Sector: Castings & Forgings **RESULT REVIEW Q1FY27** **Declared On: 13 Aug 2026**

Magna Electro Castings Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs1330	5.6	Accumulate	Rs1500	13%

**as on 13th Aug, 2026*

About the Company:

Established in 1990, Magna Electro Castings Ltd (MECL) boasts over 500 man-years of technical expertise in the foundry industry. With a portfolio of 1,200+ unique product designs and simulations of over 2,500+ castings, the company specializes in utilizing materials such as ductile iron, SiMo, compacted graphite iron (CGI), austempered ductile iron (ADI), and grey iron. Their production capabilities range from 1-250kg, with an impressive 80% of their energy consumption sourced from renewable resources. MECL is engaged in manufacturing and supplying ductile and grey iron castings in the weight range of 300gms to maximum of 2000kgs. In three decades of progress, MECL has carved out a niche for itself as a pioneer supplier of engineered cast products to MNCs globally. The USP of the company lies in supplying technically challenging low to medium volume cast products; making MECL the go-to-company for high-quality and technically challenging products in US, EU and India. Furthermore, the company actively incorporates repurposed foundry output, demonstrating a commitment to sustainability. MECL also produces fully machined components utilising its in-house CNC machine shop and other facilities. It caters to end-user industries including auto, locomotives, valve, windmills, and transmission, among others. Sri. N. Krishna Samaraj is the Managing Director and driving force behind this company since inception.

Results: Quick Glance:

- The net sales for the quarter reported a growth of 4.7% to Rs508mn as compared to Rs485mn in Q1FY26
- The Ebitda margins for the quarter under review stood at 14.7% as compared to 20.2% in Q1FY26
- The company reported profit of Rs37 as against Rs67mn in the corresponding period of last year
- The EPS for the quarter stood at Rs8.80 as compared to Rs15.73 in the corresponding period of last year

Financials:

Performance (Q1FY27)							
Q1FY27 Result (Rs mn)	Jun-26	Jun-25	y-o-y	Mar-26	q-o-q	FY26	FY27E
Total Revenue	508	485	4.7%	476	6.7%	1964	2245
EBITDA	74	98	(23.9%)	65	13.7%	331	359
Other Income	5	5	7.8%	5	(5.4%)	19	19
Interest	3	0	-	4	(29.8%)	10	12
Depreciation	26	13	-	25	4.1%	89	106
Exceptional Items	0	0	-	0	-	0	0
Tax	13	23	(42.4%)	15	(11.9%)	67	69
Net Profit	**37**	**67**	**(44.0%)**	**27**	**40.2%**	**185**	**191**

Outlook and Recommendations:

The company has reported modest revenue growth of 4.7% y-o-y for Q1FY27. The margins at 14.7% are slightly under pressure owing to the higher input costs, however, there has been improvement in the margins seen on sequential basis. The company has reported a good comeback post the issues related to reciprocal tariff. The company has more than 50% exposure to exports and has gradually been able to tide away the problems related to exports. MECL has been able to maintain a stable product which is profitable with decent margins. The company has been able to retain its domestic as well as international customers. MECL has been offering niche products, which makes it difficult for customers to quickly switch suppliers. The Management team has kept a tight control on the working capital cycle which has eventually translated into too strong overall cash conversion cycle. While the capex has already been incurred, the P&L has already started absorbing the overheads and depreciation; however, the revenues are yet to scale.

Outlook and Recommendations (contd.):

The Board of Directors has granted its in-principle approval for the proposed **merger** of **Samrajyaa Precision Machining Private Ltd** with **Magna Electro Castings Ltd**. It is a related party with Rs251.2mn net worth and Rs38mn of quarterly turnover. The stated rationale is to bring machining capability in-house, improve efficiencies, reduce third-party dependence and consolidate resources. The company presently carries on foundry operations with an installed moulding capacity of 2000MT per annum and melting capacity of 1500MT per annum and does not have any inhouse machining capacity. The machining of castings is at present outsourced to third party job workers. MECL is establishing its **first in-house machining division** initially with 7 CNC machines, enabling it to deliver fully-machined, ready-to-fit components to customers. The company has proposed to invest ~Rs170mn; and funding would be through internal accruals. The machining division is expected to be commissioned by January, 2027. The investment should reduce backlog, improve quality control, shorten lead times and reduce supply-chain dependence.

MECL was lacking scale which they are trying to fill in, however, customer diversification and integrated capabilities are some factors which we have monitored diligently. With the growth capex almost ending, the company replaced some of the old machinery with better efficiency machinery and high throughput equipment. The company has been making some additions/investments related to the solar equipment which can help reduce the power cost to some extent. MECL is a small, niche, high-quality foundry exporter and is gradually scaling up in the precision casting platform with higher throughput capability addition post the commissioning of the 3rd moulding line. The company is in the early stage of capacity ramp-up with a niche positioning, and may be entering a multi-year operating leverage cycle while maintaining balance sheet discipline. We are aware, the stock is highly illiquid and any unfavourable development leads to wild swings in the stock price. However, the company has been able to retain customer quality, stronger collections, improved working capital discipline and better bargaining power. The company has breached our target price of Rs1200 and considering the anticipated upticks in the revenue, Ebitda and bottomline, we have conservatively increased our target price to Rs1500.

DISCLAIMERS AND DISCLOSURES-

Progressive Share Brokers Pvt. Ltd. and its affiliates are a full-service, brokerage and financing group. Progressive Share Brokers Pvt. Ltd. (PSBPL) along with its affiliates are participants in virtually all securities trading markets in India. PSBPL started its operation on the National Stock Exchange (NSE) in 1996. PSBPL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) for its stock broking services and is Depository Participant with Central Depository Services Limited (CDSL) and is a member of Association of Mutual Funds of India (AMFI) for distribution of financial products.

PSBPL is SEBI registered Research Analyst under SEBI (Research Analysts) Regulations, 2014 with SEBI Registration No. INH000000859/Research Analyst BSE Enlistment No. 5049. PSBPL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. PSBPL has not been debarred from doing business by any Stock Exchange/SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

PSBPL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

<u>Other disclosures by Progressive Share Brokers Pvt. Ltd. (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company (s) covered in this report-:</u>

· PSBPL or its associates financial interest in the subject company: NO

· Research Analyst (s) or his/her relative's financial interest in the subject company: NO

· PSBPL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (PSBPL) has not been engaged in market making activity for the subject company.

· PSBPL or its associates actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO

· Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO

· PSBPL or its associates may have received any compensation including for brokerage services from the subject company in the past 12 months. PSBPL or its associates may have received compensation for products or services other than brokerage services from the subject company in the past 12 months. PSBPL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of PSBPL or its associates during twelve months preceding the date of distribution of the research report and PSBPL may have co-managed public offering of securities for the subject company in the past twelve months.

· The research analyst has served as officer, director or employee of the subject company: NO

· Registration granted by SEBI and certification from NISM is in no way guarantee performance of the intermediary or provide any assurance of returns to investors

PSBPL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses (if any) may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution publication, availability or use would be contrary to law or regulation or which would subject PSBPL or its group companies to any registration or licensing requirement within such jurisdiction. If this document is sent or has reached any individual in such country, especially, USA, the same may be ignored. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of PSBPL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of PSBPL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Terms & Conditions:

This report has been prepared by PSBPL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential 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 PSBPL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and its at the discretion of the clients 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. PSBPL will not treat recipients as customers by virtue of their receiving this report.

Registered Office Address:

Progressive Share Brokers Pvt. Ltd,

122-124, Laxmi Plaza, Laxmi Indl Estate,

New Link Rd, Andheri West,

Mumbai-400053, Maharashtra

www.progressiveshares.com | Contact No.:022-40777500

Compliance Officer:

Ms. Mamatha Poojari,

Email: compliance@progressiveshares.com,

Contact No.:022-40777500

Grievance Officer:
Email: grievancecell@progressiveshares.com