

CMP: ₹1910

Target: ₹2535 (33%)

Target Period: 12 months

BUY

February 5, 2026

Export traction to support growth visibility ...

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 ₹550 crore, which provides decent visibility
- Exports to constitute 53% of FY26E revenues

Q3FY26 performance: The Anup Engineering Limited reported a mixed Q3FY26 performance, with revenue rising 20.5% YoY to ₹206.9 crore (₹171.7 crore in Q3 FY25), supported by strong execution in heat exchangers and vessels. EBITDA grew 13% YoY to ₹44.1 crore, though EBITDA margin moderated by ~140 bps YoY to 21.3% (22.7% LY) due to mix normalization. PAT declined 15.45% YoY to ₹25.5 crore, reflecting lower operating leverage and higher finance cost. Company's order book stood at ₹550 crore as of January 2026 with ₹1100 crore inquiry pipeline.

Investment Rationale:

- Growth Visibility Backed by Execution & Diversification:** Management has reiterated 15–20% growth guidance, supported by a ₹550 crore executable order book and ₹1,100 crore of inquiry pipeline, providing medium-term visibility. Importantly, capacity expansion at Kheda (Phase2) with potential of ₹450 crore annual revenue and ramp-up at Mable enhance revenue headroom without significant incremental capex risk. Strategically, the company is diversifying into nuclear, thermal power, precision components and high-margin services, reducing reliance on traditional refinery and petrochemical cycles. Early order wins in nuclear and thermal validates this shift. If executed well, these segments can structurally lift margin quality and smoothen cyclicity. Overall, the combination of capacity readiness, segment diversification and steady core demand supports a growth narrative.
- Exports & Macro Tailwinds Provide Upside Levers:** With ~53% revenue from exports, Anup remains well positioned to benefit from improving global capex cycles and normalization in India-US trade relations. Management commentary suggests US-linked inquiries could revive meaningfully, creating incremental pipeline opportunities. Export orders also typically carry higher advance payments (~40%), aiding working capital normalization and cash conversion. The strong inquiry base of (~₹1100 crore) and stable strike rate discipline of 20-25% indicate margin-focused order selection. Coupled with a gradually improving global business environment and stronger domestic industrial capex risk-reward appears favourable. Hence, Anup offers a blend of cyclical recovery upside. We expect Revenue and PAT to grow at 13.3% and 12.6% CAGR over FY25-FY28E.

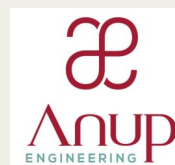
Rating and Target Price

- We maintained our BUY rating with a price target of ₹2535 (30x FY28E EPS).

Key Financial Summary

(Rs Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Net Sales	411.3	550.4	732.4	33.4%	864.3	950.7	1,064.8	13.3%
EBITDA	82.7	126.8	164.9	41.2%	201.4	221.5	250.2	14.9%
EBITDA margin (%)	20.1	23.0	22.5		23.3	23.3	23.5	
Net Profit	51.4	103.5	118.3	51.7%	135.1	148.6	169.1	12.6%
EPS (Rs)	52.0	104.0	59.1		67.5	74.3	84.5	
P/E (x)	36.8	18.4	32.3		28.3	25.7	22.6	
EV/EBITDA (x)	22.9	15.0	23.3		18.9	17.1	15.0	
RoCE (%)	14.7	21.0	22.2		23.7	22.8	22.9	
RoE (%)	11.8	19.6	19.3		19.1	18.2	18.2	

Source: Company, ICICI Direct Research



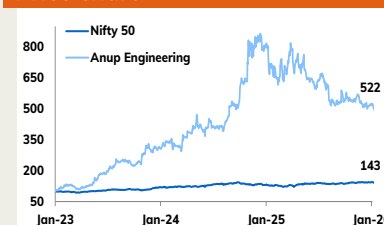
Market data

Particular	Rs. in crore
Market Capitalisation	3,864
Total Debt (H1FY26)	154.9
Cash and Inv (H1FY26)	15.1
Enterprise Value	4,003.8
52 week H/L (Rs.)	3633/1700
Equity capital	20.0
Face value (Rs.)	10.0

Shareholding pattern

%	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	41.0	41.0	41.0	40.9
FII	4.6	4.7	4.0	4.0
DII	15.1	15.2	15.7	16.1
Public	39.4	39.1	39.3	38.9

Price chart



Key risks

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

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Key result and call highlights

- Anup Engineering Limited reported a mixed Q3FY26 performance, with revenue rising 20.5% YoY to ₹206.9 crore (₹171.7 crore in Q3 FY25), supported by strong execution in heat exchangers and vessels. EBITDA grew 13% YoY to ₹44.1 crore, though EBITDA margin moderated by ~140 bps YoY to 21.3% (22.7% LY) due to mix normalization. PAT declined 15.45% YoY to ₹25.5 crore.
- Order inflows for the quarter came in at ₹189 crore, The pending order book stood at ~₹550 crore, slightly lower than prior year, with execution visibility of ~₹300 crore for upcoming quarters. The inquiry pipeline stood at ~₹1,100 crore. Management expressed confidence that macro clarity (e.g., India-US trade deal) will support faster inquiry conversions and looking to improve overall enquiry pipeline with (20-25% order conversion strike rate).
- Exports remained significant (~53% of revenue), with oil & gas and petrochemicals dominating the portfolio. Heat exchangers continued to contribute the largest share (~57%), while silos and centrifuges increased. Management reiterated that domestic traction is improving alongside export momentum.
- Management has highlighted Operating expenses increased partly due to royalty, labour, freight and financing costs, though these were factored into cost planning.
- Geopolitical uncertainties, especially around India-US tariffs, had weighed on export demand, but management expects revival with US India trade deal and improved trade clarity, potentially unlocking US-bound projects and strengthening export momentum.
- Phase-2(B) at Kheda Plant (Open Bay dedicated for volume products) is commissioned on end of Jan-26 enhancing the overall total revenue potential of Kheda plant up to ₹450 crore annually.
- Management highlighted entry into new segments including nuclear power sector for supply of heat exchanger with first order worth (₹20-30 crore), additionally in Thermal power segment company has received initial orders ₹20-30 crore for Low pressure heat exchanger and expect bigger opportunities ahead in high pressure heat exchanger segment order worth ~₹700-800 crore from upcoming Thermal plant projects.
- The services business (Anup Technical Services) is being scaled, and company is targeting higher profitability and ~₹200 crore+ revenue within 3 years.
- Average working capital elevated at ₹367 crore (~2.2 turns) due to lower customer advances and long-cycle orders. Company expects improvement with better order book and advances, expect to improve average working capital with improved mix of higher export order book which carry higher advance payment of ~ 40% vs ~20-25% domestic orders.
- Guidance: Management has maintained 15–20% revenue growth guidance for FY26 with EBITDA margins of ~20%+. Believes stronger traction from domestic capex and export markets due to improved global environment.

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	550	732	864	951	1,065
Total Operating Income	550	732	864	951	1,065
% Growth (Operating Income)		33.1	18.0	10.0	12.0
Other Income	9	5	7	8	9
Total Revenue	559	738	871	959	1,074
Cost of materials consumed	140	222	285	398	467
Employee cost	31	41	49	54	59
Other Expenses	108	128	147	162	181
Total expenditure	424	568	663	729	815
EBITDA	127	165	201	222	250
% Growth (EBITDA)		30.1	22.1	10.0	13.0
Interest	2.2	3.3	4.0	5.0	5.0
PBDT	134	167	204	224	255
Depreciation	17	24	29	31	35
PBT	116	143	175	193	220
Tax	13	25	40	44	50
PAT	103	118	135	149	169
% Growth (PAT)		14.3	14.2	10.0	13.7
Diluted EPS	51.7	59.1	67.5	74.3	84.5

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit after Tax	103	118	135	149	169
Depreciation	17	24	29	31	35
Interest	2	3	4	5	5
Other income	(9)	(5)	(7)	(8)	(9)
Prov for Taxation	13	25	40	44	50
Change in Working Capital	(56)	(66)	(43)	(58)	(42)
Taxes Paid	(9)	(21)	(40)	(44)	(50)
Cash from Operations	62	78	118	119	158
(Purchase)/Sale of Fixed Assets	(42)	(68)	(50)	(50)	(50)
(Purchase)/Sale of Investments	(11)	7	(10)	(10)	(10)
Other Income	9	5	7	8	9
Cash from Investing	(43)	(56)	(53)	(52)	(51)
Changes in Network	7	4	-	(0)	-
Interest	(2)	(3)	(4)	(5)	(5)
Dividend paid	(20)	(39)	(38)	(40)	(56)
Cash from Fin	(30)	(28)	(42)	(44)	(61)
Changes in Cash	(11)	(6)	23	23	46
Opening Cash/Cash Equivalent	33	21	16	38	61
Closing Cash/ Cash Equivalent	21	16	38	61	107

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	10.0	20.0	20.0	20.0	20.0
Reserves & Surplus	518	592	689	798	911
Total Shareholders fund	528	612	709	818	931
Total debt	19.3	29.4	29.4	30.4	30.4
Other liabilities	15.7	19.4	19.4	19.4	19.4
Total Liabilities	563	661	758	867	981
Gross Block	369	433	473	522	572
Acc: Depreciation	69	93	122	153	188
Net Block	300	340	351	369	384
Capital WIP	16	10	20	21	21
Investments	15	8	18	28	38
Inventory	165	147	249	300	335
Sundry debtors	127	284	302	333	373
Cash	21	16	38	61	107
Inv+Other current assets	151	99	109	119	129
CL& Prov.	245	265	353	386	430
Net Current Assets	220	280	345	426	515
Total Assets	563	661	758	867	981

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data (Rs.)					
Diluted EPS	51.7	59.1	67.5	74.3	84.5
Cash EPS	121.5	71.1	81.8	90.0	102.1
BV	531.1	305.9	354.4	408.8	465.3
DPS	20.0	19.6	19.0	20.0	28.0
Cash Per Share	69.8	46.6	60.9	76.6	94.1
Operating Ratios (%)					
EBITDA Margin	23.0	22.5	23.3	23.3	23.5
PBT / Net Sales	19.9	19.3	20.0	20.0	20.2
PAT Margin	18.8	16.2	15.6	15.6	15.9
Inventory days	109.6	73.4	105.0	115.0	115.0
Debtor days	84.4	141.4	127.8	127.8	127.8
Creditor days	162.5	132.2	148.9	148.1	147.3
Return Ratios (%)					
RoE	19.6	19.3	19.1	18.2	18.2
RoCE	21.0	22.2	23.7	22.8	22.9
RoIC	31.5	27.9	31.5	30.9	32.5
Valuation Ratios(x)					
P/E	18.4	32.3	28.3	25.7	22.6
EV / EBITDA	15.0	23.3	18.9	17.1	15.0
EV / Net Sales	3.5	5.2	4.4	4.0	3.5
Market Cap / Sales	3.5	5.2	4.4	4.0	3.6
Price to Book Value	3.6	6.3	5.4	4.7	4.1
Solvency Ratios					
Net Debt / Equity	-	0.02	-	-	-
Current Ratio	1.2	1.6	1.6	1.6	1.6
Quick Ratio	0.5	1.1	0.9	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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