

CMP: ₹2460

Target: ₹2485 (1%) Target Period: 6-12 months

HOLD

August 6, 2025

Order wins critical for FY27 performance...

About the stock: The Anup Engineering (TAEI) is one of the leading manufacturers of process equipment like heat exchangers, vessels, reactors, columns etc. Company supplies its equipment to sectors like oil & gas, petrochemicals, chemicals, fertiliser, power, aerospace and other process Industries in India and worldwide.

- Company has backlog of ₹604 crore, which provides decent visibility
- Exports to constitute 50% of FY26E revenues

Q1FY26 performance: The Anup engineering came out with a mixed bag of Q1FY26 results. Revenue grew 20% YoY to ₹175 crore, EBITDA grew 22% YoY to ₹40 crore and PAT grew 10% YoY to ₹26 crore. EBITDA margins up 42 bps to 23.03% whereas, PAT margins down 138 bps to 14.8%. Company received order inflows of ~₹74 crore and has an unexecuted order book of ₹603 crore as of July 2025.

Investment Rationale:

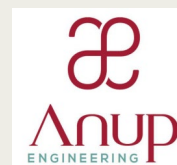
- Export market to lead the growth trajectory: From a 10-15% revenue share few years back; Anup has come a long way in capitalising the export market opportunities as significant Q1FY26 revenues came in from the export segment. Going ahead, the management expects this share to rise to 50% in FY26E as ~50% of the order backlog of ₹604 crore come from export markets. Currently domestic and Middle East markets provide strong opportunities in the segment of petrochemical and fertilizers.
- Order wins to get converted from the bid pipeline for growth visibility: Current orderbook ₹604 crore ensures solid revenue booking for FY26E. However, with dismal order inflow of ₹74 crore in Q1FY26 places the company in a critical position. The company has ₹1020 crore global projects bid pipeline to provide opportunity for building solid orderbook over remaining 9MFY26E. We build in ₹900 crore order inflow for FY26E and FY27E each, which we believe is achievable provided US tariff uncertainty eases. Any slippage in order wins in H2FY26 will put FY27 growth at risk. We build in 16.5% CAGR over FY25-FY27E thereby helping to reach ~ ₹1000 crore sales by FY27E.

Rating and Target Price

- Anup is critically placed in terms of winning new orders which will further decide the growth profile over FY27-FY28E. In our view, the company has to garner incremental orders to the tune of Rs 800-1000 crore in the remaining 8 months of FY26E. In the wake of US tariff uncertainty there also exists a possibility that order wins might happen in H2FY25 which we believe will lead to growth in revenues at lower band of guidance of 15-20% growth. Hence, we downgrade to Hold with a target of Rs 2485.

Key Financial Summary

(Rs Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Net Sales	411.3	550.4	732.4	33.4%	864.3	993.9	16.5%
EBITDA	82.7	126.8	164.9	41.2%	188.4	221.6	15.9%
EBITDA margin (%)	20.1	23.0	22.5		21.8	22.3	
Net Profit	51.4	103.5	118.3	51.7%	120.2	141.9	9.5%
EPS (Rs)	52.0	104.0	59.1		60.1	70.9	
P/E (x)	47.3	23.7	41.6		40.9	34.7	
EV/EBITDA (x)	29.5	19.3	29.9		26.1	22.2	
RoCE (%)	14.7	21.0	22.2		22.4	23.3	
RoE (%)	11.8	19.6	19.3		17.3	17.8	



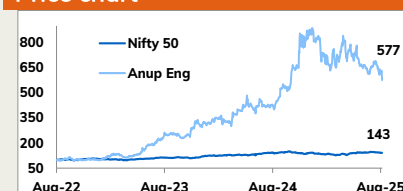
Market data

Particular	Rs. in crore
Market Cap	4,931
Total Debt (FY25)	29.4
Cash and Inv (FY25)	15.7
Enterprise Value	4,944.8
52 week H/L (Rs./ share)	3857/1678
Equity capital	20.0
Face value (Rs./ share)	10.0

Shareholding pattern

%	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	41.0	41.0	41.0	41.0
FII	1.6	3.5	4.6	4.7
DII	13.4	14.5	15.1	15.2
Public	44.0	41.0	39.4	39.1

Price chart



Key risks

- Slowdown in domestic business
- Rise in input costs can impact margins as most of the orders are fixed price orders

Research Analyst

Chirag J Shah
shah.chirag@icicisecurities.com

Samarth Khandelwal
samarth.khandelwal@icicisecurities.com

Gourav Aggarwal
gourav.aggarwal@icicisecurities.com

Key result highlights

- Revenue for Q1FY26 was ₹175 crore, up 20% YoY. On a segmental basis, Heat exchangers business (47% of revenue mix) declined 40% whereas vessels business grew substantially to ₹68 crore (39% revenue mix).
- EBITDA and PAT grew 22% and 9% YoY to ₹40 crore and ₹26 crore. EBITDA Margins up 42 bps 23% vs. 22.6% in Q1FY25 and PAT Margins declined 138 bps to 14.8% in Q1FY26.
- Order inflows for the quarter came in at ₹74 crore. Order backlog at ₹603 crore.

Key concall highlights

- The quarter witnessed decent growth in revenue of 20% on the back of strong orderbook. It also delivered well on the margins front with EBITDA margins expanding 46 bps YoY.
- The expansion of Kheda facility i.e. phase 2 is expected to complete prior to timeline and commission the same in Q2FY26 instead of Q3FY26. With this the total capacity will increase to ₹1200 crore revenue from three locations Ahmedabad (₹600) and Kheda (₹400) in Gujarat and Mabel (₹200) in Tamil Nadu.
- On the orderbook, the company's order inflow was sluggish due to uncertainties regarding war which disrupt supply chain, trade disruption due to US tariffs and other geopolitics. The company has good opportunities in US which it expects to grab in H2FY26E instead of Q1FY26.
- The company believes that it will remain price competitive even at additional 25% US tariffs and thus, expects to achieve order inflow target as uncertainty subsides.
- The company has order bid pipeline of ₹1020 crore global projects.
- The company had inventory buildup during the quarter to supply on hand orders which led to higher working capital. However, this is short term in nature and is expected to normalise over the year.
- The company has revised its guidance on revenue growth to 15-20% from 20%+ earlier.

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore				
(Year-end March)	FY24	FY25	FY26E	FY27E
Net Sales	550	732	864	994
Total Operating Income	550	732	864	994
% Growth (Operating Income)		33.1	18.0	15.0
Other Income	9	5	7	8
Total Revenue	559.4	737.9	870.9	1,001.8
Cost of materials consumed	140	222	285	398
Employee cost	31	41	49	57
Other Expenses	108	128	169	189
Total expenditure	424	568	676	772
EBITDA	126.8	164.9	188.4	221.6
% Growth (EBITDA)		30.1	14.3	17.6
Interest	2.2	3.3	4.0	5.0
PBDT	134	167	191	225
Depreciation	17	24	29	33
PBT	116	143	162	192
Tax	13	25	42	50
PAT	103.5	118.3	120.2	141.9
% Growth (PAT)		14.3	1.6	18.0
Diluted EPS	51.7	59.1	60.1	70.9

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore				
(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	103	118	120	142
Depreciation	17	24	29	33
Interest	2	3	4	5
Other income	(9)	(5)	(7)	(8)
Prov for Taxation	13	25	42	50
Change in Working Capital	(56)	(66)	(43)	(70)
Taxes Paid	(9)	(21)	(42)	(50)
Cash from Operations	62	78	103	102
(Purchase)/Sale of Fixed Assets	(42)	(68)	(50)	(50)
(Purchase)/Sale of Investments	(11)	7	(10)	(10)
Other Income	9	5	7	8
Cash from Investing	(43)	(56)	(53)	(52)
Changes in Networth	7	(5)	-	(0)
Interest	(2)	(3)	(4)	(5)
Dividend paid	(20)	(30)	(38)	(40)
Cash from Fin	(30)	(28)	(42)	(44)
Changes in Cash	(11)	(6)	8	6
Opening Cash/Cash Equivalent	33	21	16	23
Closing Cash/ Cash Equivalent	21	16	23	29

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore				
(Year-end March)	FY24	FY25	FY26E	FY27E
Share Capital	10.0	20.0	20.0	20.0
Reserves & Surplus	518	592	674	776
Total Shareholders fund	528	612	694	796
Total debt	19.3	29.4	29.4	30.4
Other liabilities	15.7	19.4	19.4	19.4
Total Liabilities	563	661	743	846
Gross Block	369	433	473	522
Acc: Depreciation	69	93	122	155
Net Block	300	340	351	367
Capital WIP	16	10	20	21
Investments	15	8	18	28
Inventory	165	147	249	313
Sundry debtors	127	284	302	348
Cash	21	16	23	29
Inv+Other current assets	151	99	109	119
CL& Prov.	245	265	353	402
Net Current Assets	220	280	331	406
Total Assets	563	661	743	846

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios				
(Year-end March)	FY24	FY25	FY26E	FY27E
Per Share Data (Rs.)				
Diluted EPS	51.7	59.1	60.1	70.9
Cash EPS	121.5	71.1	74.4	87.3
BV	531.1	305.9	347.0	397.9
DPS	20.0	15.0	19.0	20.0
Cash Per Share	69.8	46.6	60.9	77.3
Operating Ratios (%)				
EBITDA Margin	23.0	22.5	21.8	22.3
PBT / Net Sales	19.9	19.3	18.5	19.0
PAT Margin	18.8	16.2	13.9	14.3
Inventory days	109.6	73.4	105.0	115.0
Debtor days	84.4	141.4	127.8	127.8
Creditor days	162.5	132.2	148.9	147.8
Return Ratios (%)				
RoE	19.6	19.3	17.3	17.8
RoCE	21.0	22.2	22.4	23.3
RoIC	31.5	27.9	29.1	30.2
Valuation Ratios(x)				
P/E	25.0	44.0	43.3	36.7
EV / EBITDA	20.4	31.6	27.6	23.5
EV / Net Sales	4.7	7.1	6.0	5.2
Market Cap / Sales	4.7	7.1	6.0	5.2
Price to Book Value	4.9	8.5	7.5	6.5
Solvency Ratios				
Net Debt / Equity	-	0.0	0	0
Current Ratio	1.2	1.6	1.6	1.6
Quick Ratio	0.5	1.1	0.9	0.9

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Chirag Shah, MBA, Samarth Khandelwal, Chartered Accountant, Gourav Aggarwal, MBA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025, CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headsquality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report