The Anup Engineering (THEANU)

CMP: ₹2388 | Target: ₹2630 (10%) | Target Period: 6-12 months | **HOLD**

November 11, 2025

Order wins critical for FY27 performance...

About the stock: The Anup Engineering (TAEL) 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 ₹568 crore, which provides decent visibility
- Exports to constitute 50% of FY26E revenues

Q2FY26 performance: The Anup engineering came out with decent set of Q2FY26 results. Revenue grew 20% YoY to ₹232 crore, EBITDA grew 19% YoY to ₹51 crore and PAT declined by 1.5% YoY to ₹32 crore due to normalisation of the effective tax rate. EBITDA margins down by 27 bps to 22.02% whereas, PAT margins down 304 bps to 13.8%. Company received order inflows of ~₹197 crore and has an unexecuted order book of ₹568 crore as of H1FY26.

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 Q2FY26 revenues came in from the export segment. Going ahead, the management expects this share to rise to 50% in FY26E as ~41% of the order backlog of ₹568 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 ₹568 crore ensures solid revenue booking for FY26E. The company has ₹1100 crore global projects bid pipeline to provide opportunity for building solid orderbook over remaining H2FY26E. We build in ₹850 and ₹ 950 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 17.5% CAGR over FY25-FY27E thereby helping to reach ~ ₹1000 crore sales by FY27E.

Rating and Target Price

- Anup is critically placed in terms of wining 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 650-700 crore in the remaining 6 months of FY26E. Hence, we pencil 17.5% CAGR and 12.7% CAGR in revenues and PAT over FY25-FY27E. We believe 33x FY27E leaves limited room for upside and hence we assign a Hold rating on the stock with a target of ₹ 2630 (35x FY27E)

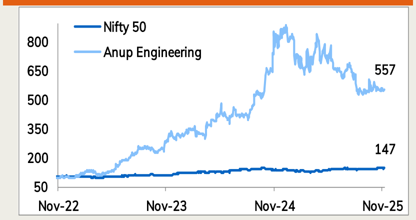
Market data

Particular	Rs. (in crore)
Market Capitalisation	4,798
Total Debt (H1FY26)	154.9
Cash and Inv (H1FY26)	15.1
Enterprise Value	4,937.8
52 week H/L (Rs.)	3857/2205
Equity capital	20.0
Face value (Rs.)	10.0

Shareholding pattern

%	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	41.0	41.0	41.0	41.0
FII	3.5	4.6	4.7	4.0
DII	14.5	15.1	15.2	15.7
Public	41.0	39.4	39.1	39.3

Price chart



Key risks

(i) Slowdown in domestic business

(ii) Rise in input costs can impact margins as most of the orders are fixed price orders

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Result Update

ICICI Securities – Retail Equity Research

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	1,011.2	17.5%
EBITDA	82.7	126.8	164.9	41.2%	188.4	225.5	16.9%
EBITDA margin (%)	20.1	23.0	22.5		21.8	22.3	
Net Profit	51.4	103.5	118.3	51.7%	125.1	150.2	12.7%
EPS (Rs)	52.0	104.0	59.1		62.5	75.1	
P/E (x)	46.0	23.0	40.4		38.2	31.8	
EV/EBITDA (x)	28.6	18.7	29.1		25.4	21.1	
RoCE (%)	14.7	21.0	22.2		22.3	23.3	
RoE (%)	11.8	19.6	19.3		17.9	18.6	

Source: Company, ICICI Direct Research

Key result and call highlights

- Revenue for Q2FY26 was ₹232 crore, up 20% YoY. EBITDA and PAT grew 22% and 9% YoY to ₹40 crore and ₹26 crore. EBITDA grew 19% YoY to ₹51 crore and PAT declined by 1.5% YoY to ₹32 crore due to normalisation of the effective tax rate and PAT Margins declined 304 bps to 13.8% in Q2FY26.

- Order inflows for the quarter came in at ₹197 crore, Order backlog stood at ₹568 crore. Company inquiry pipeline for global projects stands at approximately ₹1,100 crore providing strong visibility.

- Ahmedabad plant contributed ₹256 crore (63% of revenue), Kheda plant added ₹143 crore (35%), and Mabel Engineering ₹8 crore (2%) for H1FY26. Management stated Mabel's low revenue in line with project execution plan as most deliverables scheduled for Q3-Q4FY26, company is expecting substantial uptick in coming quarters.

- Working capital slightly elevated at average 3 turns (120 days) versus historical 3.5+ turns. Two main factors - lower customer advances due to weaker order intake in Q1 and previous quarter, and higher debtors from long cycle time orders under execution (major being FOB export contracts where collection depends on ship availability at port).

- Company has ₹150 crore worth of equipment either in inland transit to port/site or waiting at port for ships. Most expected to be cleared in next 4-6 weeks. Working capital expected to improve in coming quarters with improved order booking in Q3-Q4FY26, thereby improving customer advances and closure of high-value POs.

- All three manufacturing locations (Ahmedabad, Kheda, Mabel Engineering) shaped up well with requisite capacities and capabilities with potential to generate ~ ₹1,200 crore topline revenue. Phase 2 expansion at Kheda nearing completion - one manufacturing bay already commissioned, other expected before December 2025.

- Company has increased overall manufacturing capacity in Gujarat from 8,000 metric tons per annum to 20,000 metric tons per year - an increase of 2.5x in three years. With good CapEx in place, focus now on utilizing and maximizing revenue generation from these facilities to support future growth plans.

- Company now has official presence established in Dubai with sales and marketing head for MEA region stationed full-time. This ensures more aggressive push into growing Middle East market which management sees as major opportunity.

- Company has received its first ever order for product other than process equipment - critical power turbine component involving fabrication and critical machining for reputed European power sector player. This strategic diversification will help expand product portfolio beyond traditional heat exchangers and vessels.

- Company pursuing plans for official presence in Houston, US to access local customers who don't work with large EPC contractors. Currently 7-8 EPC contractors provide 70-80% of annual business who also execute projects in US, but local presence will open additional customer segments.

- Management has maintained its revenue growth guidance of 20–25% for FY26, with EBITDA margins expected to remain stable at around ~22%.

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Net Sales	550	732	864	1,011
Total Operating Income	550	732	864	1,011
% Growth (Operating Income)		*33.1*	*18.0*	*17.0*
Other Income	9	5	7	8
Total Revenue	559.4	737.9	870.9	1,019.1
Cost of materials consumed	140	222	285	398
Employee cost	31	41	49	58
Other Expenses	108	128	169	192
Total expenditure	424	568	676	786
EBITDA	126.8	164.9	188.4	225.5
% Growth (EBITDA)		*30.1*	*14.3*	*19.7*
Interest	2.2	3.3	4.0	5.0
PBDT	134	167	191	228
Depreciation	17	24	29	33
PBT	116	143	162	195
Tax	13	25	37	45
PAT	103.5	118.3	125.1	150.2
% Growth (PAT)		*14.3*	*5.7*	*20.0*
Diluted EPS	51.7	59.1	62.5	75.1

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	103	118	125	150
Depreciation	17	24	29	33
Interest	2	3	4	5
Other income	(9)	(5)	(7)	(8)
Prov for Taxation	13	25	37	45
Change in Working Capital	(56)	(66)	(43)	(75)
Taxes Paid	(9)	(21)	(37)	(45)
Cash from Opeations	62	78	108	106
(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	4	-	(0)
Interest	(2)	(3)	(4)	(5)
Dividend paid	(20)	(39)	(38)	(40)
Cash from Fin	(30)	(28)	(42)	(44)
Changes in Cash	(11)	(6)	13	9
Opening Cash/Cash Equivalent	33	21	16	28
Closing Cash/ Cash Equivalent	21	16	28	38

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	679	789
Total Shareholders fund	528	612	699	809
Total debt	19.3	29.4	29.4	30.4
Other liabilities	15.7	19.4	19.4	19.4
Total Liabilities	563	661	748	859
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	319
Sundry debtors	127	284	302	354
Cash	21	16	28	38
Inv+Other current assets	151	99	109	119
CL& Prov.	245	265	353	409
Net Current Assets	220	280	336	420
Total Assets	563	661	748	859

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	62.5	75.1
Cash EPS	121.5	71.1	76.8	91.8
BV	531.1	305.9	349.5	404.5
DPS	20.0	19.6	19.0	20.0
Cash Per Share	69.8	46.6	60.9	77.6
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	14.5	14.9
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	147.6
Return Ratios (%)				
RoE	19.6	19.3	17.9	18.6
RoCE	21.0	22.2	22.3	23.3
RoIC	31.5	27.9	29.1	30.5
Valuation Ratios(x)				
P/E	23.0	40.4	38.2	31.8
EV / EBITDA	18.7	29.1	25.4	21.1
EV / Net Sales	4.3	6.5	5.5	4.7
Market Cap / Sales	4.3	6.5	5.5	4.7
Price to Book Value	4.5	7.8	6.8	5.9
Solvency Ratios				
Net Debt / Equity	-	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

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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