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Generating Wealth

Q1FY26 Result update
11th Aug 2025

Pitti Engineering Ltd

Continuing expansion to support growth.

CMP: INR 918

Rating: BUY

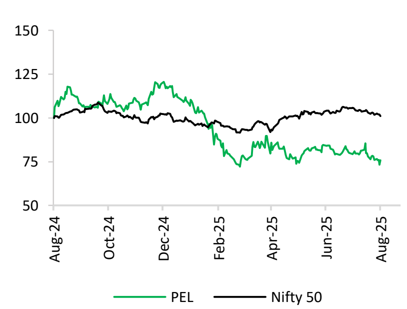
Target Price: INR 1,152

Stock Info	
BSE	513519
NSE	PITTIENG
Bloomberg	PITTIENG:IN
Reuters	PITE.NS
Sector	Capital Goods
Face Value (INR)	5
Equity Capital (INR cr)	18.8
Mkt Cap (INR cr)	3,457
52w H/L (INR)	1,512 / 835
Avg Yearly Volume (in 000')	80.6

Shareholding Pattern % *(As on Jun, 2026)*	
Promoters	54.17
DII	19.15
FII	0.79
Public & Others	25.88

Stock Performance (%)	3m	6m	12m
PEL	0.6	-12.9	-24.2
NIFTY	0.4	4.2	1.0

PEL vs Nifty



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Pitti Engineering Ltd reported numbers, Q1FY26 revenue stood at INR 457cr (+16.6% YoY/-2.6% QoQ); in-line with our estimates of INR 459cr. Gross Profit stood at INR 179cr (+16.6% YoY/-4.7% QoQ); in-line with our estimates of INR 180cr. Gross margins flat YoY (down by 87bps QoQ) to 39.1% in Q1FY25. EBITDA stood at INR 75cr (+29.9% YoY/-5.9% QoQ); above our estimates of INR 70cr. EBITDA margin improved by 168bps YoY (down by 58bps QoQ) to 16.5% vs 14.8% in Q1FY25. PAT stood at INR 23cr (+18.1% YoY/-36.8% QoQ); below our estimates of INR 27cr. PAT margin improved by 6bps YoY (down by 271bps QoQ) to 5.0% vs 4.9% in Q1FY25.

Key Highlights

Continuing capacity expansion to support growth: The capex is expected INR 155cr to be deployed over the next 18 months. The capex is expected to be INR 155cr over the next 18 months. The sheet metal capacity will increase from 90,000 tons to 108,000 tons, and machine hour capacity will increase from 6,48,000 hours to 7,20,000 hours. The carryforward capex is around INR 40cr will be spent in FY26E. Out of INR 190-195cr capex, around INR 80cr will be utilized in FY26E and remaining INR 110cr will be utilized in FY27E. The capex is focused on brownfield expansions, upgrade and optimize existing facilities in Bangalore and Aurangabad. The expansion will address growing customer demand and capture emerging business opportunities, particularly in high-margin segments like railways, data centers, and renewable energy components.

Data center can be the key opportunity: The company has emerged as a key supplier of specialized components for data center applications and Q1FY26 revenue share is around 4% and expected to reach 7% by end of FY26E. The company manufactures high-precision laminations and sub-assemblies for backup power systems that are critical to data center operations, particularly focusing on components for UPS systems and diesel gensets that provide emergency power during outages. The company has secured a new platform in the data center segment, expected to generate over INR 20cr in recurring annual revenue at peak capacity. Data center margins are higher than other applications. We believe, the company would benefit from data center localization requirements.

Tariffs poses near term challenges: exports revenue share is around 31% in Q1FY26 and US share stood around 10%. The shipments majorly mining related components to heavy equipment manufacturers. The company has long standing relationship with OEMs, however 50% tariffs on exports have near term impact. Around 30% of US shipments might at risk, if tariffs remain elevated, particularly for components where customers have dual-sourcing options in other low-cost countries.

Outlook & Valuation: **Pitti Engineering is doing capex of INR 155cr over the next 18 months will enhance capacity for anticipated demand, particularly in railways, data centers, and renewable energy components. The sheet metal capacity will increase from 90,000 tons to 108,000 tons, and machine hour capacity will increase from 6,48,000 hours to 7,20,000 hours. The recent acquisitions are delivering expected synergies, strengthening the integrated manufacturing model. Raw material supply constraints are expected to ease by Q3FY26E. US tariffs pose near-term challenges for about 10% of revenues, which is expected to be offset in other export markets and domestic growth. The company is witnessing traction in data centers and the company is well-positioned to supply the data center industry. At the CMP of INR 918 per share, we are upgrading to "BUY" (earlier "ACCUMULATE") rating at a TP of INR 1,152 per share; valued at a PE multiple of 25x and its FY27E EPS of INR 46.1; an upside of 25.5%.**

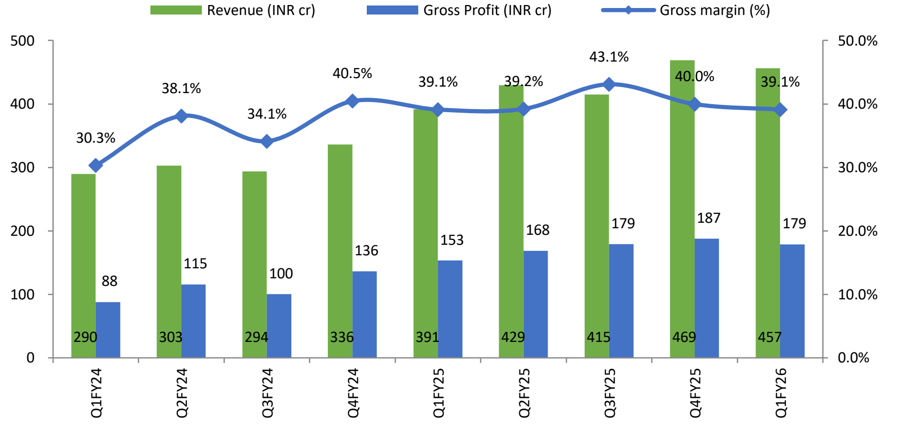
Q1FY26 Results

Income statement summary

Particular (INR cr)	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Revenue	391	469	457	16.6%	-2.6%
Net Raw Materials	238	281	278	16.6%	-1.2%
Gross Profit	**153**	**187**	**179**	**16.6%**	**-4.7%**
Gross Margin (%)	**39.1%**	**40.0%**	**39.1%**	**flat**	**-87 bps**
Employee Cost	42	54	42	-0.3%	-21.3%
Other Expenses	53	54	61	15.7%	13.7%
EBITDA	**58**	**80**	**75**	**29.9%**	**-5.9%**
EBITDA Margin (%)	**14.8%**	**17.1%**	**16.5%**	**+168 bps**	**-58 bps**
Depreciation	17	22	26		
Interest expense	17	19	21		
Other income	3	4	7		
Profit before tax	**28**	**42**	**37**		
Taxes	8	6	14		
PAT	**19**	**36**	**23**	**18.1%**	**-36.8%**
PAT Margin (%)	**4.9%**	**7.7%**	**5.0%**	**+6 bps**	**-271 bps**
EPS (INR)	**6.0**	**9.6**	**6.1**		

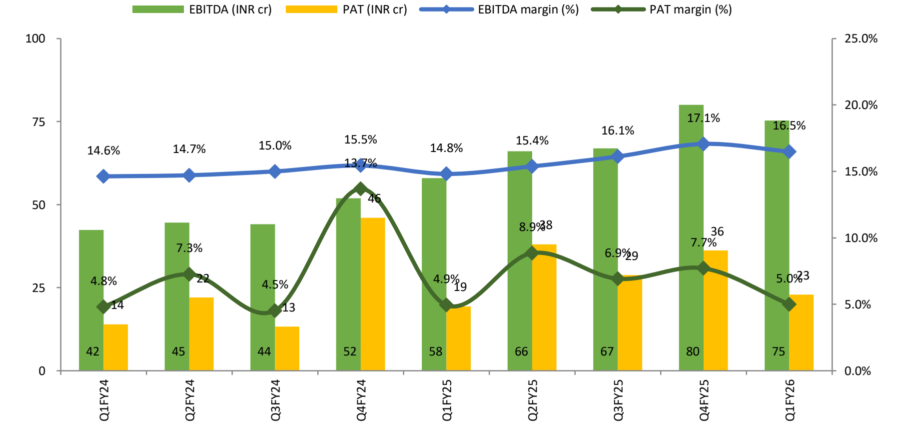
Source: Company Reports, Arihant Capital Research

Exhibit 1: Gross margins flat (down by 87bps QoQ) to 39.1% in Q1FY26. The company passed through raw material impact to the customers.



Source: Company Reports, Arihant Capital Research

Exhibit 2: EBITDA margin improved by 168bps YoY (down by 58bps QoQ) to 16.5% in Q1FY26 due to reduced employee cost and other expenses in-terms of sales.



Source: Company Reports, Arihant Capital Research

Q1FY26 Concall Highlights

Revenue
- Revenue growth is expected to be 15% YoY in FY26E, supported by a robust pipeline of inquiries and strong order visibility.

Margins
- EBITDA margin stood at 16.5% in Q1FY26. Margin expansion is expected in the coming quarters due to improved operational efficiencies and benefits of operating leverage.

- The company is focused on realizing synergies, improving operational efficiencies, and investing in R&D and automation to drive higher margins.

Capex
- The capex is expected to be INR 155cr over the next 18 months. The sheet metal capacity will increase from 90,000 tons to 108,000 tons, and machine hour capacity will increase from 6,48,000 hours to 7,20,000 hours.

- The carryforward capex is around INR 40cr will be spent in FY26E.

- Out of INR 155cr, around INR 80cr will be utilized in FY26E and remaining INR 110cr will be utilized in FY27E.

- The expansions are brownfield, focusing on existing facilities in Bangalore and Aurangabad.

Utilization
- The capacity utilization stood at 70% in Q1FY26, and peak utilization is expected by Q4FY26E.

Volumes
- The volumes stood at 16,000 tons in Q1FY26E and are expected to be 17,000-17,500 tons in Q2FY26E. The volumes are expected to peak at 19,000 tons in Q4FY26E.

- Casting volumes stood at 3,000 tons in Q1FY26 and are expected to reach 4,000 tons/quarter by Q4FY26E.

- The growth in volumes is driven by strong demand across segments, including mining, railways, and data centers.

Data center
- Data center revenue share is around 4% and expected to reach 7% by FY26E.

- The company has secured a new platform in the data center segment, expected to generate over INR 20cr in recurring annual revenue at peak capacity.

Tariffs
- The recent US tariff increase to 25% (potentially 50% with additional duties) poses a challenge; however, the impact is manageable through a diversified customer base.

- The company is in discussion with clients to shift in production to other global facilities to avoid tariffs, particularly for mining related parts.

- Mexico remains a favorable market with no tariff changes expected.

Q1FY26 Concall Highlights

Raw materials

- The company faced raw material shortages in Q1FY26, due to quality control orders on steel imports, including from Japan and Korea.
- The company has stocked more inventories, and the situation is expected to ease from Sep-25 onwards.

Exports

- Exports revenue share is around 31% and the US market share around 9%-10% of total revenue.
- Order visibility remains strong from the US and EU, as customers diversify supply chains away from China.

Working capital and debt

- Net debt increased to INR 525cr in Q1FY26, due to higher inventory levels and a shift from export bill factoring to on-book financing.
- The company shifted from factoring export receivables (selling them to third parties at a discount) to retaining these receivables on its balance sheet.
- Working capital days increased from 57 days to 75 days due to inventories.

Other highlights

- Railways and traction motors witnessed significant growth, driven by domestic approvals and supplies in projects.
- The demand is strong from wind power and hydropower projects.
- RFQs continue to be healthy, indicating sustained demand.
- Bagadia Chaitra and Dakshin Foundries are fully integrated, enhancing capabilities in casting and machining.
- The domestic market is picking up, with strong demand from metro and high-speed rail projects.
- The global shift away from Chinese supply chains is creating opportunities, particularly in high-margin segments like mining and data centers.

Valuation

Exhibit 3: Pitti Engineering is doing capex of INR 155cr to increase the capacity. The sheet metal capacity will increase from 90,000 tons to 108,000 tons, and machine hour capacity will increase from 6,48,000 hours to 7,20,000 hours. We anticipate, the capacity expansion would be available from FY28E onwards.

Pitti Engineering	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Installed Capacity - Hyderabad plant	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Installed Capacity - Aurangabad plant	23,000	26,000	26,000	26,000	36,000	40,200	46,000	62,000	62,000	62,000
Total Installed Capacity (MTPA)	**33,000**	**36,000**	**36,000**	**36,000**	**46,000**	**50,200**	**56,000**	**72,000**	**72,000**	**72,000**
Machine Shop (Hours per Annum)	2,47,600	2,47,600	2,47,600	3,62,800	4,03,200	4,60,800	4,60,800	6,33,600	6,48,000	6,48,000
Production - Lamination (MT)	19,234	25,115	21,435	21,708	32,080	35,803	40,852	48,679	54,000	57,600
Sales (MT)	18,799	27,381	22,122	21,561	31,945	36,297	42,305	48,679	54,000	57,600
Sales/Production (%)	98%	109%	103%	99%	99.6%	101.4%	103.6%	100.0%	100.0%	100.0%
Capacity Utilization (%)	58.3%	69.8%	59.5%	60.3%	69.7%	71.3%	73.0%	67.6%	75.0%	80.0%
Sales (INR cr)	**379**	**622**	**525**	**518**	**954**	**1,100**	**1,202**	**1,524**	**1,674**	**1,839**
EBITDA (INR cr)	**54**	**90**	**78**	**78**	**133**	**151**	**178**	**247**	**248**	**271**
EBITDA Margin (%)	14.4%	14.5%	14.8%	15.1%	13.9%	13.8%	14.8%	16.2%	14.8%	14.7%
Blended Sales Realization (per MT)	2,01,496	2,27,243	2,37,349	2,40,326	2,98,583	3,03,103	2,84,032	3,13,170	3,10,000	3,19,300

Source: Company Reports, Arihant Capital Research, Other operating income not included

Bagadia Chaitra Industries	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Capacity (MTPA)				18,000	18,000	18,000	18,000
Sales (INR cr)	105	237	264	260	240	250	263
EBITDA (INR cr)	8	15	14	15	17	19	22
EBITDA margin (%)	7.3%	6.4%	5.3%	5.6%	7.2%	7.6%	8.3%
Volumes (MT)				14,000	14,075	14,500	15,000
Capacity utilisation (%)				77.8%	78.2%	80.6%	83.3%
Sales Realization (INR/MT)				1,85,714	1,70,515	1,72,220	1,75,665
EBITDA Realization (INR/MT)				10,357	12,291	13,103	14,667

Source: Company Reports, Arihant Capital Research

Dakshin Foundry	FY24	FY25	FY26E	FY27E
Capacity (MTPA)	4,200	4,200	4,200	4,200
Sales (INR cr)	71	72	75	79
EBITDA (INR cr)	19	13	15	18
EBITDA margin (%)	26.3%	17.4%	19.5%	23.0%
Volumes (MT)	2,939	3,224	3,234	3,318
Capacity utilisation (%)	70.0%	76.8%	77.0%	79.0%
Sales Realization (INR/MT)	2,41,204	2,23,325	2,31,911	2,37,342
EBITDA Realization (INR/MT)	63,389	38,772	45,223	54,589

Source: Company Reports, Arihant Capital Research

Pitti Engineering Revenue (INR cr)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Bull Case	379	622	525	518	954	1,100	1,202	1,524	1,757	1,913
Base Case	379	622	525	518	954	1,100	1,202	1,524	1,674	1,839
Bear Case	379	622	525	518	954	1,100	1,202	1,524	1,559	1,707

Bagadia Chaitra Industries Revenue (INR cr)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Bull Case	-	-	-	105	237	264	260	240	263	271
Base Case	-	-	-	105	237	264	260	240	250	263
Bear Case	-	-	-	105	237	264	260	240	238	254

Dakshin Foundry Revenue (INR)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Base case							71	72	75	79

Total Revenue (INR cr)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Bull Case	379	622	525	518	954	1,100	1,202	1,705	2,095	2,263
Base Case	379	622	525	518	954	1,100	1,202	1,705	1,999	2,181
Bear Case	379	622	525	518	954	1,100	1,202	1,705	1,872	2,040

Source: Company Reports, Arihant Capital Research

Valuation

Exhibit 4: Bull Case Scenario

Bull Case (INR cr)	FY24	FY25	FY26E	FY27E
Revenue	1,202	1,705	2,095	2,263
EBITDA	178	271	366	404
EBITDA Margin (%)	14.8%	15.9%	17.5%	17.9%
PAT	90	122	174	205
PAT Margin (%)	7.5%	7.2%	8.3%	9.1%
EPS (INR)	22.8	32.3	46.2	54.4

Valuation - P/E (FY27E)	
EPS (INR)	54.4
P/E (x)	25.0
Target Price (INR)	**1,361**
CMP (INR)	**918**
Upside/Downside (%)	**48.2%**

Source: Company, Arihant Capital Research

Exhibit 5: Base Case Scenario

Base Case (INR cr)	FY24	FY25	FY26E	FY27E
Revenue	1,202	1,705	1,999	2,181
EBITDA	178	271	331	370
EBITDA Margin (%)	14.8%	15.9%	16.6%	17.0%
PAT	90	122	143	174
PAT Margin (%)	7.5%	7.2%	7.1%	8.0%
EPS (INR)	22.8	32.3	37.8	46.1

Valuation - P/E (FY27E)	
EPS (INR)	46.1
P/E (x)	25.0
Target Price (INR)	**1,152**
CMP (INR)	**918**
Upside/Downside (%)	**25.5%**

Source: Company, Arihant Capital Research

Exhibit 6: Bear Case Scenario

Bear Case (INR cr)	FY24	FY25	FY26E	FY27E
Revenue	1,202	1,705	1,872	2,040
EBITDA	178	271	286	320
EBITDA Margin (%)	14.8%	15.9%	15.3%	15.7%
PAT	90	122	101	128
PAT Margin (%)	7.5%	7.2%	5.4%	6.3%
EPS (INR)	22.8	32.3	26.8	33.9

Valuation - P/E (FY27E)	
EPS (INR)	33.9
P/E (x)	25.0
Target Price (INR)	**847**
CMP (INR)	**918**
Upside/Downside (%)	**-7.8%**

Source: Company, Arihant Capital Research

Scenario Analysis

Exhibit 7: Revenue based on Realizations and Capacity utilizations

Pitti Engineering Revenue (FY26E) - INR cr

		Capacity Utilization (%)										
	1,674	65%	67%	69%	71%	73%	75%	77%	79%	81%	83%	85%
Sales Relaization (INR)	2,90,000	1,357	1,399	1,441	1,482	1,524	1,566	1,608	1,650	1,691	1,733	1,775
	2,93,000	1,371	1,413	1,456	1,498	1,540	1,582	1,624	1,667	1,709	1,751	1,793
	2,96,000	1,385	1,428	1,471	1,513	1,556	1,598	1,641	1,684	1,726	1,769	1,812
	2,99,000	1,399	1,442	1,485	1,528	1,572	1,615	1,658	1,701	1,744	1,787	1,830
	3,02,000	1,413	1,457	1,500	1,544	1,587	1,631	1,674	1,718	1,761	1,805	1,848
	3,05,000	1,427	1,471	1,515	1,559	1,603	1,647	1,691	1,735	1,779	1,823	1,867
	3,08,000	1,441	1,486	1,530	1,574	1,619	1,663	1,708	1,752	1,796	1,841	1,885
	3,11,000	1,455	1,500	1,545	1,590	1,635	1,679	1,724	1,769	1,814	1,859	1,903
	3,14,000	1,470	1,515	1,560	1,605	1,650	1,696	1,741	1,786	1,831	1,876	1,922
	3,17,000	1,484	1,529	1,575	1,621	1,666	1,712	1,757	1,803	1,849	1,894	1,940
	3,20,000	1,498	1,544	1,590	1,636	1,682	1,728	1,774	1,820	1,866	1,912	1,958
	3,23,000	1,512	1,558	1,605	1,651	1,698	1,744	1,791	1,837	1,884	1,930	1,977
	3,26,000	1,526	1,573	1,620	1,667	1,713	1,760	1,807	1,854	1,901	1,948	1,995
	3,29,000	1,540	1,587	1,634	1,682	1,729	1,777	1,824	1,871	1,919	1,966	2,013

Pitti Engineering Revenue (FY27E) - INR cr

		Capacity Utilization (%)										
	1,839	70%	72%	74%	76%	78%	80%	82%	84%	86%	88%	90%
Sales Relaization (INR)	3,03,000	1,527	1,571	1,614	1,658	1,702	1,745	1,789	1,833	1,876	1,920	1,963
	3,06,000	1,542	1,586	1,630	1,674	1,718	1,763	1,807	1,851	1,895	1,939	1,983
	3,09,000	1,557	1,602	1,646	1,691	1,735	1,780	1,824	1,869	1,913	1,958	2,002
	3,12,000	1,572	1,617	1,662	1,707	1,752	1,797	1,842	1,887	1,932	1,977	2,022
	3,15,000	1,588	1,633	1,678	1,724	1,769	1,814	1,860	1,905	1,950	1,996	2,041
	3,18,000	1,603	1,649	1,694	1,740	1,786	1,832	1,877	1,923	1,969	2,015	2,061
	3,21,000	1,618	1,664	1,710	1,757	1,803	1,849	1,895	1,941	1,988	2,034	2,080
	3,24,000	1,633	1,680	1,726	1,773	1,820	1,866	1,913	1,960	2,006	2,053	2,100
	3,27,000	1,648	1,695	1,742	1,789	1,836	1,884	1,931	1,978	2,025	2,072	2,119
	3,30,000	1,663	1,711	1,758	1,806	1,853	1,901	1,948	1,996	2,043	2,091	2,138
	3,33,000	1,678	1,726	1,774	1,822	1,870	1,918	1,966	2,014	2,062	2,110	2,158
	3,36,000	1,693	1,742	1,790	1,839	1,887	1,935	1,984	2,032	2,081	2,129	2,177
	3,39,000	1,709	1,757	1,806	1,855	1,904	1,953	2,001	2,050	2,099	2,148	2,197
	3,42,000	1,724	1,773	1,822	1,871	1,921	1,970	2,019	2,068	2,118	2,167	2,216

- Bull Case   - Base Case   - Bear Case

Source: Company Reports, Arihant Capital Research, Other operating income not included

Scenario Analysis

Exhibit 8: Revenue based on Realizations and Volumes

Bagadia Chaitra Industries Revenue (FY26E) - INR cr

		Volumes (MT)										
	250	13,250	13,500	13,750	14,000	14,250	14,500	14,750	15,000	15,250	15,500	15,750
Sales Relaization (INR)	1,65,000	219	223	227	231	235	239	243	248	252	256	260
	1,66,000	220	224	228	232	237	241	245	249	253	257	261
	1,67,000	221	225	230	234	238	242	246	251	255	259	263
	1,68,000	223	227	231	235	239	244	248	252	256	260	265
	1,69,000	224	228	232	237	241	245	249	254	258	262	266
	1,70,000	225	230	234	238	242	247	251	255	259	264	268
	1,71,000	227	231	235	239	244	248	252	257	261	265	269
	1,72,000	228	232	237	241	245	249	254	258	262	267	271
	1,73,000	229	234	238	242	247	251	255	260	264	268	272
	1,74,000	231	235	239	244	248	252	257	261	265	270	274
	1,75,000	232	236	241	245	249	254	258	263	267	271	276
	1,76,000	233	238	242	246	251	255	260	264	268	273	277
	1,77,000	235	239	243	248	252	257	261	266	270	274	279
	1,78,000	236	240	245	249	254	258	263	267	271	276	280

Source: Company reports, Arihant Capital Research

Bagadia Chaitra Industries Revenue (FY27E) - INR cr

		Volumes (MT)										
	263	14,000	14,250	14,500	14,750	15,000	15,250	15,500	15,750	16,000	16,250	16,500
Sales Relaization (INR)	1,68,000	235	239	244	248	252	256	260	265	269	273	277
	1,69,000	237	241	245	249	254	258	262	266	270	275	279
	1,70,000	238	242	247	251	255	259	264	268	272	276	281
	1,71,000	239	244	248	252	257	261	265	269	274	278	282
	1,72,000	241	245	249	254	258	262	267	271	275	280	284
	1,73,000	242	247	251	255	260	264	268	272	277	281	285
	1,74,000	244	248	252	257	261	265	270	274	278	283	287
	1,75,000	245	249	254	258	263	267	271	276	280	284	289
	1,76,000	246	251	255	260	264	268	273	277	282	286	290
	1,77,000	248	252	257	261	266	270	274	279	283	288	292
	1,78,000	249	254	258	263	267	271	276	280	285	289	294
	1,79,000	251	255	260	264	269	273	277	282	286	291	295
	1,80,000	252	257	261	266	270	275	279	284	288	293	297
	1,81,000	253	258	262	267	272	276	281	285	290	294	299

- Bull Case - Base Case - Bear Case

Source: Company Reports, Arihant Capital Research, Other operating income not included

Financial Statements

Income statement summary

Y/e 31 Mar (INR cr)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	518	954	1,100	1,202	1,705	1,999	2,181
Net Raw Materials	335	678	782	806	1,017	1,192	1,300
Gross Profit	**183**	**276**	**318**	**396**	**688**	**806**	**881**
Gross Margin (%)	**35.3%**	**28.9%**	**28.9%**	**32.9%**	**40.4%**	**40.3%**	**40.4%**
Employee Cost	56	78	87	108	197	220	238
Other Expenses	49	65	80	110	220	255	273
EBITDA	**78**	**133**	**151**	**178**	**271**	**331**	**370**
EBITDA Margin (%)	**15.1%**	**13.9%**	**13.8%**	**14.8%**	**15.9%**	**16.6%**	**17.0%**
Depreciation	(30)	(39)	(45)	(54)	(81)	(106)	(108)
Interest expense	(30)	(40)	(45)	(50)	(68)	(66)	(67)
Other income	20	16	18	48	39	40	41
Profit before tax	**39**	**71**	**80**	**122**	**162**	**199**	**236**
Taxes	(10)	(19)	(21)	(32)	(39)	(57)	(63)
PAT	**29**	**52**	**59**	**90**	**122**	**143**	**174**
PAT Margin (%)	**5.5%**	**5.4%**	**5.3%**	**7.5%**	**7.2%**	**7.1%**	**8.0%**
Other Comprehensive income	(1)	0	(1)	(4)	(1)	-	-
Net profit	**28**	**52**	**58**	**86**	**122**	**143**	**174**
EPS (INR)	8.7	16.2	15.3	22.8	32.3	37.8	46.1

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR cr)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity capital	16	16	16	16	19	19	19
Reserves	220	268	318	400	880	1,017	1,183
Net worth	**236**	**284**	**334**	**416**	**899**	**1,035**	**1,202**
Provisions	74	12	12	23	35	11	12
Debt	263	401	365	629	712	662	557
Other non-current liabilities	10	9	9	4	15	10	11
Total Liabilities	**583**	**706**	**720**	**1,072**	**1,660**	**1,719**	**1,782**
Fixed assets	193	228	279	334	766	884	890
Capital Work In Progress	1	1	24	118	63	4	4
Other Intangible assets	18	14	9	5	8	8	8
Goodwill	-	-	-	-	136	136	136
Investments	95	18	26	19	17	30	33
Other non current assets	8	108	98	147	159	180	175
Net working capital	**258**	**301**	**218**	**338**	**369**	**408**	**421**
Inventories	157	272	239	270	329	356	388
Sundry debtors	172	204	181	210	256	301	323
Loans & Advances	0.2	-	-	-	-	0.2	0.2
Other current assets	48	75	55	115	127	137	120
Sundry creditors	(105)	(220)	(251)	(228)	(331)	(356)	(377)
Other current liabilities & Prov	(13)	(30)	(7)	(30)	(13)	(30)	(33)
Cash	9	35	65	109	140	65	112
Other Financial Assets	0	1	1	1	2	4	4
Total Assets	**583**	**706**	**720**	**1,072**	**1,660**	**1,719**	**1,782**

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.7	0.7	0.7	0.7	0.8	0.7	0.7
Interest burden (x)	0.8	0.8	0.7	1.0	0.8	0.9	0.9
EBIT margin (x)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Asset turnover (x)	0.9	1.3	1.2	1.1	1.1	1.1	1.1
Financial leverage (x)	2.5	2.9	3.0	3.0	2.4	1.9	1.8
RoE (%)	**13.0%**	**20.0%**	**19.0%**	**24.0%**	**18.6%**	**14.7%**	**15.5%**

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR cr)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	39	71	80	122	162	199	236
Depreciation	30	39	45	54	81	106	108
Tax paid	(10)	(19)	(21)	(32)	(39)	(57)	(63)
Working capital Δ	(58)	(43)	83	(120)	(31)	(39)	(13)
Change in Goodwill	-	-	-	-	(136)	-	-
Operating cashflow	**1**	**48**	**187**	**24**	**36**	**209**	**269**
Capital expenditure	(4)	(73)	(119)	(203)	(458)	(164)	(114)
Free cash flow	**(4)**	**(26)**	**68**	**(179)**	**(422)**	**45**	**155**
Equity raised	(1)	0	(1)	(4)	365	-	-
Investments	(53)	77	(7)	7	2	(13)	(3)
Others	(9)	(97)	15	(46)	(14)	(23)	5
Debt financing/disposal	22	139	(37)	264	83	(50)	(105)
Dividends paid	-	(4)	(8)	(4)	(5)	(6)	(7)
Other items	39	(63)	0	6	22	(29)	2
Net Δ in cash	**(6)**	**26**	**30**	**44**	**31**	**(76)**	**47**
Opening Cash Flow	**15**	**9**	**35**	**65**	**109**	**140**	**65**
Closing Cash Flow	**9**	**35**	**65**	**109**	**140**	**65**	**112**

Source: Company Reports, Arihant Capital Research

Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)							
Revenue growth	-1.3%	84.1%	15.3%	9.2%	41.9%	17.3%	9.1%
Op profit growth	0.4%	69.9%	14.1%	17.4%	52.6%	22.2%	11.8%
Profitability ratios (%)							
OPM	15.1%	13.9%	13.8%	14.8%	15.9%	16.6%	17.0%
Net profit margin	5.5%	5.4%	5.3%	7.5%	7.2%	7.1%	8.0%
RoCE	9.6%	12.8%	13.0%	12.9%	12.8%	14.5%	20.5%
RoNW	13.0%	20.0%	19.0%	18.2%	15.5%	16.2%	23.0%
RoA	4.9%	7.3%	8.2%	8.3%	9.7%	11.6%	17.0%
Per share ratios (INR)							
EPS	8.7	16.2	18.0	26.8	32.3	37.8	46.1
Dividend per share	-	1.2	2.3	1.2	1.4	1.5	1.8
Cash EPS	18.4	28.3	32.3	45.0	53.8	65.9	74.9
Book value per share	73.6	88.6	104.2	129.8	238.6	274.9	319.2
Valuation ratios (x)							
P/E	105.1	56.7	51.0	34.2	28.4	24.3	19.9
P/CEPS	49.8	32.4	28.4	20.4	17.0	13.9	12.3
P/B	12.5	10.4	8.8	7.1	3.8	3.3	2.9
EV/EBITDA	39.7	24.8	21.3	19.4	14.8	12.1	10.4
Payout (%)							
Dividend payout	0.0%	7.3%	12.8%	4.2%	4.3%	4.0%	4.0%
Tax payout	25.4%	26.5%	26.4%	26.0%	24.3%	28.5%	26.5%
Liquidity ratios							
Debtor days	110	72	64	60	50	51	52
Inventory days	154	116	119	115	108	105	104
Creditor days	84	72	91	85	71	75	74
WC Days	180	115	93	90	86	81	83
Leverage ratios (x)							
Interest coverage	1.6	2.4	2.4	2.5	2.8	3.4	3.9
Net debt / equity	1.1	1.3	0.9	1.2	0.6	0.6	0.4
Net debt / op. profit	3.3	2.8	2.0	2.9	2.1	1.8	1.2

Source: Company Reports, Arihant Capital Research

Story in Charts

Exhibit 9: Capacity expansion and acquisition will lead to incremental revenue going forward.

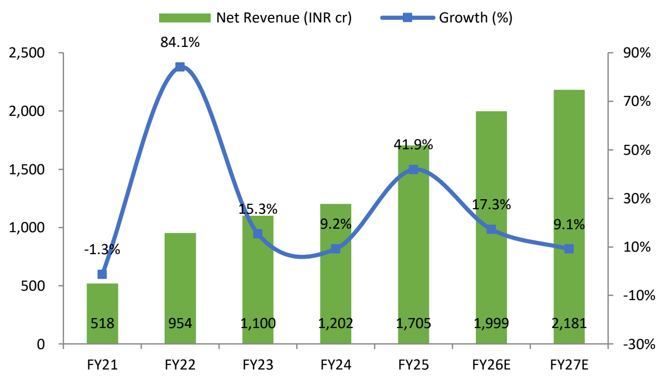


Exhibit 10: Gross margins are expected to stabilize going forward.

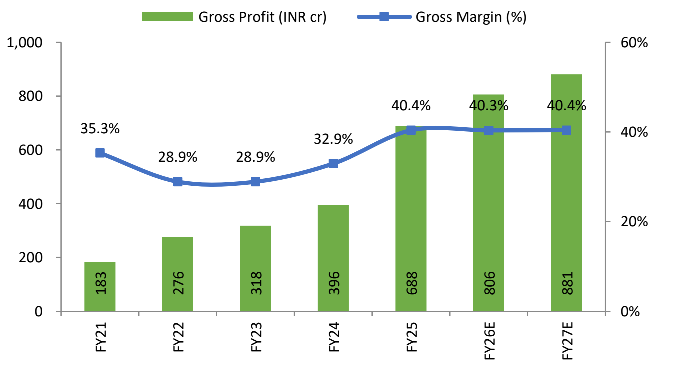


Exhibit 11: Growth in EBITDA & PAT levels

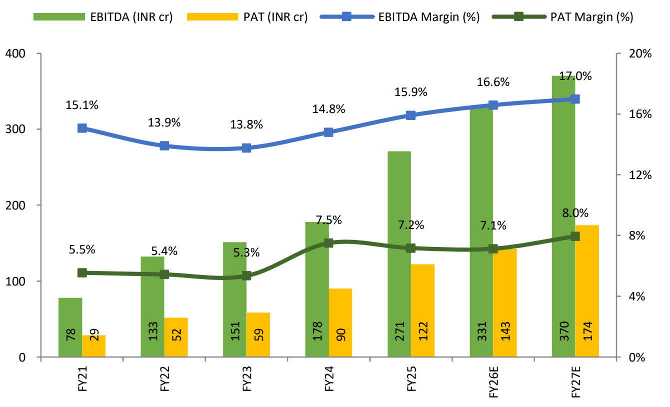


Exhibit 12: Return ratios to be improve

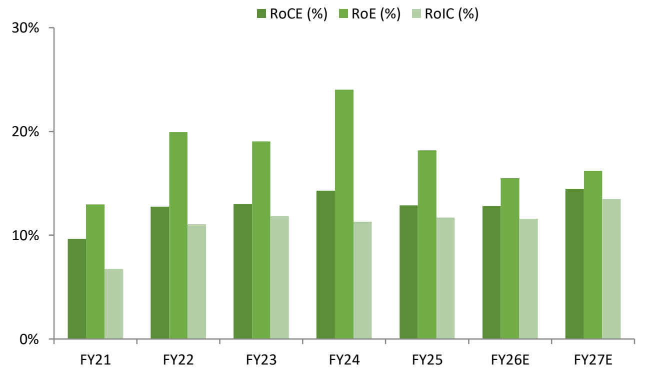


Exhibit 13: Working capital days to be improve

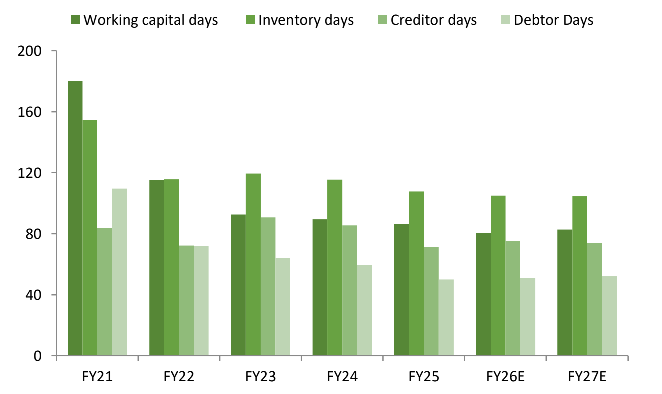
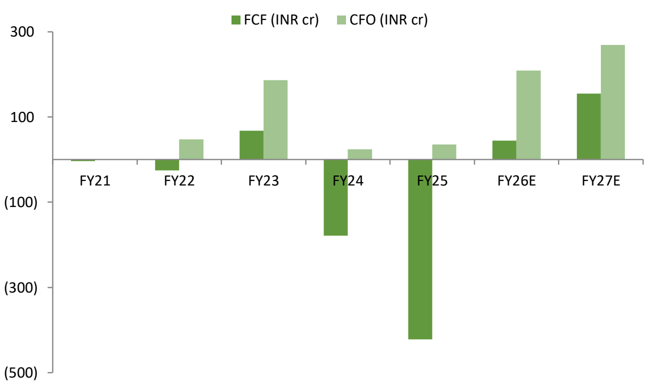


Exhibit 14: Cash flows to be improve



Source: Company Reports, Arihant Capital Research

Story in Charts

Exhibit 15: Working capital in-terms of sales is expected to reduce going forward.

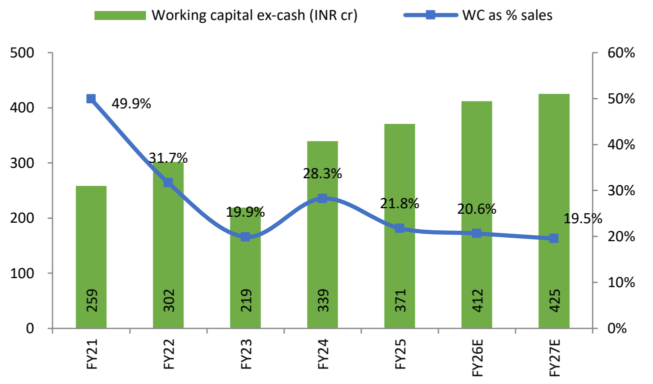


Exhibit 16: Interest cost as % of EBIT is expected to reduce going forward.

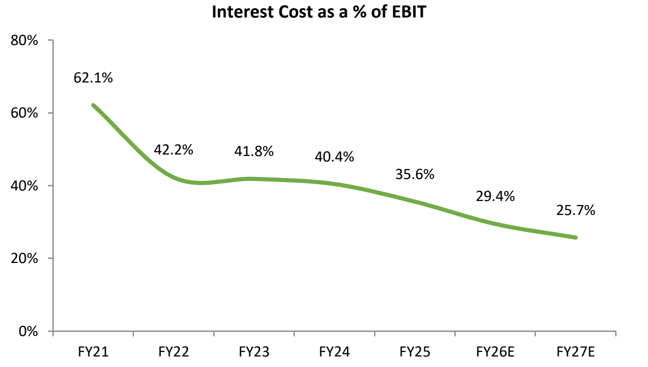


Exhibit 17: Exports revenue share is expected to be in the range of 30%-35% going forward. Exports are majorly to US and Europe markets.

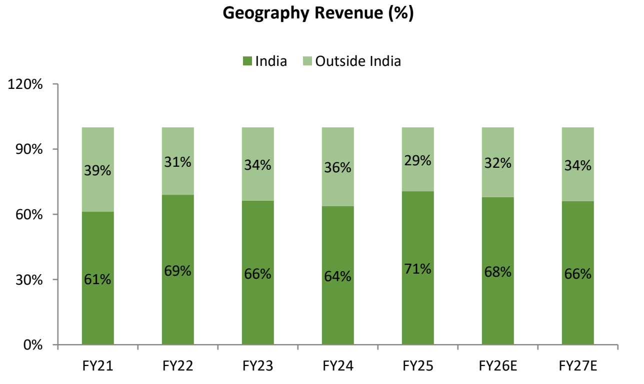


Exhibit 18: Standalone sales realisation.

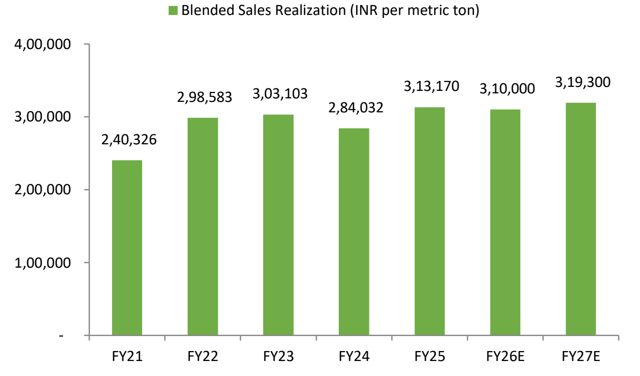


Exhibit 19: Cash conversion cycle is expected less than 70days going forward.

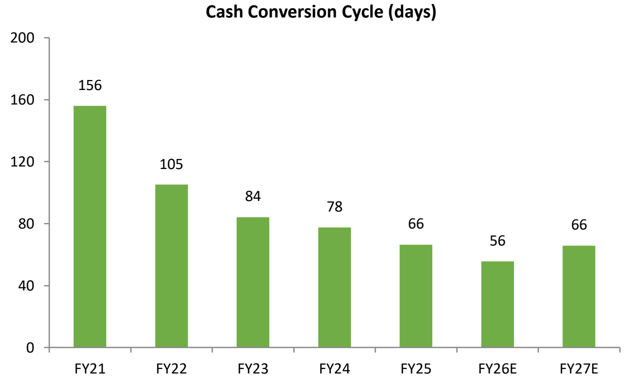
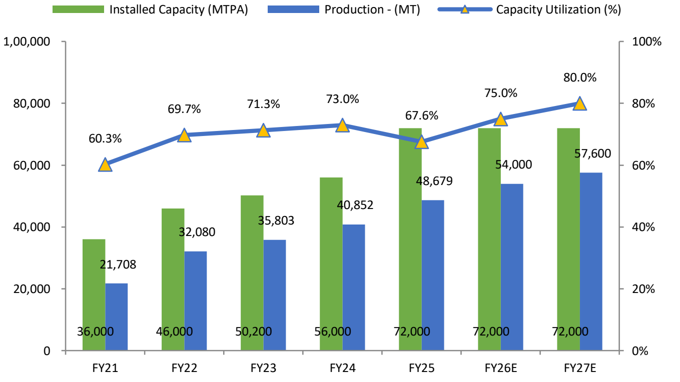


Exhibit 20: Standalone capacity utilisation is expected to be 75%-80% going forward.



Source: Company Reports, Arihant Capital Research

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HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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