

CMP: INR 987

Rating: ACCUMULATE

Target Price: INR 1,131

Stock Info

BSE	513519
NSE	PITTIENG
Bloomberg	PITTIENG:IN
Reuters	PIE.NS
Sector	Capital Goods
Face Value (INR)	5
Equity Capital (INR cr)	18.8
Mkt Cap (INR cr)	3,717
52w H/L (INR)	1,512 / 796
Avg Yearly Volume (in 000')	96.7

Shareholding Pattern %

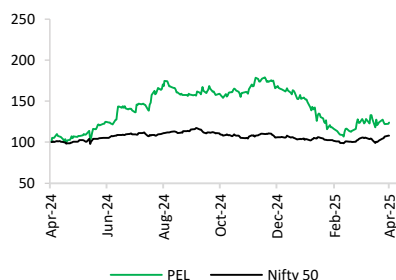
(As on Mar, 2025)

Promoters	54.17
DII	18.80
FII	0.90
Public & Others	26.12

Stock Performance (%)

	3m	6m	12m
PEL	-18.4	-21.7	23.9
NIFTY	4.4	-1.2	8.0

PEL vs Nifty



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Pitti Engineering Ltd reported numbers, Q4FY25 revenue stood at INR 469cr (+39.6% YoY/+13% QoQ); above our estimates of INR 443cr. Gross Profit stood at INR 187cr (+37.9% YoY/+4.8% QoQ); in-line with our estimates of INR 188cr. Gross margins contracted by 47bps YoY (down by 313bps QoQ) to 40% vs 40.5% in Q4FY24. The raw material cost in terms of sales stood at 60% vs 59.5% in Q4FY24. EBITDA stood at INR 80cr (+54.3% YoY/+19.6% QoQ); above our estimates of INR 71cr. EBITDA margin improved by 163bps YoY (up by 95bps QoQ) to 17.1% vs 15.5% in Q4FY24. PAT stood at INR 36cr (-21.3% YoY/+25.8% QoQ); above our estimates of INR 30cr. PAT margin contracted by 598bps YoY (up by 79bps QoQ) to 7.7% vs 13.7% in Q4FY24. The PAT impact due to other income and stood at INR 32cr due to incentives in Q4FY24, while the company recognized all the incentives in 9MFY25 and no incentives Q4FY25.

Key Highlights

Completion of capacity expansion leads to incremental business: The company has completed 72,000 MTPA capex, and upcoming investments are focused on equipment additions rather than greenfield expansions. The Capex might be INR 50-70cr for expanding machining capacity to 7.5-8 lakh hours. Lamination new capacity is expected in mid of FY26E/FY27E based on demand & supply environments.

Margin improvement is expected through Integration of acquisitions: Margins are expected to improve 75bps over the next 12-18 months, backed by integration of acquisitions, improved capacity utilization and cost rationalization across all verticals.

Synergy benefits through Bagadia and Dakshin: The integration of Bagadia has enabled Pitti to scale its lamination capacity and capture more of the industrial motor and pump segment, which is experiencing renewed demand. Dakshin strengthens Pitti's vertical integration by adding in-house casting capability, which is a key input for its machining and assembly operations.

Lower tariff sensitivity of US-linked exports: Exports revenue stood at INR 500cr in FY25. The export breakup is USA (30-35%), Mexico (55-60%; out of this 70% towards USA and others to RoW). The company is the sole supplier for US customers, and they will absorb tariffs, if any in future. European revenue is around INR 400-450cr and is expected to reach INR 600-650cr in the next two years, driven by marquee customers like Siemens.

Outlook & Valuation: Pitti Engineering has completed the capex of 72,000 MTPA and machining capacity stood at 6,33,600 machining hours as of FY25. The standalone volume is expected to be 54,000 MT and Consolidated volumes are expected to be 68,000-70,000 MT in FY26E. The company is focused on consolidation and integration of acquisition companies. The increase in assembly and value-added components would improve the margins going forward. The company is exporting majorly railway-related components and US exposure accounts for ~30-35% of exports. The company is the sole supplier for US customers, and they will absorb tariffs, if any in future. We believe, the acquisition of Bagadia Industries, Dakshin foundries, and the merger of Pitti Casting will create a synergy going forward. 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 987 per share, we downgrade to "ACCUMULATE" (earlier "BUY") rating at a TP of INR 1,131 per share; valued at a PE multiple of 25x and its FY27E EPS of INR 45.2; an upside of 14.6%.

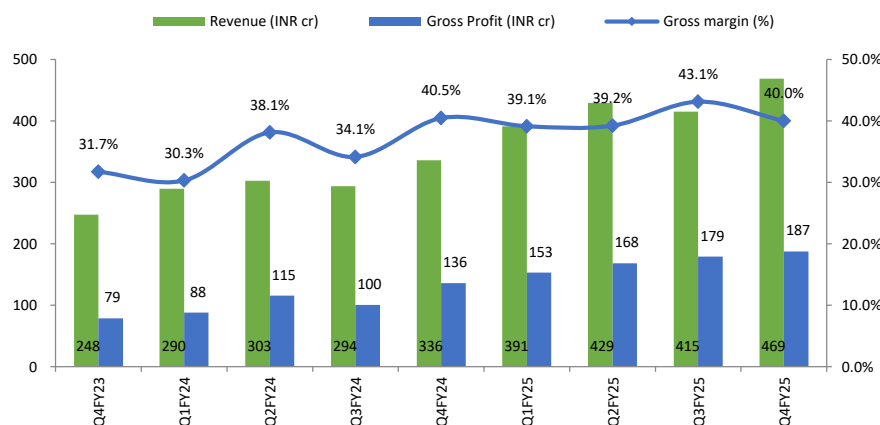
Q4FY25 Results

Income statement summary

Particular (INR cr)	Q4FY24	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Revenue	336	415	469	39.6%	13.0%
Net Raw Materials	200	236	281	40.7%	19.2%
Gross Profit	136	179	187	37.9%	4.8%
Gross Margin (%)	40.5%	43.1%	40.0%	-47 bps	-313 bps
Employee Cost	36	53	54	47.8%	1.5%
Other Expenses	48	59	54	12.6%	-9.2%
EBITDA	52	67	80	54.3%	19.6%
EBITDA Margin (%)	15.5%	16.1%	17.1%	+163 bps	+95 bps
Depreciation	16	21	22		
Interest expense	14	13	19		
Other income	32	6	4		
Profit before tax	54	39	42		
Taxes	8	10	6		
PAT	46	29	36	-21.3%	25.8%
PAT Margin (%)	13.7%	6.9%	7.7%	-598 bps	+79 bps
EPS (INR)	13.4	7.6	9.6		

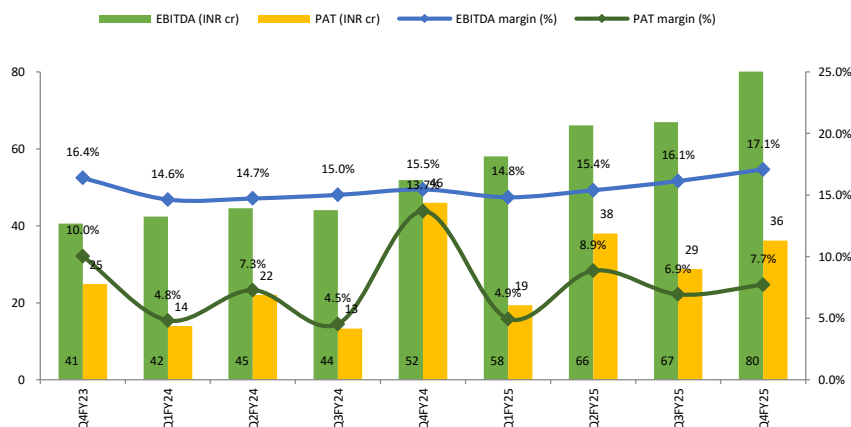
Source: Company Reports, Arihant Capital Research

Exhibit 1: Gross margins contracted by 47bps YoY (down by 313bps QoQ) to 40% in Q4FY25 due to increase of raw material costs.



Source: Company Reports, Arihant Capital Research

Exhibit 2: EBITDA margin improved by 163bps YoY (up by 95bps QoQ) to 17.1% in Q4FY25, however employee cost increased in-terms of sales.



Source: Company Reports, Arihant Capital Research

Q4FY25 Concall Highlights**Revenue**

- Revenue is expected to grow 15% YoY in FY26E. The growth drivers are machine components, traction motors, green energy (wind and hydro), and power generation.
- Revenue is expected to reach INR 2,000cr in FY26E and INR 2,200cr in FY27E.

Margins

- Margins are expected to improve 75bps over the next 12-18 months.

Volumes

- Volumes are expected to grow 10% YoY in FY26E.
- Sales volume stood at 63,215 MT in FY25 and is expected to reach 68,000-70,000 MT in FY26E.

Capex

- The company has completed 72,000 MTPA capex, and upcoming investments are focused on equipment additions rather than greenfield expansions.
- The Capex might be INR 50-70cr for expanding machining capacity to 7.5-8 lakh hours.
- Lamination new capacity is expected in mid of FY26E/FY27E based on demand & supply environments.
- Lamination capex is expected INR 15cr/annum going forward.

Exports

- Exports revenue stood at INR 500cr in FY25. The export breakup is USA (30-35%), Mexico (55-60%; out of this 70% towards USA and others to RoW).
- European revenue is around INR 400-450cr and is expected to reach INR 600-650cr in the next two years, driven by marquee customers like Siemens.

Bagadia Chaitra Industries

- Bagadia Chaitra's sales volume stood at 14,075 MT in FY25.
- Revenue stood at INR 240cr in FY25, and EBITDA stood at INR 17.3cr in FY25.
- The integration of Bagadia has enabled Pitti Engineering to scale its lamination capacity and capture more of the industrial motor and pump segment.

Dakshin Foundries

- Sales volume stood at INR 3,224 MT in FY25.
- Revenue and EBITDA stood at INR 72cr and INR 12.5cr in FY25.
- Molding capacity is 28,200 MT, and operations are limited to 18,600 MT due to power supply constraints.

Asset turn

- Laminations asset turns are 5x, margins are lower, and machining asset turns are 0.7-0.8x, margins are higher.

Q4FY25 Concall Highlights**Railways and Traction Motors**

- Railways and traction motor-related revenues contribute about INR 600cr (Domestic – INR 200cr and exports – INR 400cr).
- There is no immediate visibility of tender growth in domestic railway orders, but exports are expected to remain steady or grow with partners like Siemens and Wabtec.

Machine Components

- Machine components revenue stood at INR 375cr in FY25 (Plain Vanilla components - INR 250cr; Assembly & Machining – INR 125cr).
- The revenue is expected to reach INR 750cr over the next 18-24 months.

Wind, Hydro, and Energy

- Wind revenue share stood at 3%. Around 75%-80% from domestic and the remaining from exports.
- Pumped hydro projects continue to perform well both domestically and abroad. Power generation and data centers also show robust demand trends.

Raw Materials

- As of Apr-25, BIS approvals for Chinese electrical steel mills have expired. This is critical because many Indian manufacturers, including competitors, relied heavily on electrical steel imports from China.
- The Indian government has imposed a 12.5% safeguard duty on inputs used by domestic CRNO steel producers such as POSCO and China Steel. These companies import semi-processed steel from their home countries (Korea and Taiwan) for final processing in India. With the new duty, their input costs have risen, putting price pressure even on domestic alternatives.
- JSW is a viable domestic producer of electrical steel. However, JSW capacity is not enough to meet national demand, and new JSW mills are expected to come online only in mid-FY26/FY27E.
- Electrical steel prices rose ~7% in April-25 and are expected to remain high due to supply constraints and safeguard duties on imports.

Product portfolio expansion

- The product portfolio is expanding in segments like automotive, data centers, and premium consumer appliances.
- Automotive and data centers are expected to reach a combined contribution of 10-12% in the next 2-3 years

Valuation

Exhibit 3: Pitti Engineering Sales are expected to reach ~INR 1,839cr at 80% capacity utilization by FY27E. The capex of 72,000 MTPA is completed and Bagadia Chaitra Industries will bring revenue of >INR 260cr in FY27E.

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, Arianth 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, Arianth 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, Arianth 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, Arianth 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	341	375
EBITDA Margin (%)	14.8%	15.9%	16.3%	16.6%
PAT	90	122	163	181
PAT Margin (%)	7.5%	7.2%	7.8%	8.0%
EPS (INR)	22.8	32.3	43.3	48.0

Valuation - P/E (FY27E)

EPS (INR) 48.0

P/E (x) 25.0

Target Price (INR) 1,199

CMP (INR) 987

Upside/Downside (%) 21.5%

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	325	362
EBITDA Margin (%)	14.8%	15.9%	16.3%	16.6%
PAT	90	122	151	170
PAT Margin (%)	7.5%	7.2%	7.6%	7.8%
EPS (INR)	22.8	32.3	40.2	45.2

Valuation - P/E (FY27E)

EPS (INR) 45.2

P/E (x) 25.0

Target Price (INR) 1,131

CMP (INR) 987

Upside/Downside (%) 14.6%

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	305	338
EBITDA Margin (%)	14.8%	15.9%	16.3%	16.6%
PAT	90	122	136	153
PAT Margin (%)	7.5%	7.2%	7.3%	7.5%
EPS (INR)	22.8	32.3	36.0	40.5

Valuation - P/E (FY27E)

EPS (INR) 40.5

P/E (x) 25.0

Target Price (INR) 1,013

CMP (INR) 987

Upside/Downside (%) 2.6%

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 Realization (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 Realization (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 Realization (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, Arianth 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 Realization (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, Arianth 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	1,193	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	227	246
Other Expenses	49	65	80	110	220	254	273
EBITDA	78	133	151	178	271	325	362
EBITDA Margin (%)	15.1%	13.9%	13.8%	14.8%	15.9%	16.3%	16.6%
Depreciation	(30)	(39)	(45)	(54)	(81)	(99)	(107)
Interest expense	(30)	(40)	(45)	(50)	(68)	(61)	(64)
Other income	20	16	18	48	39	40	41
Profit before tax	39	71	80	122	162	206	232
Taxes	(10)	(19)	(21)	(32)	(39)	(55)	(61)
PAT	29	52	59	90	122	151	170
PAT Margin (%)	5.5%	5.4%	5.3%	7.5%	7.2%	7.6%	7.8%
Other Comprehensive income	(1)	0	(1)	(4)	(1)	-	-
Net profit	28	52	58	86	122	151	170
EPS (INR)	8.7	16.2	15.3	22.8	32.3	40.2	45.2

Source: Company Reports, Arianth 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	1,025	1,189
Net worth	236	284	334	416	899	1,044	1,208
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	1,727	1,788
Fixed assets	193	228	279	334	766	881	878
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	407	419
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)	(358)	(379)
Other current liabilities & Prov	(13)	(30)	(7)	(30)	(13)	(30)	(33)
Cash	9	35	65	109	140	78	131
Other Financial Assets	0	1	1	1	2	4	4
Total Assets	583	706	720	1,072	1,660	1,727	1,788

Source: Company Reports, Arianth 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%	15.6%	15.1%

Source: Company Reports, Arianth 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	206	232
Depreciation	30	39	45	54	81	99	107
Tax paid	(10)	(19)	(21)	(32)	(39)	(55)	(61)
Working capital Δ	(58)	(43)	83	(120)	(31)	(38)	(12)
Change in Goodwill	-	-	-	-	(136)	-	-
Operating cashflow	1	48	187	24	36	212	265
Capital expenditure	(4)	(73)	(119)	(203)	(458)	(154)	(104)
Free cash flow	(4)	(26)	68	(179)	(422)	58	161
Equity raised	(1)	0	(1)	(4)	365	0	0
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	(63)	53
Opening Cash Flow	15	9	35	65	109	140	78
Closing Cash Flow	9	35	65	109	140	78	131

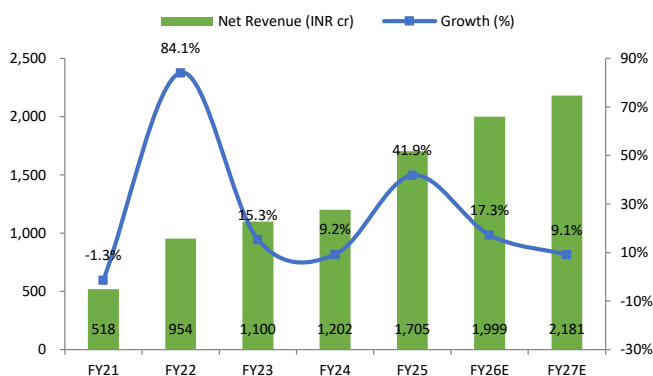
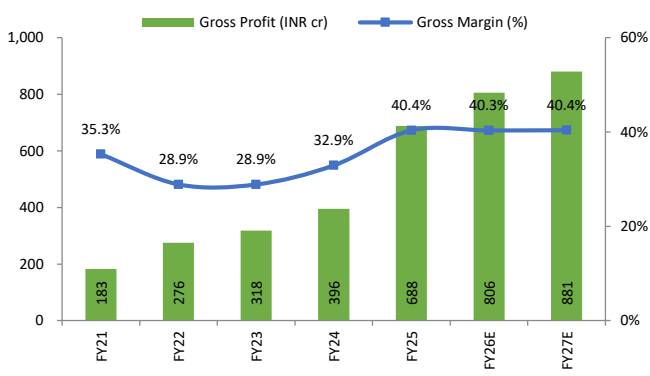
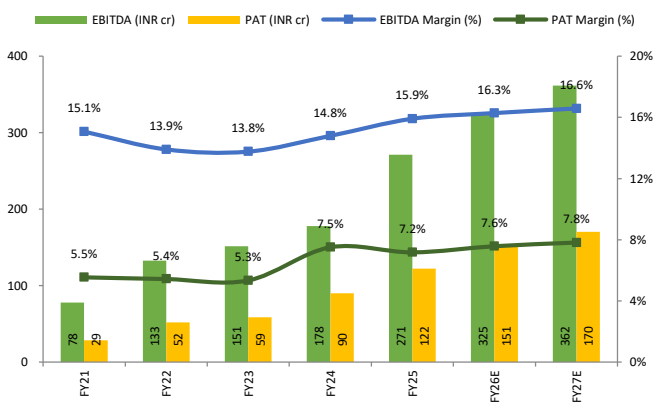
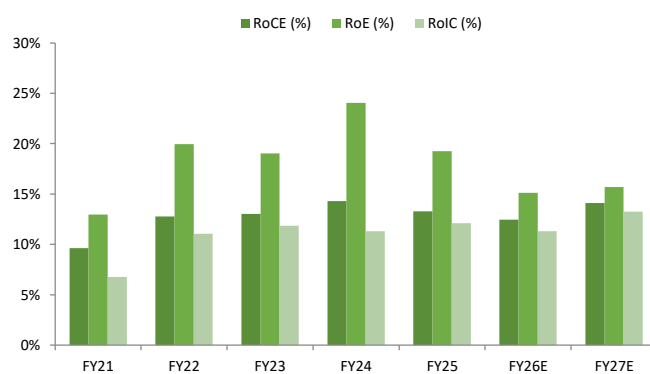
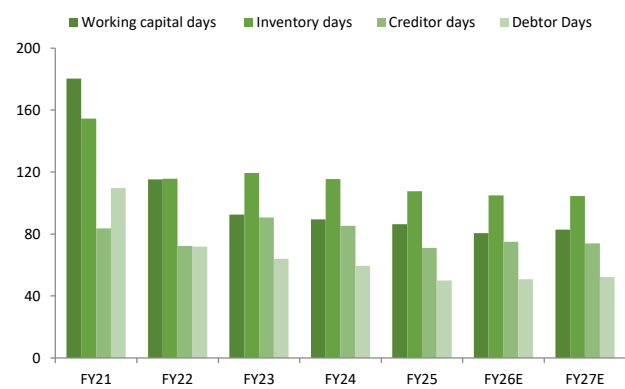
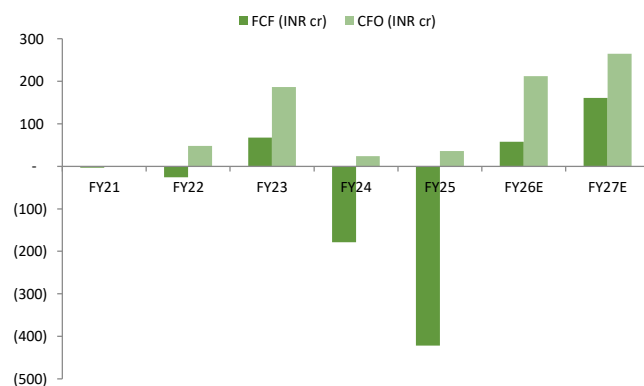
Source: Company Reports, Arianth Capital Research

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%	20.0%	11.2%
Profitability ratios (%)							
OPM	15.1%	13.9%	13.8%	14.8%	15.9%	16.3%	16.6%
Net profit margin	5.5%	5.4%	5.3%	7.5%	7.2%	7.6%	7.8%
RoCE	9.6%	12.8%	13.0%	13.3%	12.5%	14.1%	20.6%
RoNW	13.0%	20.0%	19.0%	19.3%	15.1%	15.7%	23.1%
RoA	4.9%	7.3%	8.2%	8.8%	9.5%	11.3%	17.1%
Per share ratios (INR)							
EPS	8.7	16.2	18.0	26.8	32.3	40.2	45.2
Dividend per share	-	1.2	2.3	1.2	1.4	1.6	1.8
Cash EPS	18.4	28.3	32.3	45.0	53.8	66.3	73.6
Book value per share	73.6	88.6	104.2	129.8	238.6	277.2	320.6
Valuation ratios (x)							
P/E	113.0	61.0	54.9	36.8	30.5	24.6	21.8
P/CEPS	53.5	34.9	30.6	21.9	18.3	14.9	13.4
P/B	13.4	11.1	9.5	7.6	4.1	3.6	3.1
EV/EBITDA	42.6	26.5	22.7	20.6	15.8	13.1	11.4
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%	26.5%	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	3.7	4.0
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, Arianth 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, Arianth Capital Research

Story in Charts

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

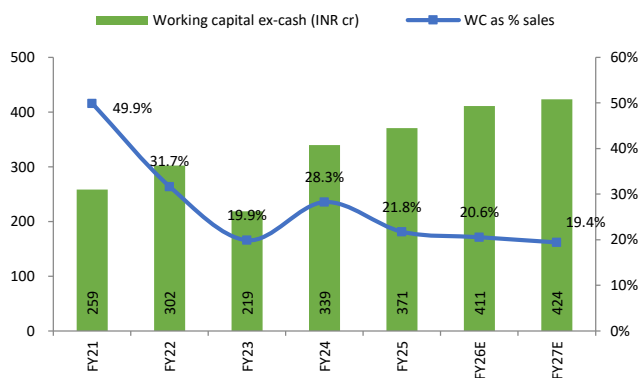


Exhibit 16: Interest cost as % of EBIT is expected to reduce going forward.

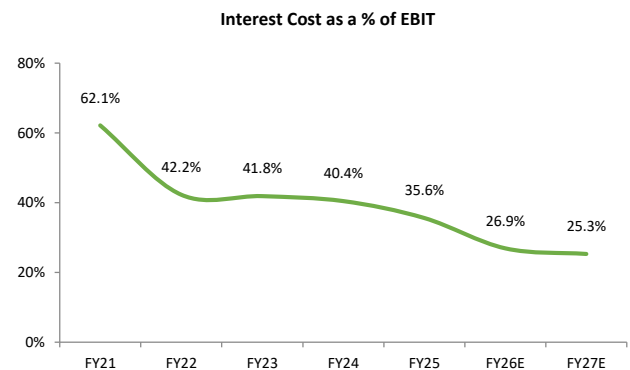


Exhibit 17: Exports revenue share is expected to reach 35%-40% going forward. Exports are majorly to US and Europe markets.

Geography Revenue (%)

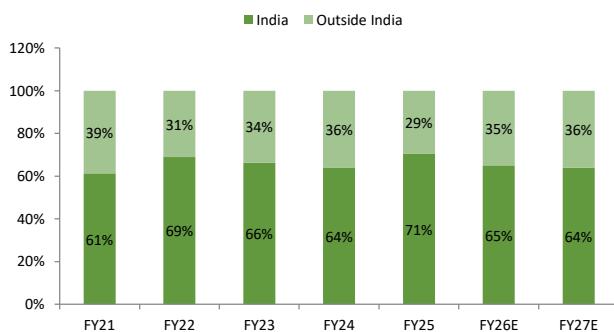


Exhibit 18: Sales realisation is based on raw material prices.

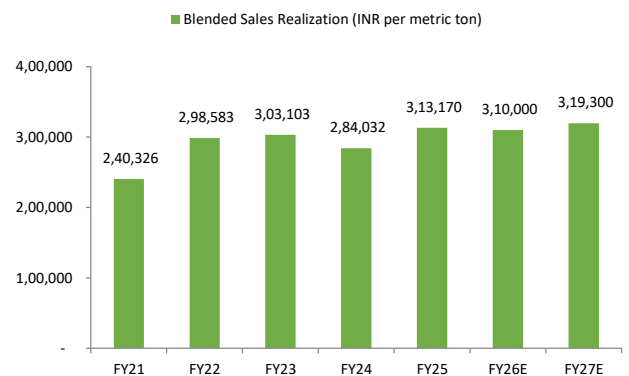


Exhibit 19: Cash conversion cycle is expected less than 70days going forward.

Cash Conversion Cycle (days)

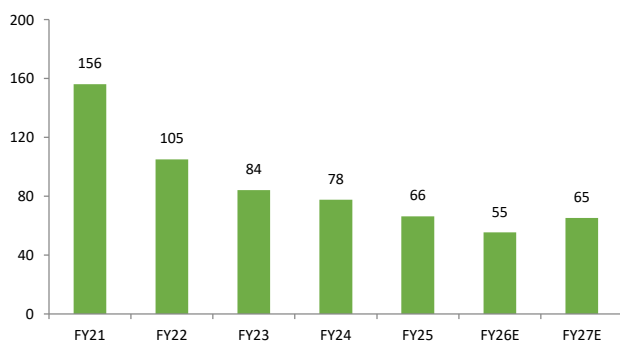
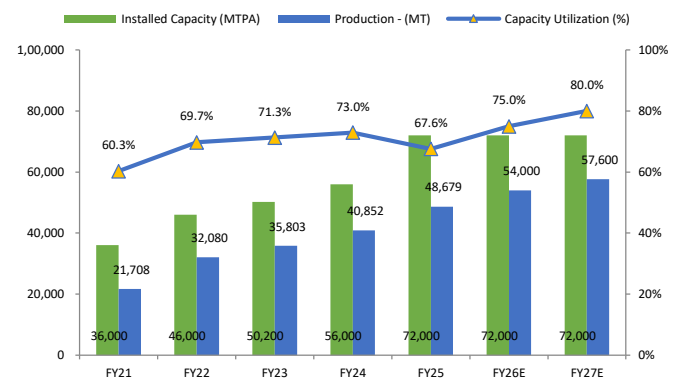


Exhibit 20: Capacity utilisation is expected to be 75%-80% going forward.



Source: Company Reports, Arianth Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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