. Sanjeev Kumar Chanana, Independent Director
- He holds a bachelor's degree in law and a master's degree in arts from the University of Delhi. He is also a member of the Institute of Company Secretaries of India. He is associated with the National Pension Scheme Trust as a trustee. He has over 25 years of work experience in the field of investments, technology and corporate governance and has previously been associated with the Oriental Insurance Company Limited and the New India Assurance Company Limited



- Mrs. Shraddha Suri, Independent Director
- She holds a master's degree in science from the London School of Economics and Political Science, University of London and a master's degree in science (having followed a programme of advanced study in international marketing and management) from the University of Leeds. She has over 21 years of experience and has played a key role in management of affairs, formulation and implementation of policies, directing strategy towards profitable growth for Subros Limited. She is currently the chairperson and managing director of Subros Limited a part of the Suri Group,

Recommendation Rating	Expected Absolute Return (%) over 12 months
BUY	>15%
HOLD	0%-15%
REDUCE	0% to -5%
SELL	>-5%

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Reg./Corp. Office: D-21 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400 001 Contact No +91 22 66182400

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