

### IPO ANALYSIS

**Sector:** Engineered systems and solutions  
**Issue Price:** Rs 548 – 577  
**Issue Size:** Rs 836 Crores  
**Issue Opens/Closes:** 30<sup>th</sup> Nov to 02<sup>nd</sup> Dec

### IPO Basics

**Promoters:** Gurdeep Soni And Paramjit Singh Soni  
**Selling Shareholders:** The Karan Soni 2018 CG-NG Nevada Trust, The Meher Soni 2018 CG-NG Nevada Trust, Pamela Soni, Ashoka Investment Holdings Limited, Ambadevi Mauritius Holding Limited  
**Lead Managers:** Axis Capital, DAM Capital, JM Financial  
**Registered Office:** New Delhi  
**Registrar:** Link In Time India Pvt Ltd.  
**Listing:** NSE and BSE

### IPO Capital Structure

Fresh Issue	Rs. NIL
Offer for Sale	Rs. 836 Cr.
Total Issue as % of total capital (Post-Issue)	32.09%
Post Issue No. of Shares (Cr.)	4.51
Post Issue Market Cap	Rs 2,604 Cr
Face Value	10
Issue Route	Book Build Issue
Bid Lot (Shares)	25
Minimum Bid Amount	Rs 14,425
<i>All values calculated at higher band</i>	

### Financial Snapshot (Rs crs)

Y/E Mar	FY22	FY21	FY20
Equity Share Capital	44.62	44.62	44.62
Equity Instruments	-	-	-
Reserves	640.62	515.52	419.55
Net Worth as stated	685.24	560.14	464.17
Revenue	1227.42	903.14	907.22
Growth (%)	35.91%	-0.45%	0.00%
EBITDA	271.66	163.93	127.81
Net Profit	166.89	93.15	62.64
Basic EPS	37.74	21.12	14.2
Net Asset Value	151.82	124.11	102.84
RONW (%)	24.35%	16.63%	13.50%
NP Margin (%)	13.60%	10.31%	6.90%

### Shareholding Pattern

Holders	Pre-issue	Post Issue
Promoters	75.54%	65.79%
Public	24.46%	34.21%
Total	100.00%	100.00%

## Uniparts India Ltd.

29<sup>th</sup> November 2022

### COMPANY BACKGROUND AND BUSINESS OVERVIEW:

- Uniparts India Limited (“Uniparts”) was incorporated on September 26, 1994. Uniparts is a global manufacturer of engineered systems and solutions, and it is one of the leading suppliers of systems and components for the off-highway market in the agriculture and construction, forestry and mining (“CFM”) and aftermarket sectors on account of their presence across over 25 countries.
- Uniparts provides replacements of 3PL parts to organized aftermarket retailers and distributors in North America, Europe, South Africa and Australia
- In Fiscal 2022, Company’s customer base comprised over 125 customers in over 25 countries globally. Bobcat, TAFE and Kramp are some of the customers with whom they have relationships for over 15 years, while with customers like Yanmar, they have a relationship with for over 10 years.
- Their 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 (“PTO”), fabrications and hydraulic cylinders or components thereof.
- The world market for 3PL was between USD 360 - 370 million in 2021 and is expected to grow at nearly 6% and 8% between 2021 – 2026, buoyed by robust growth in tractor production volumes in North America, India and Europe, steady growth in China and Japan.

### Issue Size

Particulars	No. of Shares at Lower Band (Cr)	No. of Shares at Upper Band (Cr)	Rs. In Cr. at Lower Band	Rs. In Cr. at Upper Band	% Of Issue
QIB	0.72	0.72	396.81	417.80	50%
NIB	0.22	0.22	119.04	125.34	15%
Retail	0.51	0.51	277.76	292.46	35%
Employee	-	-	-	-	-
Shareholder	-	-	-	-	-
<b>Total Issue</b>	<b>1.45</b>	<b>1.45</b>	<b>793.61</b>	<b>835.61</b>	<b>100%</b>

*Note: Employee Discount Not Applicable*

### An Indicative Timetable Post Issue Closing

Particulars	Tentative Date
Finalization of Basis of Allotment	07-Dec-2022
Refunds/un-blocking of ASBA Accounts	08-Dec-2022
Credit of Equity Shares to DP Ac	09-Dec-2022
Trading Commences	12-Dec-2022

**OBJECTS OF THE OFFER**

The objects of the Offer are to (i) to carry out the Offer for Sale of up to 14,481,942 Equity Shares by the Selling Shareholders; and (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges.

**SHAREHOLDING PATTERN**

Shareholder	Pre-offer		Approx. No. of Shares offered*	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	91,95,090	20.37%	-	91,95,090	20.37%
Promoter Group	2,48,98,038	55.17%	44,00,000	2,04,98,038	45.42%
Total Promoter	3,40,93,128	75.54%	44,00,000	2,96,93,128	65.79%
Public Selling Shareholders	1,00,81,942	22.34%	1,00,81,942	-	-
Public Others	9,58,688	2.12%	-	1,54,40,630	34.21%
Total Public	1,10,40,630	24.46%	1,00,81,942	1,54,40,630	34.21%
Total Equity Shares	4,51,33,758	100.00%	1,44,81,942	4,51,33,758	100.00%

**OFFER DETAILS**

The Offer	No. of Shares	
Fresh Issue (Rs. NIL)	-	
<b>Offer for Sale : 1,44,81,942 Shares</b>	<b>No. of shares (in Lacs)*</b>	<b>Weighted Average Cost of Acquisition per Equity Share (Rs.)</b>
<b>Name of Selling Shareholders</b>		
<b><u>Promoters</u></b>		
The Karan Soni 2018 CG-NG Nevada Trust	11.00	Nil
The Meher Soni 2018 CG-NG Nevada Trust	11.00	Nil
Pamela Soni	22.00	6.27
<b><u>Others</u></b>		
Ashoka Investment Holdings Ltd	71.81	88.45
Ambadevi Mauritius Holding Ltd	21.54	88.45
Individual Selling Shareholders	7.47	105.74^

\*Calculated on Upper Price Band

^Except Mark Louis Dawson who offers 20,870 shares has Average cost of ₹147.36 and Mistry Marie Garcia who offers 826 shares has Average cost of ₹105.64

## **CLIENT BASE**

Company's customer base comprises the number of the global OEMs. They have long-term relationships with global OEM players in the agriculture and CFM sectors, such as:

Global OEM players in the agriculture and CFM sectors

- Tractors and Farm Equipment Ltd ("TAFE"),
- Doosan Bobcat North America ("Bobcat"),
- Claas Agricultural Machinery Pvt Ltd ("Claas Tractors"),
- Yanmar Global Expert Co Ltd ("Yanmar")
- LS Mtron Ltd.

In Fiscal 2022, Company's customer base comprised over 125 customers in over 25 countries globally. Bobcat, TAFE and Kramp are some of the customers with whom they have relationships for over 15 years, while with customers like Yanmar, they have a relationship with for over 10 years. More recently, they have added TSC and Kobelco Construction Equipment India Pvt Ltd ("Kobleco") as their customers. Customers they acquired in 2017 onwards, accounted for 6.97%, 11.13%, 9.73% and 9.46%, respectively, of their revenue from operations in Fiscal 2020, 2021 and 2022, and in the 3 months ended June 30, 2022.

## **MANUFACTURING FACILITIES**

In India, Uniparts has 5 manufacturing facilities, 2 at Ludhiana, Punjab, 1 at Visakhapatnam, Andhra Pradesh, and 2 at Noida, Uttar Pradesh. they also have set-up a distribution facility in Noida, Uttar Pradesh. In the United States, they have a manufacturing, warehousing and distribution facility at Eldridge, Iowa, acquired pursuant to their acquisition in 2005 of Olsen Engineering LLC, now known as Uniparts Olsen Inc. ("UOI") and a warehousing and distribution facility at Augusta, Georgia. They have also set up a warehousing and distribution facility in Hennef, Germany, which serves as their base for serving their key European customers. Each of their facilities are strategically located in proximity to several global OEMs in the OHV industry.

## **BUSINESS OPERATIONS**

Uniparts manufacture products under 2 core product verticals 3PL and PMP. They also manufacture products for adjacent product verticals that include hydraulic cylinders, PTOs and fabrications.

The 3PL system forms a group of assemblies allowing an implement like a plough to be attached to the tractor at 3 coupling points, forming a triangle. Most tractors are equipped with a 3PL system and are classified according to International Organization for Standardization ("ISO") 730 in 4 categories, based on the engine rating. The 3PL transfers the entire load, which can be a multiple of the implement weight, between the tractor and implement. The parts are highly loaded and exposed to fatigue as well as wear and tear, particular in the joints, due to movement under high load condition. The primary function of the 3PL is to transfer the weight and load of an implement to the wheels of a tractor and to allow the adjustment of different positions by lifting and lowering the implement.

**3PL – Manufacturing Facilities:** Uniparts has 4 manufacturing facilities in India, producing 3PL. Their 2 Noida, Uttar Pradesh facilities serve as their hub for the domestic market and serves export customers. Their Visakhapatnam, Andhra Pradesh facility primarily serves export customers. Their SKG, Ludhiana, Punjab facility primarily serves the Indian domestic 3PL market.

**PMP – Manufacturing Facilities:** Uniparts has 4 manufacturing facilities producing PMP in India, 1 at Visakhapatnam, Andhra Pradesh and 1 at Farmparts, Ludhiana, Punjab, and 2 at Noida, Uttar Pradesh. In addition, 1 facility at Eldridge, Iowa, United States ("Eldridge facility") serves the North American market.

**PTO – Manufacturing Facilities:** Uniparts manufacture PTO components at their Farmparts, Ludhiana, Punjab facility as well as at their facility at Noida, Uttar Pradesh for OEMs as well as for sale in the aftermarket.

**Fabrication – Manufacturing Facilities:** Uniparts primarily manufacture fabrication components at their SKG facility at Ludhiana, Punjab for OEMs as well as for sale in the aftermarket segment.

## **VALUE ENGINEERING AND PROCESS INNOVATION**

Uniparts differentiate themselves from other component suppliers through their in-house value engineering and process innovation capabilities, supported by product development programs undertaken jointly with some of their key customers, translating into their diversified presence across sectors, markets, and product verticals. Over the years, they have become an integral part of the global and local supply chains of some their key customers. They have benefited from their strategic acquisition of UOI in 2005, which catalyzed the growth of their PMP product vertical and their growth in the CFM sector.

As part of their transition from a component manufacturer to solutions provider and further as a system integrator, they have, over the years added several products to their portfolio such as rear hitch, front hitch, hydraulic lift arms, power take off, trailer hitch and more which allow them to offer integrated system solutions to meet their customer requirements and move up the value chain. As part of expanding their product portfolio with solutions for adjacent vehicle and equipment types such as utility task vehicles and all-terrain vehicles, they have developed prototypes of system solutions which are currently in the trial phase. Also, they have extended the PMP portfolio to more products with a technology focus such as plungers and transmission components.

## **COMPETITION**

Company's ability to offer end-to-end solutions to their customers (such as entire 3PL assemblies), instead of individual components, and their emphasis on the global business model to meet the customers' varying requirements, differentiate them from their competition and effectively function as an entry barrier for suppliers.

Certain key players for **PMP** includes **General Grind & Machine (Headquartered in Illinois, United States)**, **Società Italiana Boccole Srl (headquartered in Bologna, Italy)**, **Vishal Engineers (headquartered in Haryana, India)**. Key Players for **3PL** includes **CBM Group (headquartered in Modena, Italy)**, **GNK Walterscheid plc (headquartered in Lohmar, Nordrhein-Westfalen, Germany)**, **Maxiforja Componenetes Automotivos (headquartered in Canoas, Brazil)**, **Sudtrac Linkages (headquartered in Haryana, India)**, **Delica Co., Ltd. (headquartered in Matsumoto, Japan)**.

## **KEY GROWTH STRATEGIES**

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

## **KEY 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 risks
- Long-term relationships with key global customers, including major original equipment manufacturers
- Strategically located manufacturing and warehousing facilities that offer scale and flexibility
- Healthy financial position with robust financial performance metrics
- Experienced Promoters and qualified senior management team

**TOP MANAGEMENT/KMP PROFILE**

Sr. No.	NAME	Profile, Designation & Career History
1	<b>Gurdeep Soni</b>	Promoter, Chairman and Managing Director of the company and has been associated with the company since its incorporation. He has 42 years of work experience including 27 years of experience in different roles within the Uniparts Group.
2	<b>Paramjit Singh Soni</b>	Promoter, Executive Director and Vice Chairman of the company and has been associated with the company since its incorporation. 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
3	<b>Herbert Coenen</b>	Non-Executive Director of the company. He was appointed as a Director of the company on January 12, 2013. He has over 35 years of work experience, of which 20 years were with GKN Walterscheid GmbH. He is associated with the Uniparts Group since May, 2005.
4	<b>Harjit Singh Bhatia</b>	Nominee Director of the company and a nominee of Ashoka Investment Holdings Ltd and Ambadevi Mauritius Holding Ltd on the Board. He was appointed as a Nominee Director of the company on May 21, 2021.
5	<b>Alok Nagory</b>	Independent Director of the company. He was appointed as a Director of the company on August 23, 2014. He has about 43 years of experience in international business development, joint ventures, and acquisitions in India Thermit Corporation Ltd. He is currently the chairman and the managing director of The India Thermit Corporation Ltd.
6	<b>Sudhakar S Kolli</b>	Group Chief Operating Officer of the company and the Chief Executive Officer of Uniparts Olsen Inc. He has 25 years of experience in the areas including general management with leadership role, operations, and product development.
7	<b>Munish Sapra</b>	Group Chief Financial Officer of the company. He has over 27 years of experience in the fields of finance and accounts. He has previously worked with Sona BLW Precision Forgings Ltd, Sunbeam Castings and Bharti Healthcare Ltd.

**COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2022)**

Name of the Company	FV	Total Income for FY 2022 ( ₹ Cr)	EPS (Basic)	NAV	P/E*	RoNW
Uniparts India Limited	10	1,231.04	37.74	151.82	[ • ]	24.35%
<b>Peer Group</b>						
Balkrishna Industries Ltd	2	8,733.04	74.25	358.63	26.44	20.70%
Bharat Forge Ltd	2	10,656.98	23.23	142.33	36.73	16.25%
Ramkrishna Forgings Ltd	2	2,321.71	12.43	67.45	18.60	18.36%

\*P/E Ratio has been computed based on the closing market price of the equity shares on November 15, 2022

Source: RHP

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