

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Weak Miss on Topline | Margin Beat **One-line:** While the global OHV (Off-Highway Vehicle) cycle remains in a synchronized trough, the structural thesis is being salvaged by a 25–30% growth surge in the Aftermarket and a ₹203 Cr pipeline of "productionizing" new awards, pushing the core recovery into H1FY26.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Weak Miss	Revenue (₹208.3 Cr) fell 13.7% QoQ, missing the "flat sequential" hope from Q2, though margins surprised at 17.9%.	□
Earnings Quality	High (Core driven)	Q3 OCF (₹46 Cr) is 2.4x PAT (₹19.1 Cr); 9M FCF is 16% of revenue, showcasing elite cash conversion during a downturn.	□
Guidance Confidence	Neutral	Management pivoted from "Q2 bottom" to "Q3 bottom," now guiding for a mid-teens FY26 growth based on new awards rather than macro recovery.	□
Management Credibility	Neutral	While the "recovery timeline" has shifted twice, management is being brutally candid about the "unprecedented" depth of the downturn in their 30-year history.	□
Business Quality Signal	Stable	Maintained 17.9% EBITDA margins despite a ~20% YoY revenue collapse; proves the flexibility of the dual-shore and warehousing delivery model.	□
Key Q&A Exchange	Q2 (Ag vs. New Biz)	Management admits OEM demand is flat/negative, but mid-teens growth for FY26 is mathematically supported by ₹203 Cr in new wins.	□
The Street's Primary Anxiety	Cycle Bottoming	Analysts are hunting for the "absolute floor"; management pointed to Q3 as the nadir with Q4 showing sequential improvement.	□
Capital Cycle Stage	Consolidation	Preserving a ₹208 Cr net cash position and seeking a "third platform" (PTO/Hydraulics) acquisition to diversify.	□
Margin / Return Ratio Trajectory	Improving (QoQ)	EBITDA margins expanded to 17.9% from 17.4% in Q2, aided by a higher-margin Aftermarket mix.	□
Pricing Power	Stable	Steel pass-throughs remain functional; margin resilience suggests no predatory pricing despite industry-wide volume pressure.	□
FCF Conversion & Quality	Strong	₹46 Cr OCF in Q3 on ₹19.1 Cr PAT; inventory liquidation is the primary liquidity lever.	□
Competitive Moat Signals	Widening	Gaining market share in Aftermarket (25-30% growth) and securing "best-cost" wins like Bobcat (\$6.5M) for Mexico.	□
Balance Sheet Strength	Strong	Net cash increased to ₹208 Cr (from ₹173 Cr in Q2); net debt-free with high dividend payout (₹7.50/share).	□
Working Capital Efficiency	Deteriorating (Days)	NWC days stretched to 151 days (trailing 12M basis) due to lower denominator (revenue), but absolute NWC fell by ₹21 Cr.	□
Mgmt Guidance Track Record	Mixed	Historical optimism on FY25 has been corrected to a "wait for FY26" structural growth story.	□
Key Vulnerability / Red Flag	High OEM Concentration	80.2% revenue still tied to OEMs who are currently cutting production forecasts (Deere/CAT).	□
Management Tone	Sober but Confident	Tone was realistic regarding the cycle but aggressive regarding the "new business" implementation.	□

Sentiment: ☐Positive | ☐Negative | ☐Neutral

Key Takeaways (Positives & Negatives): * **Positives:** The **Aftermarket (AFM)** is now a genuine counter-cyclical hedge, growing 25–30% YoY following the onboarding of North America's second-largest retail group. **Cash conversion remains world-class;** the business generated ₹46 Cr of cash in its worst quarter in years, padding a ₹208 Cr cash war chest. **Structural wins** (₹203 Cr trailing 12-month awards) provide a visible bridge to mid-teens growth in FY26 even if the underlying Ag/Construction markets remain sluggish. * **Negatives:** The

Ag and Construction sectors have synchronized into a rare concurrent downturn, eliminating the company's historical internal hedge. **Operating leverage** is significant; 9M PAT is down 32% as the company carries the cost of unutilized capacity. The **UTV/Consumer project** is moving slower than planned, requiring more marketing spend to gain traction. * **Street Concern:** Analysts are wary of "shifting goalposts" on the recovery. Management responded by anchoring FY26 growth to **wallet-share gains (New Awards)** rather than a macro rebound, which is a higher-conviction driver. * **Forward Watchpoint:** Monitor the Q4 revenue run-rate; management expects it to be the "second best" quarter of FY25 (approx. ₹245-255 Cr range). Failure to hit this would signal a deeper OEM inventory problem.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

PPT available — numbers derived from Q3 results presentation. Trajectory vs Prior Quarter (Q2FY25).

Metric	Current Qtr (Q3FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Volume (units)	Not in document	N/A	N/A	N/A	OEM volumes down significantly; Aftermarket volumes up 25-30%.
ASP (₹/unit)	Not in document	N/A	N/A	N/A	Impacted by favorable mix shift toward Aftermarket.
Domestic Revenue (₹Cr)	₹31.2	↓ 15%	↓ 21%	↓	Driven by lower export production needs for 3PL components.
Export Revenue (₹Cr)	₹177.1	↓ 20.3%	↓ 12.2%	↓	Americas (54%) and Europe (23%) both facing OEM destocking.
Key OEM Concentration	80.2%	↓ 130 bps	↓ 130 bps	↓	Strategic shift to Aftermarket (now 19.8%) is accelerating.
Revenue (₹Cr)	₹208.3	↓ 19.6%	↓ 13.7%	↓	Q3 labeled the "absolute bottom" of the current cycle.
Gross Margin (%)	67%	↑ 200 bps	↑ 400 bps	↑	Driven by higher Aftermarket mix and lower raw material costs.
EBITDA (₹Cr)	₹37.2	↓ 16.1%	↓ 11.1%	↓	Absolute drop due to volume; margins expanded on mix.
EBITDA Margin %	17.9%	↑ 80 bps	↑ 50 bps	↑	Resilient despite deleverage; targeting 20%+ in FY26.
PAT (₹Cr)	₹19.1	↓ 26.5%	↓ 10.3%	↓	Impacted by lower EBIT and stable depreciation/interest.
ROCE (%)	19.5% (FY24)	↓ vs 35.9%	N/A	↓	Troughing as asset utilization remains below 60%.
Cash Flow (OCF)	₹46.0	↑ (High)	↓ 17.8%	↓	OCF of ₹46 Cr on PAT of ₹19.1 Cr (2.4x conversion).
Net Debt / (Cash)	(₹208.0 Cr)	↑ Cash	↑ Cash	↑	Net cash up ₹35 Cr QoQ; debt-free status maintained.
Working Capital	151 Days	↑ (Days)	→ (Abs)	→	Absolute NWC down ₹21 Cr; days high due to revenue drop.

2B. SEGMENT BREAKDOWN

Segment	Revenue Mix (9M)	YoY Growth	Trend	vs Co. Avg	Key Development
Agriculture	62.1%	↓ (Double-digit)	↓	In-line	Large Ag (>70HP) still soft; Small Ag stable in Europe/India.
Construction	37.2%	↓ (Mid-teens)	↓	Better	Relationships with CAT/others offsetting broader sector pain.
Aftermarket	19.8%	↑ 25-30%	↑	Outperforming	New US retail account performing better than anticipated.
3-Point Linkage	46.0%	↓ (Est -18%)	↓	In-line	Leader in <70HP; gaining traction in >70HP segment wins.
PMP	51.0%	↓ (Est -16%)	↓	In-line	High-complexity parts for OHVs; hit by CFM softness.

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.	Needs ~₹150-170 Cr incremental revenue from productionizing new awards.	Revised (FY25 target cut)	Medium
Guidance	Margins	20%+ medium-term.	Feasible at ₹270 Cr+ quarterly revenue run-rate (operating leverage).	Missed (currently 17.9%)	Medium
Guidance	Q4 Seasonality	Q4 to be "between Q1 and Q2" levels.	Needs ₹240 Cr+ revenue in Q4FY25; requires sudden OEM pull.	Mixed	High
Strategy	New Awards	₹203 Cr (Trailing 12 months).	Translates to ~16-18% growth on FY24 base if executed.	On Track	Low
Strategy	Mexico Plant	Warehouse live; \$6.5M Bobcat award Jan 2026.	11-month lead time for production revenue; warehousing is bridge.	On Track	Low
Macro	Interest Rates	Recovery hinges on US rate cuts.	Beyond mgmt control; impacts housing/CFM demand.	N/A	High
Macro	Inventory	Destocking ending in Small Ag.	Aftermarket normalization complete; Large Ag still correcting.	Consistent	Medium

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	5.0	Saumil Shah, Paras Inv	Performance	Management Outlook	"Sir, this quarter has been the lowest sales and lowest PAT in last 15, 18 quarters... by when can we go back to 21% EBITDA?"	Management confirmed Q3 is the absolute bottom and Q4 will see a sequential uptick, with FY26 driven by mid-teens growth from new award implementation. This signals that the recovery is structural (new business) rather than just cyclical (market rebound).	Specific timing of 21% margin return.	4.0	Direction with evidence
2	4.5	Saumil Shah	Growth	Business Overview	"Are we following any dividend distribution policy... what can we expect?"	Management is currently paying out 80-90% of profits despite the 25% stated policy because cash flows are robust. High dividend yield acts as a floor for the stock during the earnings trough.	None	5.0	Specific and quantified
3	4.0	Nikunj Doshi, Bay Capital	Inorganic Growth	Financials	"Are we looking at really large acquisition... INR 1,500 Cr enabling resolution looks large?"	Management clarified they are looking at "third platforms" (PTO/ Hydraulics) but will not do "very large" deals that they can't manage easily. The enabling resolution is for flexibility; M&A remains the key use of ₹208 Cr cash.	Specific target names/ size.	3.0	Vague but consistent

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
4	4.0	Saumil Shah	New Products	Business Overview	"Any updates on adding one more product line?"	Management identified Fabrication as the new growing platform, seeing traction as a "China+1" alternative for attachments. This expands the wallet share per vehicle beyond the traditional 3PL and PMP.	None	4.0	Direction with evidence
5	5.0	Devchandra Ramani	Growth Forecast	Management Outlook	"Most customers are forecasting 2025 at -5% to -10%... why are we guiding for 15% growth?"	Management explained that existing OEM business is flat/negative, but the ₹203 Cr in new awards (wallet share gains) will drive the delta. Thesis relies on Uniparts outperforming the market cycle through execution of won projects.	None	4.5	Clear and quantified
6	3.5	Richa, Equitymaster	Margins	Financials	"What is the margin delta in Aftermarket vs OEM?"	Management indicated Aftermarket margins are roughly 3-4% higher than OEM margins. The shift toward 19.8% Aftermarket mix is the primary reason EBITDA margins grew to 17.9% in a low-volume quarter.	None	4.0	Specific segment guidance
7	4.0	Mohammed Farooq	Tariffs/Trade	Management Outlook	"With US imposing 10%	Management claimed their	None	4.0	

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					tariff on Chinese imports, do you see an opportunity?"	"dual-shore" and new Mexico base makes them the primary beneficiary of China+1 as OEMs staff up in India. Strategic flexibility reduces tariff risk compared to pure-play exporters.			Structural intent shown
8	3.5	Madhur Rath	New Segments	Business Overview	"Is there any update on the UTV, ATV projects?"	Management admitted the UTV project is taking more time than thought and requires a marketing campaign. This reduces the near-term reliance on "consumer" growth, focusing back on industrial OHV.	Specific UTV sales numbers.	3.0	Candid admission
9	4.0	Madhur Rath	Near-shoring	Capex and Allocation	"Are we planning to do some manufacturing [in Mexico]?"	Management is starting with warehousing to learn the environment but noted the \$6.5M Bobcat win for Jan 2026 as proof of strategy. Phase 1 is low-capex/high-agility, limiting downside risk.	Exact Phase 2 capex.	4.0	Direction with evidence

PATTERN FLAGS & SENTIMENT

- **The "New Business" Bridge:** The most significant pattern was management's shift from blaming the macro to highlighting the **~203 Cr new business award pipeline**. Analysts were skeptical about the 15% growth guidance given that global OEMs (Deere, CAT) are projecting declines. Management's defensive yet data-

backed stance—insisting that **wallet share gains** will decouple Uniparts from the underlying cycle—is the new anchor for the thesis.

- **Margin Resilience:** Analysts were surprised by the **margin expansion (17.9% vs 17.4% QoQ)** despite a revenue drop. Management highlighted the **Aftermarket (AFM) mix** and cost discipline. This resolved concerns about a "margin collapse" due to operating deleverage, showing the floor is higher than previously thought.
- **Inorganic Strategy:** The **₹1,500 Cr enabling resolution** caused a stir, but management calmed fears of over-leveraging by emphasizing "strategic fit" and "manageable size." This remains a live watchpoint for the next 2-3 quarters.

Analyst Sentiment Verdict: Skeptical but Soothed. Analysts are tired of the shifting "bottom," but the high cash conversion (OCF/PAT > 2x) and margin resilience in a trough have preserved management's credibility. The primary friction point—how to grow 15% in a -10% market—was addressed with specific award data, putting the burden of proof on Q4/Q1 execution.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Prior Q)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Bottoming Timing	Q2 was expected to be the bottom.	Q3 became the actual bottom (Revenue down 13.7% QoQ).	Bottoming pushed out by one quarter.	Low - Cycles are volatile.
UTV Growth	High potential near-term project.	"Taking more time than originally thought."	Walk-back on speed of consumer-segment entry.	Low - Not a core thesis pillar.
OEM Demand	Expectation of stabilization in H2.	Large Ag and CFM remain "tough" and "sluggish."	Market-driven recovery is now a CY26 event.	High - Revenue depends on new wins.

5. WHAT CHANGED vs PRIOR QUARTER

Trajectory Signal vs Q2FY25 (Prior Quarter).

What Changed	Prior Quarter (Q2)	This Quarter (Q3)	Direction
Revenue Baseline	₹241.4 Cr	₹208.3 Cr	↓
EBITDA Margin	17.4%	17.9%	↑
Net Cash Position	₹173 Cr	₹208 Cr	↑
Aftermarket Growth	Normalizing	Accelerating (25-30% guidance)	↑
New Awards (TTM)	₹177 Cr	₹203 Cr	↑
FY25 Outlook	"Flattish H2"	Q3 confirmed as the bottom; Q4 uptick	□
FY26 Outlook	Uncertain	Mid-teens growth guided (structural)	↑
Near-shoring (Mexico)	Strategy	\$6.5M Bobcat win starting Jan 2026	↑
Operating Cash Flow	₹56 Cr	₹46 Cr	↓

INVESTOR NOTE: This quarter serves as a **cyclical trough but a structural proof-of-concept**. The thesis has shifted from "waiting for the market to turn" to "executing on ₹203 Cr of won business." The high dividend payout and ₹208 Cr cash pile provide a safety net, but the stock will likely remain range-bound until Q4 proves the sequential revenue uptick (₹245 Cr+ target) is actually materializing. The "Quality" of the business is confirmed by expanding margins on lower volumes; the "Timing" remains the only variable.