

Uniparts India Ltd — Aug 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat (Revenue & Margins) **One-line:** The thesis is reinforced as Uniparts successfully transitions to a higher-margin, diversified OHV partner, proving that its structural "warehousing-led" model can expand margins even while the Large Ag industry sits in a cyclical trough.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue grew 27% YoY (₹347.4 Cr) vs prior guidance of ~20%; EBITDA margins reached 25.3%, exceeding the 24% prior quarter peak.	☐
Earnings Quality	High (Core driven)	Growth driven by volume/product mix (PMP scaling) and warehouse sales (56% mix); only ₹1 Cr in one-off inventory gains.	☐
Guidance Confidence	Strong	Management raised FY27 growth outlook to "a few percentage points better" than FY26's 21% growth.	☐
Management Credibility	Strong	Rebuilt cash to ₹190 Cr in just 10 months post-special dividend; Ludhiana fire recovery is on schedule with zero customer disruption.	☐
Business Quality Signal	Improving	Revenue mix shifted toward CFM (46.2%) and PMP (55.7%), reducing dependence on the volatile small tractor linkage segment.	☐
Key Q&A Exchange	Q2 (M&A Strategy)	Management acknowledged 12 target evaluations but maintained strict ROCE discipline, refusing to buy "distressed assets."	☐
The Street's Primary Anxiety	Aftermarket Stagnation	Analysts questioned the 12% revenue share for Aftermarket; Mgmt cited tariff-driven deferrals but expects normalization in H2.	☐
Capital Cycle Stage	Harvesting / Growth	Low maintenance Capex (₹12 Cr) allows massive FCF generation to fund future "Platform 3" acquisitions.	☐
Margin / Return Ratio Trajectory	Improving	EBITDA margins expanded 130bps QoQ; ROCE remains elite at 27%+.	☐
Pricing Power	Stable	Pass-through mechanisms for freight/RM are functioning; warehousing proximity allows for premium JIT pricing.	☐
FCF Conversion & Quality	Weakening	Q1 CFO at ₹44 Cr vs PAT of ₹57 Cr (0.77x ratio); primarily a function of inventory buildup for Mexico warehouse launch.	☐
Competitive Moat Signals	Widening	Mexico warehouse operational in Q3; dual-shore model is now a mandatory requirement for Top 10 global OHV OEMs.	☐
Balance Sheet Strength	Strong	Net Cash ₹190 Cr; Net Debt Free.	☐
Working Capital Efficiency	Stable	Net WC at 139 days (slight increase from 136 days in Q4) due to strategic inventory positioning.	☐
Mgmt Guidance Track Record	Reliable	Consistent history of meeting or exceeding revenue and margin floors.	☐
Key Vulnerability / Red Flag	Large Ag Delay	Industry recovery pushed to CY2027; Segment remains a drag on 3PL growth in the near term.	☐
Management Tone	Confident	Bullish on "structural" new business wins and cyclical recovery in the Western small ag markets.	☐

Sentiment: ☐Positive

Key Takeaways (Positives & Negatives): * **Positives:** The company has delivered a significant **EBITDA margin expansion to 25.3%**, proving that the 20% floor is now deeply conservative. The **CFM (Construction) segment is now a primary engine**, contributing 46.2% of revenue and offsetting the 15-16% decline in the global Large Ag industry. **Mexico is operational**, with first deliveries expected in Q3, which will further cement the "near-shore" competitive advantage. Cash generation is exceptional, having rebuilt the "war chest" to **₹190 Cr** shortly after a major dividend payout. * **Negatives:** **Large Agriculture remains a significant cyclical headwind**, with a meaningful recovery now not expected until CY2027. **Aftermarket revenue is flat YoY** in absolute terms, struggling with demand deferral due to macroeconomic volatility and previous tariff spikes. **M&A execution remains slow**; despite evaluating a dozen targets, management has yet to secure a third product platform (Hydraulics/PTO). * **Forward Watchpoint: CFO-to-PAT normalization.** We need to see the inventory buildup for Mexico translate into operating cash flow in H2FY27 to ensure the 0.77x conversion this quarter was a temporary timing difference.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures used as primary source. Concall used for Mgmt Commentary.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Volume (units)	Not in document	N/A	N/A	N/A	Managed by high-SKU batch model; growth driven by volume.
ASP (₹/unit)	Not in document	N/A	N/A	N/A	Pricing stable; growth attributed to product mix shift.
Domestic Revenue	₹44.5 Cr	↑ 16.2%	↓ 8.2%	▢	Strong mid-to-high HP tractor adoption in India via subsidies.
Export Revenue	₹302.9 Cr	↑ 28.8%	↑ 4.3%	↑	Driven by US Infrastructure and Europe Govt spending.
Key OEM Conc.	71% (Top 5)	↑ 700 bps	↑ 700 bps	↓	Deeper wallet share with Top 3 CFM OEMs globally.
Revenue (Ops)	₹347.4 Cr	↑ 27.0%	↑ 2.5%	↑	Growth exceeded guidance; structural new business wins key.
Gross Margin (%)	66.6%	↑ 100 bps	↑ 190 bps	↑	Driven by PMP mix and higher warehousing sales.
EBITDA	₹89.8 Cr	↑ 55.4%	↑ 10.5%	↑	High operating leverage on CFM/PMP volume recovery.
EBITDA Margin %	25.3%	↑ 460 bps	↑ 130 bps	↑	Warehousing mix (56%) and disciplined cost management.
PAT	₹56.6 Cr	↑ 64.1%	↑ 10.8%	↑	Core performance driven; TTM EPS now at ₹39.97.
ROCE (%)	27.0%	↑ 750 bps	↑ 210 bps	↑	Reflects sweating of Ludhiana/Vizag assets.
Cash Flow (OCF)	₹44.0 Cr	Not stated	↓ 15.4%	↓	Lower conversion (0.77x) due to inventory for Mexico.
Net Debt / (Cash)	(₹190.0 Cr)	↑ Cash	↑ 18.8%	↑	Net cash position rebuilt rapidly via internal accruals.
Interest Coverage	55.3x	↑ 103%	↑ 98%	↑	Negligible debt (Finance cost ₹1.6 Cr in Q1).
Working Capital	139 Days	↓ 4.1%	↑ 3 days	▢	Slight increase from 136 to 139 days via inventory buffer.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Agriculture	₹186.9	↑ 11.2%	Stable	▢	Below	Large Ag industry down 15%; growth via new wins only.
CFM (Const.)	₹160.5	↑ 51.5%	Higher	↑	Above	Driven by AI/Data Center infrastructure in the US.
3PL (Linkage)	₹147.6	↑ 15.8%	20%	→	In-line	Dominant share in <70HP; gaining share in Large Ag.
PMP (Precision)	₹193.5	↑ 36.6%	23-26%	↑	Above	Scaling with major CFM OEMs; high complexity parts.
Aftermarket	₹42.7	→ 0.0%	Highest	↓	Superior	Tariff price volatility caused demand deferral.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	FY27 growth to be "a few % points better" than FY26 (21%).	Implies ~23-25% growth; Q1 at 27% suggests target is feasible.	Exceeded	Low
Guidance	Margins	Sustainable 20% EBITDA "through the cycle."	Currently at 25.3%; significant buffer for Large Ag trough.	Delivered	Low
Strategy	Mexico Ops	First customer deliveries from warehouse in Q3.	On track; inventory already positioned (causing WC spike).	New Target	Low
Strategy	M&A	Evaluate targets in Hydraulics, PTO, and Fabrication.	12 targets evaluated; 0 deals. Mgmt being very selective.	Missed	Medium
Strategy	Ludhiana Fire	Full restoration of finishing shop on schedule.	Customer supply remained uninterrupted; no margin hit.	Delivered	Low
Macro	Large Ag	CY2026 is the cyclical trough; recovery in CY2027.	External industry data (Deere/ CNH) confirms mid-teen drop.	Verified	Medium
Macro	Small Ag	Bottom is behind us; recovery in unit volumes.	Beginning to see encouraging unit volume direction in West.	Verified	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.0	Ashutosh Tiwari / Equirus	CFM Sustainability	Business Overview	"Do you think that structurally the [Construction] segment share in revenue will go up from here?"	Management confirmed CFM growth (now 46.2% of mix) is structural due to new wins and wallet expansion but expects Ag to rebalance later in the cycle. This suggests CFM will remain the primary margin driver for the next 4-6 quarters.	None	4.5	Clear and quantified
1a	4.0	Ashutosh Tiwari / Equirus	Channel Margins	Financials	"Is the construction equipment segment for us higher margin than tractors?"	Management clarified that product margins are similar, but delivery channels differ; warehouse sales (high in CFM) offer the highest margins. Investors should track warehouse mix (currently 56%) as the lead indicator for EBITDA expansion.	None	4.0	Directional with evidence
2	4.5	Saishivam Shah / Avendus	M&A Execution	Capex and Allocation	"The company has been highlighting regarding the acquisition... When can we see it actually materializing?"	Management admitted evaluating a dozen targets but will not buy unless value-accretive (ROCE/ROE) and manageable	Specific deal timeline	3.0	Disciplined but slow

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						by the current team. The lack of a deal signals extreme discipline but delays the "Third Platform" growth leg.			
3	3.5	Viraj Kacharia / SiMPL	Cost Forensics	Financials	"Contribution from FX and inventory gain in the quarter?"	Management attributed only ₹1 Cr to inventory gains, with the rest of the margin expansion driven by product mix and channel shifts. This validates that the 25% EBITDA margin is largely operational rather than one-off.	Exact FX gain breakdown	3.5	Specific on inventory
4	4.5	Sunil Jain / Nirmal Bang	Industry Cycle	Management Commentary	"Next year, FY28, we will see agri coming back... Is that the right perception?"	Management agreed, noting Large Ag troughs in CY26 (-15% decline) and Small Ag starts its recovery in CY27. This sets up a "double engine" growth scenario for FY28 where both CFM and Ag contribute.	None	4.5	Specific and candid
5	4.0		Large Ag Share	Business Overview	"Why is the market share	Management explained		4.0	

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
		Anubhav Mukherjee / Prescient			lower in large ag... what are we doing now to increase our market share?"	share was historically low due to India being a "Small Ag" market, but new validation wins in Europe/US are now flowing through. Implies a significant long-term growth runway as they displace incumbents in >70HP tractors.	Specific competitor names		Directional with evidence
6	3.5	Resham Jain / VVD Asset	Capital Allocation	Capex and Allocation	"If inorganic doesn't happen, then are there any other plans in terms of organic capital allocation?"	Management is self-investing in small/medium fabrication (new Ludhiana facility) while maintaining a high dividend payout/cash chest. Signals that organic growth is not capital-intensive (2.5-3.5% of revenue).	None	4.0	Specific timeline given
8	4.0	Saumil Shah / Paras Inv	Mexico Strategy	Management Commentary	"What is the kind of business potential we are looking through Mexico?"	Management expects mid-single-digit million-dollar revenue in FY27, with a phase-2 plan for local manufacturing as OEMs ramp up. This confirms	None	4.0	Clear and quantified

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						Mexico as a strategic warehouse hub first, then a production hub.			
10	3.5	Ajit Sethi / Eiko	Channel Mix	Financials	"Can you provide the channel mix contribution to revenue in Q1 FY27?"	Warehouse sales increased to 56% (vs 50-52% YoY), while local sales dropped to 22%. This shift explains the 460bps YoY EBITDA margin expansion.	None	5.0	High transparent

PATTERN FLAGS & SENTIMENT * **The M&A Paradox:** Analysts are increasingly focused on the cash pile (₹190 Cr) and the "missing" acquisition. Management's posture is one of defensive discipline; they are willing to risk analyst frustration to avoid a bad acquisition. This posture is credible given they previously returned cash (special dividend) when a deal failed. * **Segmental Decoupling:** The concern about the Ag trough was high, but management successfully decoupled their performance from the industry by highlighting "market share wins." The sentiment shifted from "industry fear" to "execution confidence" as the call progressed. * **Analyst Sentiment Verdict:** Analysts were **highly impressed** by the margin beat but remain **skeptical** about the M&A timeline. The friction point is the under-utilization of the balance sheet. Management's credibility improved this quarter as they delivered a strong beat despite the Ludhiana fire and West Asia logistical pressures. The greatest risk remains the timing of the Large Ag recovery—if it slips beyond CY2027, the current PMP/CFM-led growth might face a high-base challenge.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | **Revenue Growth** | "In line with FY26" (21%) | "A few percentage points bigger" | **Guidance Upgrade.** Q1 strength in CFM has given Mgmt confidence to raise the bar. | Low; positive signal. | | **Large Ag Trough** | Trough expected in H1FY27. | Industry decline of 15-16% in CY26; recovery only in CY27. | **Recovery Delay.** The Ag cycle is taking longer to turn than initially projected. | Medium; 3PL segment drag. | | **M&A Timing** | Actively looking; 12 targets. | No deal close; "not in a hurry." | **Execution Lag.** The "Third Platform" is unlikely to contribute to FY27 numbers. | Medium; growth diversification delay. |

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY26)	This Quarter (Q1FY27)	Direction
EBITDA Margin	24.0%	25.3%	↑
Cash Balance	₹160 Cr	₹190 Cr	↑
Top 5 OEM Conc.	64%	71%	↓ (Concentration risk ↑)
Warehouse Mix	51%	56%	↑
CFM Revenue Growth	27.2% (FY26)	51.5% (Q1 YoY)	↑
Large Ag Outlook	Stabilizing	Troughing (CY26)	↓
CFO/PAT Ratio	1.09x	0.77x	↓
Revenue Guidance	~21%	~23-25%	↑

INVESTOR NOTES: * **High Quality Margin Beat:** Stripping out the ₹1 Cr inventory gain, the core EBITDA margin was still ~25%, significantly above the historical 18-20% range. This confirms the structural benefit of the 56% warehousing mix. * **CFO Divergence:** The CFO/PAT ratio drop to 0.77x is the main forensic flag. This was driven by a ₹44 Cr increase in inventory (pre-stocking for the Mexico warehouse launch and Ludhiana fire buffers). This is a "good" working capital drag, provided it unwinds in Q3/Q4. * **Thesis Verdict: Reinforced.** The company is successfully navigating the worst Large Ag cycle in a decade by gaining market share in Construction and higher-HP tractors. The ability to rebuild ₹30 Cr of net cash in a single quarter post-dividend proves the business is a free-cash-flow machine. Management's discipline on M&A, while frustrating to some, protects the 27% ROCE.