

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Beat on Sequential Recovery | Inline on Full-Year Guidance **One-line:** While FY25 ended as a "cleansing year" for global inventory, the structural thesis is intact as management pivotally de-linked FY26 growth (mid-teens guidance) from a macro rebound to a high-conviction ₹195 Cr new-business execution bridge.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Sequential Beat	Revenue (₹252.8 Cr) rose 21.4% QoQ, validating the "Q3 was the bottom" call from the prior analyst meet.	☐
Earnings Quality	High (Core driven)	FY25 CFO (₹208.3 Cr) is 1.67x PAT (₹124.7 Cr); elite cash conversion driven by aggressive inventory liquidation (₹38.6 Cr reduction).	☐
Guidance Confidence	Neutral	Management guides for mid-teens growth in FY26 despite John Deere/CAT forecasting market declines; reliance is entirely on "wallet share gains."	☐
Management Credibility	Stable	Management hit their Q4 "sequential uptick" target but shifted the "meaningful recovery" for the broader industry to H2FY26.	☐
Business Quality Signal	Stable	Maintained gross margins at 64% despite a 15% YoY volume collapse; demonstrates significant variable cost flexibility.	☐
Key Q&A Exchange	Q5 (Growth Delta)	Mgmt justified 15% growth in a -10% market via ₹195 Cr of TTM new awards—this is the linchpin of the FY26 thesis.	☐
The Street's Primary Anxiety	US Tariffs	Fear of margin erosion from 10-25% tariffs; Mgmt confirmed P&L neutral agreements with major OEMs, though WC will stretch.	☐
Capital Cycle Stage	Consolidation	Net cash increased to ₹194 Cr; focus is on "third platform" M&A (PTO/Hydraulics) to break Ag/CFM cyclicalities.	☐
Margin / Return Ratio Trajectory	Deteriorating (YoY)	FY25 ROCE fell to 14.4% (from 19.5% FY24) as asset turnover dropped to 1.5x on unutilized capacity.	☐
Pricing Power	Stable	Pass-through mechanisms on steel remain intact; tariff neutrality agreements suggest strong OEM sticky-factor.	☐
FCF Conversion & Quality	Strong	Consistent FCF generation; dividend payout reached 73% of PAT, signaling high confidence in the cash floor.	☐
Competitive Moat Signals	Widening	Onboarding a "Large European Tractor OEM" and expanding with Caterpillar/Bobcat via Mexico near-shoring (\$6.5M win).	☐
Balance Sheet Strength	Strong	Net debt-free with ₹194 Cr cash; current ratio remains healthy despite rising payables.	☐
Working Capital Efficiency	Deteriorating (Days)	Working capital days stretched to 154 days (TTM basis) due to lower revenue denominator; absolute NWC is leaner.	☐
Mgmt Guidance Track Record	Mixed	Accurate on sequential Q4 recovery; over-optimistic on the speed of Ag sector bottoming in previous quarters.	☐
Key Vulnerability / Red Flag	Large Ag Trough	Large Ag (>70HP) remains in a "double high-digit" decline globally; recovery not expected until CY26.	☐
Management Tone	Cautiously Aggressive	Realistic about macro "trouble" but aggressive on internal execution and new customer wins.	☐

Sentiment: ☐Positive | ☐Negative | ☐Neutral

Key Takeaways (Positives & Negatives): * **Positives:** The **Aftermarket (AFM)** has successfully pivoted to a counter-cyclical hedge, now contributing 20% of revenue and growing 20% YoY. **Cash generation** is the business's superpower; converting 167% of PAT into operating cash flow during a synchronized industry trough provides the firepower for M&A. The **Mexico/Near-shoring strategy** is validated by a \$6.5M Bobcat award, de-risking the business from US-China trade volatility. * **Negatives:** **Operating deleverage** is severe; while gross margins are flat, EBITDA margins compressed to 16.5% in Q4 (vs 17.5% Q3) as the company carries fixed costs

for a 15% larger revenue base. **Large Ag exposure** (16-17% of mix) remains a persistent drag with no macro visibility for another 12 months. * **Street Concern:** Analysts are fixated on the disconnect between weak OEM guidance (Deere -20%) and Uniparts' +15% target. Management's response anchored this on **₹195 Cr of production-ready new awards**, effectively making FY26 an "execution play" rather than a "macro play." * **Forward Watchpoint:** Monitor Q1FY26 revenue; management guided it to be "in line with Q4" (₹253 Cr). Any miss here would suggest the "new business" implementation is lagging behind the "legacy business" decay.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

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

Metric	Current Qtr (Q4FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Volume (units)	Not in document	N/A	N/A	N/A	OEM volumes down double-digits; Aftermarket volumes growing 20%.
ASP (₹/unit)	Not in document	N/A	N/A	N/A	Pricing stable; revenue delta driven by mix and volume.
Domestic Revenue	₹38.0 Cr	↓ 13.0%	↑ 21.8%	□	Recovery in Indian tractor demand (flat YoY units) aiding sequential growth.
Export Revenue	₹214.8 Cr	↓ 12.8%	↑ 21.3%	□	Americas/Europe showing sequential inventory stabilization but YoY weakness.
Key OEM Conc.	80.7%	↓ 40 bps	↑ 50 bps	→	Strategic focus on increasing Aftermarket (AFM) to 20%+.
Revenue	₹252.8 Cr	↓ 12.8%	↑ 21.4%	↑	Bottom confirmed in Q3; Q4 uptick driven by new business and AFM.
Gross Margin (%)	62.0%	↓ 200 bps	↓ 500 bps	↓	Q4 impact from lower realization on certain export contracts and RM mix.
EBITDA	₹41.6 Cr	↓ 19.2%	↑ 11.8%	↑	Sequential growth but margins (16.5%) compressed vs Q3 (17.5%).
EBITDA Margin %	16.5%	↓ 130 bps	↓ 100 bps	↓	Deleverage on employee costs and other expenses as ops scale up.
PAT	₹22.4 Cr	↓ 20.3%	↑ 19.1%	↑	In-line with operational recovery.
ROCE (%)	14.4% (FY25)	↓ vs 19.5%	N/A	↓	Trough year; expectation to return to 20%+ as utilization improves.
Cash Flow (OCF)	₹30.0 Cr	↓ 30.2%	↓ 34.8%	↓	Lower QoQ due to buildup for Q1 shipments; FY25 OCF strong at ₹208.3 Cr.
Net Debt / (Cash)	(₹194.0 Cr)	↑ Cash	↓ Cash	□	Cash used for ₹33.8 Cr dividend payout in Q4.
Interest Coverage	13.9x	↓ vs 16.4x	↑ vs 12.4x	□	Ultra-safe levels despite lower absolute EBIT.
Working Capital	154 Days	↑ vs 132	↑ vs 151	↓	Days high due to lower TTM revenue; absolute NWC fell ₹7 Cr in Q4.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Agriculture	₹159.5 (63%)	↓ (High-teens)	Not stated	↓	In-line	Large Ag down ~30% globally; Small Ag (<70HP) outperforming market.
Construction	₹93.3 (37%)	↓ (Low-double)	Not stated	□	Better	Gaining market share with Caterpillar; outlook flat to -5% for FY26.
Aftermarket	₹48.8 (19.3%)	↑ 20.0%	High	↑	Superior	Maintaining/upgrading existing equipment is the current farmer priority.
3PL	₹123.4 (48.8%)	↓ 15.0%	17-18%	↓	In-line	Global leader in <70HP; win with European OEM adds to FY26 pipe.
PMP	₹122.9 (48.6%)	↓ 14.0%	16-17%	↓	In-line	Dual-shore (US/India) capability acting as a "China+1" safeguard.

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 ₹280 Cr avg quarterly revenue; requires ~₹150 Cr incremental vs FY25.	Met Q4 sequential target	High
Guidance	Margins	18-20% range for FY26.	Feasible on operating leverage if revenue hits ₹1,100 Cr+ for full year.	Missed FY25 (17.3%)	Medium
Guidance	Mexico Ops	Production to start Jan 2026.	Warehouse operational; Bobcat win (\$6.5M) provides immediate anchor.	On Track	Low
Strategy	New Awards	₹195-200 Cr per annum.	₹195 Cr achieved in TTM; conversion to revenue takes 10-15 months.	Consistent	Low
Strategy	Capital Allocation	3 Product Platforms: PTO, Hydraulics, Fab.	Requires inorganic entry for Hydraulics/PTO; Fab is scaling organically.	Fab on Track; M&A Slow	Medium
Strategy	Dividend	Payout ~73% of PAT.	High payout sustainable given net cash and low capex (₹30-40 Cr).	Delivered	Low
Macro	Tariffs	P&L Neutral impact.	Agreements reached with major OEMs to pass through reciprocal 10% tariffs.	Verified in Concall	Medium
Macro	Ag Cycle	Q3 FY25 was the absolute floor.	Q4 Revenue was indeed 21% higher than Q3; structural bottoming likely.	Improving	Medium

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Rushabh Shah, Buglerock	New Business	Business Overview	"New business of approximately ₹200 crores... from existing clients or more relationships?"	Management confirmed wins are across segments (Construction, Large Ag, Small Ag) and geographies, specifically targeting the Large Ag segment for deep-mining. This reduces reliance on the <70HP small tractor segment which is currently more resilient but mature.	None	4.0	Directional with evidence
2	4.0	Viraj, SiMPL	US Tariffs	Mgmt Outlook	"Post the tariff announcement in U.S., where does that put us in terms of overall position?"	Management stated they have reached agreements with most customers to be P&L neutral, essentially passing through the reciprocal 10% tariffs. This de-risks the bottom line but signals a potential temporary spike in working capital receivables.	Specifics of pre-tariff customs duties.	4.0	Specific timeline given
3	5.0	Nitin Shakhder, Green Cap	Performance	Mgmt Outlook	"Any green shoots... any countercyclical trends that are emerging for this year?"	Management identified Small Ag (flat to -5% rest of world) and Aftermarket (+20% growth) as the primary resilient clusters for FY26. Success in these segments will likely subsidize	None	4.5	Clear and quantified

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						the continued "trouble" in Large Ag, providing a valuation floor.			
4	4.0	Nikunj Doshi, Bay Capital	Recovery Shape	Mgmt Outlook	"Can we expect quarter-on-quarter growth, or it will be a lumpy H2?"	Management expects Q1FY26 to be in line with Q4FY25, with "meaningful differences" and green shoots only appearing in H2FY26. Investors should brace for a flat H1 before the mid-teens growth kicks in during the back half.	None	4.0	Specific timeline given
5	5.0	Nishant Chowhan, Geojit	Growth Outlook	Mgmt Outlook	"John Deere outlook down 30%... what gives us the confidence for mid-to-high teen growth?"	Management reiterated that growth is decoupled from market trends because it is driven by ₹195 Cr of <i>new</i> business awards, not legacy volume recovery. Thesis hinges entirely on the successful productionization of these new wins rather than a macro tailwind.	None	5.0	Specific and quantified
6	4.0	Rahul Dhruv, Pegasus	Currency Risk	Financials	"What would be the case if the rupee actually appreciates... would you renegotiate?"	Management highlighted long-standing relationships and a history of transparent "sitting across the table" to net off inflation vs currency. This suggests a "soft"	Exact threshold for renegotiation.	3.0	Vague but consistent

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						pricing power where OEMs protect Uniparts' survival to ensure supply chain stability.			
7	3.5	Madhur Rathi, Counter Cyc	Order Conversion	Business Overview	"Why are these orders not converting post the pilot stage?"	Management admitted that while pilots are approved, certain Large Ag projects are "deferred" due to the customers' own inventory gluts. This identifies "Execution Delay" as a more significant risk than "Technical Approval" risk.	Specific project names.	3.0	Candid admission
8	4.0	Praneeth, Investor	Product Mix	Business Overview	"How can we think about new products... beyond geographical diversification?"	Management clarified that Fabrication, PTO, and Hydraulics are aimed at the same customers to increase wallet share per vehicle. This leverages existing distribution channels and eliminates the high customer-acquisition cost of new entrants.	None	4.0	Directional with evidence

PATTERN FLAGS & SENTIMENT

- **The "New Business" Decoupling:** A recurring theme was analyst skepticism regarding the +15% growth guidance in a -10% OEM environment. Management was notably firm, repeating the ₹195 Cr new award figure as a mathematical bridge. This posture was confident, shifting the narrative from "cyclical victim" to "market-share gainer." This concern remains live but is now quantified, putting the burden of proof on H1FY26 execution.
- **Tariff Transparency:** Management's proactive negotiation of "P&L Neutrality" with US OEMs was a major credibility booster. Analysts were looking for evidence of margin erosion, but management's agreement on

reciprocal tariff pass-throughs suggests Uniparts is viewed as a "critical partner" rather than a "commodity vendor."

- **Segment Divergence:** There is a clear friction between the high-growth Aftermarket and the stagnant Large Ag. Management appeared realistic, almost dismissive of a Large Ag recovery in FY26, which helps set a conservative baseline for expectations.

Analyst Sentiment Verdict: Relieved but Watchful. The sequential recovery in Q4 quelled fears of a structural collapse. Management's high dividend (73% payout) and net cash (₹194 Cr) have provided a valuation floor. However, the 15% growth target for FY26 is viewed as aggressive execution-wise, and H1FY26's guided "flatness" keeps a lid on immediate re-rating.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Opening / Prior Q)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
Bottom Timing	Q2/Q3 was the bottom.	Meaningful recovery is now H2FY26.	Recovery slope is flatter than initially guided.	Medium
Order Conversion	High inflow of new awards.	Customer "deferrals" are holding back production scale-up in Large Ag.	Conversion from "Award" to "Revenue" is taking 15+ months vs 10-12.	High
Fabrication Vertical	High Bang opportunity.	Revenue "Bang" is 10-15 months away; currently only "small traction."	Slower organic ramp-up than previous "Synergistic" talk implied.	Low

5. WHAT CHANGED vs PRIOR QUARTER

Trajectory Signal vs prior quarter (Q3FY25).

What Changed	Prior Quarter (Q3)	This Quarter (Q4)	Direction
Revenue Baseline	₹208.3 Cr	₹252.8 Cr	↑
EBITDA Margin	17.5%	16.5%	↓
PAT Growth (QoQ)	(10.3%)	+19.1%	↑
Aftermarket Mix	19.8%	19.3%	→
New Awards (TTM)	₹203 Cr	₹195 Cr	↓
Net Cash	₹208 Cr	₹194 Cr	↓
Tariff Status	Uncertainty	P&L Neutral Agreement	↑
FY26 Outlook	Uncertain	Mid-teens (15%) Growth Guided	↑

INVESTOR NOTES: * **Earnings Quality:** CFO-to-PAT of 1.67x is elite. The divergence was caused by a massive ₹38.6 Cr reduction in inventory over FY25, proving management can "shrink to grow" by unlocking cash from stock during a downturn. * **Dividend Floor:** The ₹19.5 full-year EPS and ₹194 Cr cash pile support the high dividend payout. At current levels, the yield acts as a significant total-return buffer. * **Thesis Verdict:** This quarter **confirms the bottom but delays the boom.** The long-term thesis of Uniparts as a "China+1" winner is strengthened by the tariff neutrality agreements. Accumulate on the expectation of H2FY26 production scale-up.