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Uniproducts India Ltd.

CMP - Rs. 41 BSE Code -507856

Uniproducts India Ltd. (Uniproducts) initially started as a company to manufacture non woven carpets and floorings has over the years transformed itself into an Auto Ancillary, with 87% of its sales coming from the Auto sector and with biggies like Maruti Udyog, Honda SIEL Cars, General Motors, Tata Motors and Fiat as its customers.

The manufacturing facilities of the company are located on Delhi Jaipur Road, Distt. Rewari, Haryana on 6.32 acres of freehold land in the name of the Company.

The Company pioneered the manufacture of non woven carpets and floorings sold under the brand "Unitex". The company set up its manufacturing unit at Rewari in the year 1986. In the year 2003, the Company took over M/s Uni NVH Auto Pvt. Ltd (Formerly H.P. Pelzer India Pvt. Ltd), a company from the Pelzer Group of Germany, which has a presence in the automobile sector worldwide, which had a unit at Noida.

With this acquisition, the Company entered the business line of PU foam and resin felt based products for the automobile Industry. These products are used to reduce heat and dust by providing insulation between engine and body.

Presently, the Company is operating in two main segments viz. nonwoven Products and Noise Vibration & Harshness (NVH) Parts.

Floorings Business

The flooring business of Uniproducts comprises of Non woven carpets sold under the brand name "Unitex" and imported laminated wooden floorings are sold under the brand "Sheerwood".

The company has set up a nationwide network of Distributors, Dealers, C&F agents and consignee agents for distribution of its products. The Company has its own warehouse at Delhi from where it stock transfers products from its factory for onward transfer to its consignment agents or sale to its distributors/dealers. The Company has its sales offices in Mumbai, Hyderabad, Ahmedabad, Delhi and several other cities to coordinate the sales of its standard products.

Auto Business

The Company manufactures NHV parts including Coach body Fabrics, Moulded car carpets & Trims, Roof Linings, NVH components for Cars, Non-Woven Interlinings and PU Foam based NVH components.

The company's major customers in the Automobile segment include almost all the major players in the automobile industry including Maruti Udyog Limited, Honda Siel Cars (India) Ltd., General Motors India Private Limited, Tata Motors Limited, Multivac India Private Limited, Fiat India Private Limited, Lear Automotive India Private Limited and Hanil Lear India Private Limited.

The company has received various awards for product innovations leading to cost reduction : -

S.No.	Award Given By	Year	For
1.	Honda Siel Cars (I) Ltd.	2006	Silver Award for 5-S
2.	Maruti Udyog Limited	2004-2005	For cost Reduction
3.	Toyota Kirloskar Motor	2004	For cost performance of Innova project
4.	Toyota Kirloskar Motor	2004	For achieving targets in the category of cost
5.	FICCI	2004	Advancement in materials and processes for transportation sector
6.	Maruti Udyog Limited	2003-04	Cost reduction
7.	Honda Siel Cars (I) Ltd.	2003	Silver award for cost
8.	Honda Siel Cars (I) Ltd.	2003	Supplier award
9.	Toyota Kirloskar Motor	2002	For ISO 14001
10.	Maruti Udyog Limited	2002-03	Outstanding overall performance

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11.	Honda Siel Cars (I) Ltd.	2002	Quality control circle
12.	Honda Siel Cars (I) Ltd.	2001	Successful development of parts
13.	Maruti Udyog Limited	1998	Best performance – Vendor
14.	Maruti Udyog Limited	1996-97	Best performing vendor
15.	Kimberley Clark Corporation	1997	To manufacture thermobound

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(Source : Company's offer document for Rights Issue)

In the year 2005-06, about 87% of the Company's sales is to the Automobile sector and the balance 13% sales comprising of wall to wall floor coverings and imported laminated flooring solutions is to institutions as well as for retail sales.

Rights Issue

The company has recently concluded a rights issue in the ratio of 1:1 at a price of Rs.40 per share. The proceeds of the rights issue will be utilized to install a new needling line for manufacture of Non Woven products and return of ECB.

Financials

QUARTERLY - LATEST RESULTS - Uniproducts (India) Ltd (Curr: Rs in Cr.)

Particulars	Quarter Ended	Quarter Ended	Quarter Ended	YTD / Latest Half	YTD / Latest Half	YTD / Latest Half	Year Ended	Year Ended	Year Ended
	(Dec 06)	(Dec 05)	(% Var)	(Dec 06)	(Dec 05)	(% Var)	(Mar 06) (12)	(Mar 05) (12)	(%Var)
Sales	24.72	22.1	11.9	78.76	64.99	21.2	89.96	68.65	31
Other Income	0.17	0.09	88.9	0.94	0.3	213.3	0.48	1.08	-55.6
PBIDT	2.87	2.71	5.9	9.41	8.03	17.2	11.58	8.74	32.5
Interest	1.03	0.61	68.9	2.75	1.81	51.9	2.95	2.03	45.3
PBDT	1.84	2.1	-12.4	6.66	6.22	7.1	8.63	6.71	28.6
Depreciation	1.23	1.05	17.1	3.51	3.29	6.7	3.97	3.69	7.6
PBT	0.61	1.05	-41.9	3.15	2.93	7.5	4.66	3.02	54.3
Tax	0.09	0.12	-25	0.42	0.33	27.3	0.49	0.24	104.2
Deferred Tax	0.11	0.25	-56	0.67	0.7	-4.3	1.16	1.03	12.6
PAT	0.41	0.68	-39.7	2.06	1.9	8.4	3.01	1.75	72

(Source : Capitaline)

**Latest Data As On
12/04/2007**

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Latest Equity(Subscribed)	9.05
Latest Reserve	34.14
Latest Bookvalue -Unit Curr.	47.72
Latest EPS -Unit Curr.	3.5
Latest Market Price -Unit Curr.	41.65
Latest P/E Ratio	11.91
52 Week High -Unit Curr.	66.82
52 Week High-Date	10/11/2006
52 Week Low -Unit Curr.	33.2
52 Week Low-Date	3/9/2007
Market Capitalisation	37.74
Stock Exchange	BSE
Dividend Yield -%	4.8

(Source : Capitaline)

The Equity Capital of the company has just increased to Rs.9.05 crores from Rs.4.53 crores pursuant to the Rights Issue. The company has been a regular dividend payer since FY 1995-96.

**Year End Dividend-
%**

200603	20
200503	16
200403	8
200303	12.5
200203	15

200103 12.5

200003 15

199903 10

199803 12.5

199703 15

199603 15

Conclusion

The company has developed competitive strengths, technology and manufacturing capabilities to become one a focused player for its customer in the acoustic and thermal insulation catering to the Auto sector.

For FY 05-06, the company reported Sales Revenues of Rs. 90 crores and a PAT of Rs.3.0 crores resulting in an EPS of Rs. 6.50. The company provided Rs.4.0 crores towards depreciation taking the Cash EPS to Rs.15. For the first 9 months of the current FY, the company has achieved 21% increase in Sales Revenues and 8% increase in PAT. The new plant will add to the Topline and profitability of the company when it goes on stream.

With a PE of around 6.50 and Price to Cash Profits of less than 3 based on FY 05-06 earnings, the stock looks undervalued when compared with the peer group in the Auto sector. We believe the main reason for the low discounting is the perception of the market players of Uniproducts being a company engaged in manufacture of carpets and floorings - however the fact that 87% of the revenues of the company are derived from the Auto business, the stock could witness a re-rating.