Sector: Castings & Forgings | **RESULT REVIEW Q2FY27** | **Declared On: 02 Nov 2026**

Nelcast Limited

RECOMMENDATION SNAPSHOT				
*CMP	Target	Potential Upside	MCap (Rsbn)	Recommendation
Rs164	Rs200	22%	14.3	Accumulate

**as on 03rd Nov, 2026*

About the Company:

Incorporated in 1982, Nelcast Limited (Nelcast) is the largest manufacturer of ductile iron castings and is a leading producer of grey iron castings with an installed capacity of 160,000 metric tons/year. The company supplies castings for commercial vehicles (CVs), tractors, off-highway vehicles and railways. Nelcast is a leading supplier to several marquee OEMs (Tata Motors, Ashok Leyland, TAFE, Eicher Tractors (TMTL), Volvo-Eicher Commercial Vehicles, SAME Tractors, Escorts Tractors, International Tractors (ITL), Daimler India, Caterpillar, etc.) Tier-1 (Automotive Axles, American Axles, Dana, Rane Madras, Rane-TRW, ZF India, etc.) as well as export customers (Meritor, American Axles, Daimler, Dana, Comer, ZF Industries etc.). The company has manufacturing plants at Gudur and Pedapariya in Andhra Pradesh, and Ponneri in Tamil Nadu. It is the only casting manufacturer with a product range from 0.5-500kg. The company has Mr. P. Deepak as its Managing Director.

Results: Quick Glance:

- The net sales for the quarter reported a growth of 35.9% to Rs4060mn as compared to Rs2987mn in Q2FY26
- The Ebitda margins for the quarter stood at 8.1% as compared to 5.7% in the comparative quarter last year
- The company reported profit of Rs162mn as compared to Rs48mn in the same quarter last year
- The EPS for the quarter stood at Rs1.86 as compared to Rs0.55 in the corresponding period of last year
- For H1FY27, the revenues came in at Rs7470mn as compared to Rs6306mn; growth of 18.5% while the PAT stood at Rs213mn as against Rs173mn. The EPS came in at Rs2.45 as against Rs1.98 in H1FY26

Conference Call Highlights:

- It has been a strong quarter marked by better volume, operational recovery and highest ever quarterly sales. The Management has also indicated of the operational challenges faced in Q1 resolved which led to better volumes and realizations. The tractor segment demand was healthy during the quarter; however, H2 is expected to be moderated for the segment. On the flip, strong demand in the M&HCV segment is expected to offset the tractor segment moderation
- For Nelcast in H1FY27, M&HCV contributed 35.4% of the total revenue, Tractors 26.6%, Exports 34.3%, Railways 0.4%, Off-highway equipment 2.7% and Others 0.7%
- **Exports:** stood at Rs1409mn in Q2FY27; growth of 78.3% y-o-y. However sequentially there has been an improvement, with the recovery expected to continue going forward as well. The export share stood at 34.3% in H1FY27 as compared to 31.0% in H1FY26. Exports growth is expected to be higher than domestic going forward
- **Ebitda/kg** was Rs14.3/kg in Q2FY27 compared to Rs10.3/kg in the comparative quarter. For H1FY27 it stands at Rs12.1/kg. Going forward, in terms of target **Ebitda/kg**, in a steady state with no major fluctuations at the RM level; Rs15/kg is the guided number which is being worked on to be gradually taken to Rs18-20/kg in 3 years' time frame at 80% capacity utilization
- The company is strengthening its manufacturing capabilities; with the Board approval received for the proposal of setting up a **machining division** for machining of the company's castings involving an investment of ~Rs750mn at Gudur, AP. The project is expected to enhance the value-added machining capabilities and cater to the requirements of its customers. This machining facility is for a specific customer programme and is focusing on value-added offerings. The project is proposed to be funded through a combination of internal accruals and borrowings
- Nelcast is already making good progress on the **new value-added products**; some of these have already entered the initial production ramp-up phase and are expected to contribute gradually in the quarters to come
- With regard to the larger castings, the roll out of first orders is expected in the current month; with full ramp up expected over the next 9 months. By Q4 with matured volumes, the revenue potential is chalked to be around Rs2000-2500mn/year; run-rate to hit in 2 years timeframe. With not much of competition in the domestic markets, the company would enjoy premium on these castings
- With regard to **axles**, there is a shift noticed from fabricated to castings; the company had 2 products developed last year which is now standing at 12 that helps it cater all the OEM requirements; and all these parts are single sourced
- The installed capacity has been created for 160,000MT per year which can be further enhanced by 50,000MT within the existing plants with minimal investment (capex required would be around Rs400-500mn). About 70% of **power requirements** are met through renewable sources, and a 1MW in-house solar power plant has been installed at the Pedapariya plant. The cost differential/energy savings is ~10%

Conference Call Highlights (contd.):

- The company plans to increase the installed capacity of its Ponneri plant in Tamil Nadu from 40,000TPA to 60,000TPA. The enhanced production capability is expected to be operational by Jan'27. Once the power supply augmentation is completed and the furnace is commissioned, the plant's output capacity will rise by 50% compared to its current levels. The project aims to support higher production volumes without requiring a new greenfield site
- **Financials:** (i) in terms of **tonnage**, the sales volume stood at 26,186T, while H1 it was 48,628T, (ii) Nelcast targets 50:50 contribution from domestic and exports over the next 2-3 years, (iii) healthy debt-to-equity ratio of 0.4x provides headroom for future growth and strategic investments, (iv) for FY27E, the Management has reiterated its guidance to hit the 1lk tonnage number. For FY28E in terms of growth guidance; with new products coming in/stabilizing by Q4; 15-20% growth is targeted on the revenue front, (v) with regard to the RM costs, although there is 100% pass through for the company, it comes with a lag

Financials:

Performance (Q2FY27)									
Q2FY27 Result (Rs mn)	**Sept-26**	**Sept-25**	**y-o-y**	**Jun-26**	**q-o-q**	**H1FY27**	**H1FY26**	**y-o-y**	**FY27E**
Total Revenue	4060	2987	35.9%	3410	19.0%	7470	6306	18.5%	14928
EBITDA	328	171	91.9%	158	-	485	453	7.1%	1202
Other Income	36	43	(15.5%)	43	(17.0%)	79	84	(5.4%)	143
Interest	74	84	(11.7%)	66	13.4%	140	178	(21.1%)	309
Depreciation	70	66	6.1%	68	1.8%	138	130	6.1%	280
Tax	58	16	-	16	-	73	57	28.6%	193
Net Profit	**162**	**48**	-	**51**	-	**213**	**173**	**23.6%**	**563**

Outlook and Recommendations:

The company has reported highest-ever quarterly sales with a strong performance for Q2FY27 which is marked by better volume and operational recovery. This uptick in performance was supported by healthy demand, increased volume, continued strength in exports and normalization of operations which faced some issues in Q1FY27. Revenues came in higher by 35.9% y-o-y. **Ebitda/kg** stood at Rs14.3/kg for Q2FY27 compared to Rs10.3/kg in same quarter last year. Going forward, in terms of target Ebitda/kg, in a steady state with no major fluctuations at the RM level; Rs15/kg is the guided number which is being worked on to be gradually taken to Rs18-20/kg in 3 years' time frame at 80% capacity utilization. The overall profits stood strong at Rs162mn compared to Rs48mn in Q2FY26. **Exports** emerged as a key driver for the quarter, growing 78.3% y-o-y to Rs1409mn; while in H1, exports accounted for 34.3% of total revenue in H1FY27, up from 31.0% in H1FY26. The M&HCV segment remained the largest contributor at 35.4% of H1 revenue, followed closely by tractors at 26.6%. Nelcast is already making good progress on the **new value-added products**; some of these have already entered the initial production ramp-up phase and are expected to contribute gradually in the quarters to come. By end of 2028, the company expects to launch **light vehicles** (pickup trucks) for the export market; although would not be EV oriented still. Owing to seasonality effect in H2FY27, **tractor demand** is expected to moderate (was a key contributor in Q2); however, the Management is seeing encouraging momentum in CV which is anticipated to help offset the moderation. The overall export outlook of the company remains healthy which is also supported by positive customer indications and encouraging visibility going ahead. Further moving towards value addition; the company which had always carried out **machining** through its partners; but now based on customer requirements it is putting up a set up for the same at its Gudur plant. It is expected to be fully deployed by H2FY28. This is majorly for the new products with a 5-6 years payback period. The Management continues to be positive on growth in H2FY27, and expects the same to be better than H1 backed by M&HCV demand and new product contribution. The **underlying demand** remains healthy across domestic and export markets, coupled with new product launches, improving capacity utilisation and cost pass-through initiatives that are expected to support stronger operational performance over the coming quarters. Some of the **tailwinds** include domestic volumes expected to be strong through CV and tractor momentum continued. Some of the key monitorable ahead include capacity utilization at the Pedapariya plant, raw material price trajectory, and the company's ability to adjust product realisations. Overall, the company is well on track with regard to its long-term triggers and we maintain our positive stance on the same. We have achieved our earlier target of Rs150 and revise the same to Rs200.

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