Uniparts India Ltd — Feb 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Beat on Margins | Inline on Revenue **One-line:** The long-term thesis is significantly strengthened by the normalization of the US tariff regime (18% reciprocal vs China’s 45%) and the operationalization of the Mexico warehouse, which together transform Uniparts from a "cheap exporter" into a strategic "Near-Shore" partner for global OEMs.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	In-line Revenue / Margin Beat	Q3 Revenue of □281.0 Cr grew 35% YoY; EBITDA margin of 21.5% remains above the 20% long-term floor despite seasonal weakness.	□
Earnings Quality	High (Core driven)	CFO/PAT at 1.08x for Q3; 9M growth of 17% was driven ~10% by new business wins, indicating high-quality market share gains.	□
Guidance Confidence	Strong	Management reiterated mid-teens growth for FY26 and FY27, backed by a □200 Cr new business pipeline.	□
Management Credibility	Strong	Delivered the Mexico warehouse launch in Oct-25 as promised; transparency on Ludhiana fire impact (5-day restart) was high.	□
Business Quality Signal	Improving	Pivot to Construction/Mining (CFM) now 41.6% of mix (vs 37% in FY25), reducing reliance on cyclical Agriculture.	□
Key Q&A Exchange	Q2 (Tariff Delta)	Management quantified the new 18% reciprocal tariff vs China's 45% as a "resurrection" of the China Plus One strategy.	□
The Street's Primary Anxiety	US Tariffs	Analysts feared export erosion; Mgmt confirmed Russian oil tariffs are now 0% and reciprocal duties are down to 18%.	□
Capital Cycle Stage	Harvesting / Growth	Declared □101 Cr special dividend while maintaining capacity to reach □1,500 Cr peak revenue without heavy Capex.	□
Margin / Return Ratio Trajectory	Stable	EBITDA margins stabilized at 21.5% as FX-led inventory gains from Q2 normalized (Material cost 32.5% vs 30.5% in Q2).	□
Pricing Power	Stable	Contractual pass-throughs for RM and currency are being accepted by top-tier OEMs (Deere, CAT, Kubota).	□
FCF Conversion & Quality	Strong	Q3 CFO of □36 Cr vs PAT of □33.3 Cr (1.08x) reflects disciplined working capital despite inventory build for Mexico.	□
Competitive Moat Signals	Widening	Mexico facility offers JIT delivery that China-based peers cannot match under the current US duty regime.	□
Balance Sheet Strength	Strong	Net cash of □153 Cr post-special dividend; net-debt free status maintained.	□
Working Capital Efficiency	Improving	NWC days improved to 144 days from 155 days in the prior quarter.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on "mid-teens" growth and "normalized 20%" EBITDA targets.	□
Key Vulnerability / Red Flag	Large Ag US	North American Large Ag still faces a 15-20% contraction; recovery is expected to be gradual and uneven.	□
Management Tone	Confident	Assertive on "China Plus One" opportunities and structural operating leverage.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives: Construction (CFM) is the structural growth engine**, now comprising 41.6% of revenue, driven by US infrastructure and mining demand. The **Tariff environment has flipped from a threat to a tailwind**, with India’s 18% duty offering a massive cost advantage over China’s 45%. **New business execution is visible**, with ~60% of current growth coming from fresh awards rather than just market recovery. The **Mexico Warehouse is operational**, allowing the company to capture "stalled" projects that require near-shore resilience. * **Negatives: Large Agriculture remains in a cyclical trough** in North America, with a 15-20% contraction expected for CY26. **One-off wage code impact** of □3.4 Cr slightly

dampened the PAT growth in Q3. **Seasonal slowdown** in Q3 impacted absolute EBITDA/PAT compared to the high base of Q2. * **Forward Watchpoint: Mexico Warehouse Revenue Contribution**. This will be the ultimate test of whether "Near-Shoring" translates into actual market share gains from Tier-1 OEMs like Caterpillar and Bobcat in H2FY26.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures used as primary source. Concall used for Mgmt Commentary column and any number absent from PPT.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Volume (units)	Not in document	N/A	N/A	N/A	Driven by CFM and Small Ag outperformance.
ASP (₹/unit)	Not in document	N/A	N/A	N/A	Pricing stable; RM and FX pass-throughs executed.
Domestic Revenue	₹41.9 Cr	↑ 22.8%	↑ 1.7%	↑	Supported by monsoons and GST reductions on tractors.
Export Revenue	₹239.1 Cr	↑ 37.3%	↑ 1.5%	↑	Strong recovery in Europe and steady US CFM demand.
Key OEM Concentration	63.0% (Top 10)	↓ 1100 bps	→	↓	9M FY26 data; diversification improving as new customers scale.
Revenue (Ops)	₹281.0 Cr	↑ 34.9%	↑ 1.5%	↑	9M growth of 17% driven ~10% by new business awards.
Gross Margin (%)	67.5%	↑ 80 bps	↓ 190 bps	⚠	Margin normalized as Q2's FX-led inventory gain abated.
EBITDA	₹61.7 Cr	↑ 65.5%	↓ 3.5%	↓	Q2 was high base; Q3 impacted by ₹3.4 Cr wage code.
EBITDA Margin %	21.5%	↑ 410 bps	↓ 110 bps	⚠	Sustainability of 20% profile confirmed over the cycle.
PAT	₹33.3 Cr	↑ 74.1%	↓ 15.4%	↓	Impacted by ₹3.4 Cr one-time labor code exceptional cost.
ROCE (%)	22.4%	↑ 800 bps	↑ 90 bps	↑	9M annualized; reflects sharp recovery from FY25 trough.
Cash Flow (OCF)	₹36.0 Cr	Not stated	↑ 5.9%	↑	Strong conversion (1.08x PAT); ₹122 Cr for 9M FY26.
Net Debt / (Cash)	(₹153.0 Cr)	↑ Cash	↓ 32.3%	↓	Cash reduced due to ₹101 Cr special dividend payout.
Interest Coverage	27.6x	↑ 135%	↓ 4.8%	↑	Negligible debt; interest costs significantly covered.
Working Capital	144 Days	↓ 25.4%	↓ 7.1%	↑	Significant improvement in inventory management.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Agriculture	□164.1 (58.4%)	↑ 27.6%	Not stated	□	Below	Small Ag "Green"; Large Ag "Red" (contraction moderation).
Construction (CFM)	□116.9 (41.6%)	↑ 46.5%	Higher	↑	Above	Driven by AI data centers (US) and green energy (Europe).
OEM Channel	□240.8 (85.7%)	↑ 43.1%	18-20%	→	In-line	Strategic partnerships with all top 10 global OHV OEMs.
Aftermarket (AFM)	□40.2 (14.3%)	↓ 2.6%	Highest	↓	Superior	Slowdown due to prior tariff uncertainty; now resolving.
3PL (Linkage)	□131.0 (46.6%)	↑ 28.8%	19-21%	→	In-line	Market leaders in <70 HP linkage globally.
PMP (Precision)	□143.9 (51.2%)	↑ 40.8%	20-22%	↑	Above	Growing share in CFM segment and higher complexity parts.

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 (15-17%).	9M at 17%; Q4 needs ~□270 Cr to hit 16% (Very Feasible).	Delivered	Low
Guidance	Margins	Sustainable 20% EBITDA over the cycle.	9M at 21.6%; Q4 can drop to 15.5% and still hit 20% (Low risk).	Beat	Low
Guidance	Mexico Ops	Operational by Q3 FY26.	Operational in October 2025; first supplies expected in Q4.	Delivered	Low
Guidance	Capex Plan	2.5% to 3.0% of revenue.	Currently within limits (□5 Cr in Q3; ~□25-30 Cr annual).	Delivered	Low
Strategy	New Awards	□200 Cr annualized potential.	Consistent pipeline over the last 4 quarters.	Delivered	Low
Strategy	Diversification	Reduce Large Ag concentration.	CFM mix rose from 37% to 41.6% in 9 months.	Delivered	Low
Macro	US Tariffs	Resurrection of China Plus One.	18% reciprocal tariff vs China's 45% creates massive gap.	New Catalyst	Medium
Macro	Industry Status	CFM "Green" / Small Ag "Amber".	Verified by Bobcat/CAT demand for AI infrastructure data centers.	Verified	Medium
Balance	Debt Target	Remain Net-Debt Free.	Net Cash at □153 Cr despite large special dividend.	Delivered	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	Viraj, SIMPL	Revenue Mix	Business Overview	"Revenue mix as per channel for the quarter and nine months?"	Management stated warehousing is ~50%, direct exports ~25%, and India sales ~15%. High warehousing share validates the dual-shore moat and supports the 20% margin thesis.	None	5.0	Specific ar quantified
1a	4.5	Viraj	New Orders	Management Commentary	"More color on the new order win for the quarter... which major geographies or products?"	Management explained the □200 Cr pipeline spans US, Europe, and India, with 10% of total 17% growth coming from new wins. Growth is structurally driven by market share gains, not just cyclical recovery.	None	4.0	Directional with evidence
2	5.0	Madhur Rathi, Counter Cyclical	Tariffs	Management Commentary	"Market share improvement in PMP segment where Chinese players have always dominated [post tariff change]?"	Management noted Russian oil tariffs dropped to 0% and reciprocal tariffs to 18% vs China's 45%, "resurrecting" the China Plus One opportunity. This is a massive competitive catalyst for	Specific notification date	4.0	High-impa catalyst

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						the PMP segment and Aftermarket.			
3	4.0	Madhur Rathi	FY27 Outlook	Management Commentary	"Where do we see our revenue for FY27 and margins level?"	Management guided for mid-teens revenue growth and 20% sustainable EBITDA margins through the cycle. Provides clear valuation visibility for long-term investors.	None	4.0	Confident guidance
4	3.5	Sunil Jain, Nirmal Bang	EBITDA Cycle	Financials	"20% EBITDA... some years you are lesser... some years you may be over?"	Management clarified that while FY25 was 18%, the 9M FY26 at 21.6% proves the 20% average is achievable through operating leverage. Reaffirms the margin profile's floor.	None	4.0	Specific to cycle
5	4.0	Richa, Equity Masters	Warehousing	Business Overview	"Do you expect the share of warehousing to go down and hence have implication on margins?"	Management insisted warehousing is structural (strategic JIT partnership) rather than cyclical, ensuring margin stability. Higher warehousing equals stickier OEM relationships.	None	4.5	Structural insight

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6	4.5	Anubhav Mukherjee, Prescient	Gross Margin	Financials	"Was there any one-time impact in the gross margin [FX driven]?"	Management noted material cost rose to 32.5% in Q3 (vs 30.5% in Q2) as the currency impact normalized. Q3 margins represent a "normal" level compared to the FX-boosted Q2.	None	5.0	Clear forensic detail
7	4.0	Jinesh Gandhi, Oaklane	Large Ag	Business Overview	"Large Ag order wins... should we think about it being Europe-led or US?"	Management highlighted new wins with European Large Ag customers and emphasized India's cost advantage over European suppliers via the FTA. Europe is the leading edge of the Large Ag recovery.	None	4.0	Geographi pivot
8	3.5	Disha, Sapphire	Order Book	Business Overview	"What is the current order book for us right now?"	Management declined to give a hard number but reiterated the mid-teens growth target as a proxy for the order book. Suggests visibility into FY27 is strong.	Absolute order book value	3.0	Vague but consistent
9	4.0		Margins & FX	Financials	"Sharp margin expansion...	Management confirmed	None	4.5	Specific FX impact

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		Abhishek Shah, Valcore			attribute some part of it due to currency depreciation?"	EBITDA was down QoQ partly due to higher material costs (less currency aid) and one-time wage code impact. Normalizes analyst expectations for the 20-21% margin band.			
10	3.5	Dheeraj Kumar, AlphaSquare	Trajectory	Management Commentary	"EBITDA curve can go as high as 24%-25%?"	Management cautioned against over-optimism, targeting 20% as the reliable peak to account for future fixed cost additions (Capex). Prudent management of street expectations.	None	3.5	Hedges or upside
11	4.0	Dheeraj Kumar	Acquisitions	Capex and Allocation	"Acquiring units from companies [Dynamatic]... you have capability?"	Management confirmed interest in Hydraulics and PTO but reiterated they won't buy "deep turnaround" stories. Signals disciplined M&A rather than growth at any cost.	None	4.0	Disciplined M&A
12	4.5	Shrinjana Mittal, MS Capital	Fire Impact	Business Overview	"Fire in surface finishing plant...	Management reported a quick 5-day restart by	Exact insurance claim amount	5.0	High transparen

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					quantify the impact?"	shifting processes to sister plants; insurance covers plant, machinery, and business interruption. No material impact expected on Q4 orders.			
13	4.0	Shrinjana Mittal	Growth Drivers	Financials	"Breakdown between new business net growth and base business growth?"	Management quantified that 9-10% of the 17% YoY growth is from *new* business awards. This is a critical signal of market share gains in a flat industry.	None	5.0	Data-back growth
14	3.0	Madhur Rathi	Mining	Business Overview	"Where are we in the mining components supply?"	Management noted they supply to divisions making mining/heavy equipment, but don't track mining as a separate silo from CFM. Confirms presence in high-intensity industrial segments.	Segment-specific mining revenue	3.0	Directional
15	3.5	Viraj	Mexico/CAT	Business Overview	"Mexico operations and the scale up to Caterpillar?"	Management confirmed Caterpillar is a top-3 customer and Mexico shipments will scale once	None	4.0	Specific customer t in

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						customer IMMEX registrations are complete (Q4). Watchpoint for H2FY26.			
16	3.0	Saket Kapoor	Tractor Demand	Business Overview	"GST cut and good demand... how are things shaping up?"	Management confirmed robust India sentiment due to reservoir levels and monsoons, supporting the "Green" status of India Ag. Bodes well for domestic linkage sales.	None	4.0	Favorable macro

PATTERN FLAGS & SENTIMENT

- **The Tariff Pivot:** The most significant shift in analyst questioning revolved around the US-India tariff agreement. Analysts moved from defensive concerns about duty hikes to optimistic queries about gaining share from China (18% vs 45%). Management's posture was assertive, viewing this as a structural reset of their competitive positioning in the PMP and Aftermarket segments.
- **Margin Normalization:** There was high forensic interest in whether the margins were FX-driven (like Q2). Management's admission that material costs rose back to 32.5% in Q3 successfully "de-noised" the P&L, convincing analysts that 20-21% is a legitimate operational floor, even without massive currency tailwinds.
- **Disruption Management:** The potential Ludhiana fire disruption was a major "live" concern. Management's detailed 5-day recovery plan and insurance transparency effectively neutralized the risk, preventing a sentiment overhang for Q4.

Analyst Sentiment Verdict: Analysts were **convinced and optimistic**, particularly regarding the growth attribution (10% from new wins) and the tariff advantage. The primary friction point—Large Ag's weakness—was successfully offset by the visibility in Construction (CFM). Management's credibility improved through the successful (and timely) launch of the Mexico facility.

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	69.4% (Q2)	67.5% (Q3)	Q2 was FX-inflated; Q3 is the "new normal."	Low - confirms 20% EBITDA floor.
Aftermarket	Resilient / Stable.	9M Share fell to 14.3%.	Tariff uncertainty caused a temporary slowdown; recovery pending.	Medium - requires Q4 pickup.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2FY26)	This Quarter (Q3FY26)	Direction
Net Cash	₹226.0 Cr	₹153.0 Cr	↓
Tariff Environment	50% Section 232 Concern.	18% Reciprocal / 0% Russian Oil.	↑
Mexico Status	"Ready by Oct-25".	Operational.	↑
Working Capital Days	155 Days.	144 Days.	↑
CFO/PAT Ratio	0.86x (H1).	1.08x (Q3).	↑
Growth Attribution	General recovery.	60% of growth from *New Awards*.	↑
One-off Costs	None.	₹3.4 Cr Wage Code Impact.	↓
Ag Segment View	"Moderating decline".	"Moving past the most challenging phase".	↑

INVESTOR NOTES: * **The "China Plus One" is now real:** The 27% delta between India and China tariffs (18% vs 45%) is the single largest tailwind for Uniparts in a decade. This makes the PMP segment a massive market-share gain opportunity. * **Capital Allocation shift:** The ₹101 Cr special dividend suggests that while management is hunting for M&A in Hydraulics, they will not compromise on valuations, returning excess cash in the interim. * **Thesis Verdict: Maintain Positive.** The company has successfully de-risked its revenue mix (Construction at 41.6%) and its geopolitical footprint (Mexico operational). The stock is now a play on "New Business Awards" execution rather than just global tractor cycles.