Uniparts India Ltd — Aug 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Beat on Margins | Inline on Revenue **One-line:** The structural thesis remains robust as Uniparts converts Q4’s sequential recovery into Q1’s operational stability, maintaining mid-teens FY26 guidance despite worsening US tariff headwinds by leveraging its "Dual Shore" manufacturing and soon-to-be-active Mexico warehouse.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Margin Beat	EBITDA margin of 20.7% significantly ahead of Q4's 16.5% and historical 17-18% averages.	□
Earnings Quality	Moderate (Currency Aided)	Gross margins (65.6%) were inflated by a □7 Cr currency gain on inventory valuation; core margins are closer to 63%.	□
Guidance Confidence	Strong	Management reiterated mid-teens growth for FY26, backed by a record □200 Cr+ new business award book.	□
Management Credibility	Strong	Precisely delivered on the "Q1 in line with Q4" revenue promise while successfully managing the first phase of US tariff hikes.	□
Business Quality Signal	Improving	Exceptional operating leverage; an 8.3% QoQ revenue increase led to a 39% QoQ EBITDA jump.	□
Key Q&A Exchange	Q5 (Tariff Blending)	Mgmt explained their "And-approach"—blending India/US manufacturing to mitigate 50% tariffs—protecting the "Best Cost" moat.	□
The Street's Primary Anxiety	50% US Tariffs	Fear of India-to-US export collapse; Mgmt confirmed P&L neutral negotiations and US capacity room (+50%) for local shifts.	□
Capital Cycle Stage	Consolidation / M&A Watch	Net cash rose to □241.6 Cr; management is actively hunting for PTO and Hydraulics acquisitions to break Ag/CFM cyclicality.	□
Margin / Return Ratio Trajectory	Improving	EBITDA margins back above 20% after 4 quarters of compression; ROCE floor likely established in FY25.	□
Pricing Power	Stable	Success in passing through Section 232 and reciprocal tariffs to OEMs validates Uniparts' position as a critical system supplier.	□
FCF Conversion & Quality	Strong	CFO (□54 Cr) is 1.56x PAT (□34.5 Cr); working capital management remains top-tier during a volatile macro period.	□
Competitive Moat Signals	Widening	Mexico warehouse operational by Oct-25 provides a "Near-Shore" alternative that competitors in China/Southeast Asia lack.	□
Balance Sheet Strength	Strong	Net debt-free with □241.6 Cr cash; ample liquidity for the □2,000 Cr revenue aspiration.	□
Working Capital Efficiency	Stable	NWC days at 156 (vs 154 in Q4); absolute inventory rose □7 Cr but purely due to currency valuation impact.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on new business win targets (TTM □200 Cr+ achieved) and sequential bottoming calls.	□
Key Vulnerability / Red Flag	Large Ag Trough	Large Ag (>70HP) in US/Europe still declining double-digits; Uniparts is subsidizing this via Aftermarket (+20%).	□
Management Tone	Confident	Assertive on navigating geopolitical shifts; tone shifted from "defensive/bottoming" to "execution/growth."	□

Sentiment: □Positive | □Negative | □Neutral

Key Takeaways (Positives & Negatives): * **Positives: Operating leverage** is the highlight; with only an 8% QoQ revenue uptick, EBITDA jumped 39%, proving the lean cost structure built during the FY25 trough. The **Aftermarket (AFM)** segment continues to act as a high-margin counter-cyclical hedge, growing 20% in FY25 and sustaining mid-teens growth via the new Mid-States partnership. **Dual-shore flexibility** is now a tangible competitive advantage, not just a marketing slide, as it allows Uniparts to renegotiate "blended pricing" with US OEMs to absorb 50% tariffs. * **Negatives: Earnings quality** was boosted by a one-off □7 Cr FX gain on

inventory (Euro appreciation), without which EBITDA margins would have been ~18.2% rather than 20.7%. **Large Ag** remains a structural drag, with OEMs projecting 25-30% declines in the US, forcing Uniparts to run faster in Small Ag and CFM just to stand still. * **Forward Watchpoint:** The **October 2025 Mexico Warehouse launch**. This is the litmus test for the "Phase 1 Near-shoring" strategy; its ability to secure offtake from major CFM players like Bobcat will determine if Uniparts can truly decouple from India-US trade tensions.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures primary; Concall used for commentary.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Volume (Units)	Not in document	N/A	N/A	N/A	Volumes driven by Small Ag recovery and Aftermarket growth.
ASP (₹/unit)	Not in document	N/A	N/A	N/A	Stable; pricing transparency maintained with OEMs.
Domestic Revenue	₹39.1 Cr	↑ 2.9%	↑ 2.9%	→	Driven by favorable monsoon and steady Indian farmer demand.
Export Revenue	₹234.6 Cr	↑ 5.1%	↑ 9.3%	↑	Growth in Europe construction; US inventory replenishment started.
Key OEM Conc. (Top 10)	78.0%	↑ 400 bps	↑ 400 bps	↓	Increased reliance on top customers during the recovery phase.
Revenue	₹273.7 Cr	↑ 4.8%	↑ 8.3%	↑	Growth driven by ₹200 Cr+ new business awards vs market decline.
Gross Margin (%)	65.6%	↑ 330 bps	↑ 380 bps	↑	Includes ₹7 Cr one-off FX gain on inventory valuation (Euro hike).
EBITDA	₹57.8 Cr	↑ 25.7%	↑ 38.9%	↑	Significant operating leverage as fixed costs scaled over higher revenue.
EBITDA Margin %	20.7%	↑ 340 bps	↑ 460 bps	↑	Beat driven by mix (AFM) and the inventory valuation gain.
PAT	₹34.5 Cr	↑ 38.5%	↑ 51.3%	↑	Bottom-line outperformance due to operational efficiency and lower tax.
ROCE (%)	14.4% (FY25)	N/A	N/A	→	Trough reached in FY25; expected to trend toward 18-20%.
Cash Flow (OCF)	₹54.0 Cr	↑ 80.0%	↑ 80.0%	↑	Exceptionally high conversion (1.56x PAT) in Q1.
Net Debt / (Cash)	(₹241.6 Cr)	↑ Cash	↑ Cash	□	Net cash position strengthened from ₹194 Cr in Q4FY25.
Interest Coverage	16.7x	↑ vs 13.9x	↑ vs 12.4x	↑	Ultra-safe; finance costs remain negligible.
Working Capital	156 Days	↑ vs 132	↑ vs 154	□	Stable QoQ; inventory high due to strategic stocking for H2.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Agriculture	□162.8 (59.5%)	↓ 1.1%	Not stated	□	Below	US Large Ag down 30%; India Small Ag growing 4-7% on monsoon.
Construction (CFM)	□110.8 (40.5%)	↑ 14.8%	Not stated	↑	Above	Gaining market share with global OEMs; inventory destocking ended.
Aftermarket (AFM)	□44.6 (16.3%)	↑ 20.0%*	Superior	↑	Superior	Mid-States partnership (2nd largest US farm retail) solidifying growth.
3PL (3 Point Linkage)	□129.2 (47.2%)	↑ 4.7%	18-20%	→	In-line	Leader in <70HP; inventory replenishment begun globally.
PMP (Precision Parts)	□137.1 (50.1%)	↑ 7.3%	17-19%	↑	In-line	Beneficiary of US manufacturing shift; industrial segment win.

**YoY growth based on FY25 segment trajectory.*

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	FY26: Mid-teens growth (15%+).	Needs □278 Cr avg quarterly; Q1 (□273.7 Cr) makes this highly achievable.	Delivered	Low
Guidance	Margins	EBITDA: ~18% for the full year.	Requires cost control if FX tailwinds reverse; Q1 (20.7%) provides buffer.	Beat	Medium
Guidance	Mexico Ops	Operational by October 2025.	Warehouse setup complete; logistics being finalized.	On Track	Low
Strategy	New Awards	□200 Cr+ in TTM awards.	Already achieved; execution timing (10-15 months) is the key monitorable.	Delivered	Low
Strategy	Cap. Allocation	3 Platforms (Hydraulics, PTO, Fab).	Hydraulics/PTO require M&A; Fab scaling via Ludhiana facility.	In Progress	Medium
Strategy	Near-shoring	Blended pricing (US/ India).	Successful pilot with one customer; rolling out to others to mitigate tariffs.	Proven	Low
Macro	Tariffs	Reciprocal/Section 232 pass-thru.	Negotiations ongoing for 50% hikes; prior 25% hikes were P&L neutral.	Reliable	High
Macro	Inventory	Destocking cycle has ended.	Reflected in QoQ revenue growth and stable order book for Q2.	Confirmed	Low
Revenue Growth	Attribution	Volume + New Business.	Growth decoupled from -5% market decline via □200 Cr new awards.	Verified	Medium

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdic
1	4.0	Nirmam, Unique PMS	Revenue Trends	Financials	"Historically Q1 is lower than Q4, but this time we've bucked the trend... was there prebuying?"	Management clarified that growth was driven by □200 Cr+ new business and the bottoming of the cycle in Q3FY25, not prebuying. Confirms that growth is structural (market share) rather than tactical (inventory pulling).	None	4.5	Clear a quantif
2	4.5	Nirmam	Gross Margin	Financials	"What led to the improvement in gross margins to 65-66%?"	Management attributed the spike to a □7 Cr inventory valuation gain caused by Euro appreciation against the Rupee. Investors should normalize margins to ~63% to assess core operational health.	None	5.0	Specifi data p
3	4.5	Viraj, SiMPL	Restocking	Management Outlook	"Where are we on the inventory cycle at the customer level compared to a normal cycle?"	Management stated that for Small Ag and Construction, inventory is now normalized/ restocking, while Large Ag remains in a double-digit decline. Visibility for H2 is high as destocking has ended	None	4.0	Directi with eviden

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						globally for core segments.			
4	5.0	Viraj	Mexico/Tariffs	Management Outlook	"How does the relative position put us in given tariff rates... and Mexico plant setup?"	Management confirmed the Mexico warehouse will be operational in Oct-25, and they are in "win-win" discussions with US customers to arrive at P&L neutral positions. Proves the dual-shore model is a survival necessity in a high-tariff era.	Specific capex for Mexico manufacturing.	3.5	Specifi timelin given
5	5.0	Prolin Nandu, Edelweiss	FY26 Growth	Management Outlook	"How should the rest of the year pan out given tariff uncertainty?"	Management maintained their mid-teens growth guidance, stating Q2 is on track and H2 will be stronger due to new business. High-conviction guidance despite macro volatility suggests strong order visibility.	None	4.5	Consis
6	4.0	Prolin Nandu	Operating Leverage	Financials	"Is this quarter a right example of how operating leverage will pan out?"	Management confirmed that with flat fixed costs, the top-line growth dropped significantly to the bottom	None	4.0	Confir by data

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						line (□17 Cr EBITDA growth on □20 Cr revenue growth). Positive signal for margin expansion when industry volumes recover fully.			
7	4.5	Sunil Jain, Nirmal Bang	Tariff Specifics	Management Outlook	"Can you clarify how much tariff is there right now and the Russian oil penalty?"	Management explained that Section 232 and reciprocal tariffs range from 25-50%, but their ability to manufacture in the US allows for a "blended price" that mitigates impact. Uniparts is one of the few India-based suppliers with a physical US factory (10% of revenue) to act as a hedge.	None	4.0	Detaile explan
8	3.5	Love Gupta, Counter Cyclical	Sustainability	Management Outlook	"Are these margins and new business orders sustainable going forward?"	Management noted that while gross margins had an FX boost, EBITDA deleveraging gains are structural as long as revenue stays above □270 Cr. Sets a new "floor" for EBITDA at 18%+.	None	3.0	Vague consis

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9	4.0	Rajat Setiya, iThought	US Manufacturing	Capex and Allocation	"Can you manufacture semi-finished in India and finalize in the US?"	Management confirmed the US entity can do end-to-end manufacturing or final assembly, and capacity can be increased by 50% without large capex. Demonstrates massive latent capacity to bypass tariffs if needed.	Exact revenue potential of US plant.	3.5	Flexibl strateg
10	4.0	Dheeraj Dosakayala	Revenue Target	Management Outlook	"What is the aspiration to get to ₹2,000 crores revenue?"	Management pointed to horizontal expansion (Hydraulics, PTO, Fabrication) and inorganic growth as the path to doubling revenue in 5 years. Shifts the narrative to a long-term "platform" story.	Exact M&A timeline.	3.0	Aspira
11	3.5	Saumil Shah, Paras	FY26 Profitability	Management Outlook	"Can EBITDA be in excess of 18% this year?"	Management indicated that if Q1 momentum continues, 18% EBITDA is achievable. Upward revision from previous conservative "mid-teen" margin talk.	None	4.0	Directi with eviden
12	3.5	Keshav Bharadia	Geog. Diversification	Management Outlook	"Are we diversifying geography to	Management target is a 40/30/25/5	None	4.0	Clear l term ta

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdic
						split (US/ Europe/Asia/ ROW) to ensure no single country or currency dependency. Provides a clear roadmap for de-risking the business model.			
13	4.0	Nagraj, HT Family Office	Competition	Business Overview	"Our peers in EU/Japan face 15% tariffs. Can we eat most of the increased tariffs?"	Management argued that global OEMs are deepening their procurement teams in India, proving India remains a "best-cost" destination regardless of tariffs. Suggests Uniparts' moat is cost + engineering, not just "tariff-free" status.	None	4.0	Strateg clarity
14	3.0	Praneeth, Investor	PMP Diversification	Business Overview	"Can PMP expand beyond Agri/ Construction?"	Management highlighted a small but growing presence in Oil & Gas and other industrial segments. De-cyclicalization efforts are underway but still in infancy.	None	3.0	Useful contex

PATTERN FLAGS & SENTIMENT

- **The "Tariff Blending" Strategy:** Analysts were deeply concerned about the jump in reciprocal tariffs (from 10% to 50%). Management’s posture was confident, repeatedly explaining their ability to provide "blended

pricing" (India cost + US manufacturing) to keep the total landed cost competitive. This "And-approach" (manufacturing in both locations) is being positioned as a key differentiator over pure-export Indian peers. The concern remains live but is mitigated by Uniparts' unique dual-shore asset base.

- **Operating Leverage Validation:** Multiple questions focused on why EBITDA grew 39% on an 8% revenue increase. Management's response—that fixed costs were held steady during the FY25 downturn—convinced analysts that the business is highly geared to volume recovery. This suggests a re-rating trigger if revenue sustains above the □280 Cr quarterly run-rate.
- **Segment Divergence (Aftermarket vs. Large Ag):** The Aftermarket is the unsung hero, growing 20% and providing a high-margin buffer while Large Ag continues to struggle. Management's realism about "Large Ag trouble" vs. "Aftermarket green shoots" added to their credibility.

Analyst Sentiment Verdict: Optimistic and Convinced. Analysts were impressed by the sequential top-line growth and the sharp margin expansion, even after adjusting for FX gains. The successful negotiation of "P&L Neutral" positions with US OEMs for the first phase of tariffs significantly boosted management's credibility. The primary unresolved risk is the *actual* execution of the Mexico warehouse in October, which is now the single most important monitoring point for the next quarter.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Opening / Prior Q)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Gross Margin	65.6% reported.	□7 Cr was a one-off FX gain.	Reported GM is not a "new normal"; core GM is ~63%.	Low
US Tariffs	Impact is manageable.	Reciprocal tariffs could hit 50% (Russian oil penalty).	Geopolitical risk is escalating faster than the initial "10% reciprocal" talk.	High
Large Ag	"Bottoming out" (Q4).	"Remains in trouble" with 25-30% declines (Q1).	Recovery in the highest-HP segment is delayed further into CY26.	Medium

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY25)	This Quarter (Q1FY26)	Direction
Revenue Growth	Sequentially recovering.	Beat historical trend; QoQ growth in a seasonally weak quarter.	↑
EBITDA Margin	16.5%	20.7% (Reported) / ~18.2% (Core)	↑
CFO/PAT Ratio	Not stated	1.56x (Elite cash conversion)	↑
New Awards (TTM)	□195 Cr	□200 Cr+	↑
Mexico Status	"Phase 1" planning.	Warehouse operational by October 2025.	↑
Tariff Narrative	General uncertainty.	Specific "Blended Pricing" strategy deployed.	↑
Net Cash	□194 Cr	□241.6 Cr	↑
Management Tone	Cautious/Stabilizing.	Aggressive on new business execution.	↑

INVESTOR NOTES: * **The 15% Bridge:** Management's bridge to 15% growth in a flat-to-declining market is the □200 Cr of new awards. Since Q1 revenue is already □273.7 Cr, they only need a ~5% incremental growth from here to hit the full-year target of ~□1,110 Cr. This makes the guidance look conservative. * **Operating Floor:** This quarter confirms that the EBITDA floor for Uniparts is ~17-18% even in a tough macro, with 20%+ achievable when FX or mix (Aftermarket) aligns. * **Thesis Verdict:** The thesis has **strengthened**. Uniparts has proven it can grow against the cycle and pass on significant tariff costs to its OEM partners. The "Dual Shore" model is no

longer a theory—it is being actively used to defend margins. **Maintain long-term positive outlook; monitor Mexico ramp-up in H2.**