Sector: Castings & Forgings | **RESULT REVIEW Q2FY26** | **Declared On: 13 Nov 2025**

Magna Electro Castings Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs999	4.2	Hold	Rs1200	20%

**as on 14th Nov, 2025*

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 an increase of 14.7% to Rs523mn as compared to Rs456mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 18.1% as compared to 21.3% in the comparative quarter last year
- The company reported profit of Rs54mn as compared to Rs67mn in the same quarter last year
- The EPS for the quarter stood at Rs12.78 as compared to Rs15.87 in the corresponding period of last year
- For H1FY26, the revenues came in at Rs1009mn as compared to Rs878mn; growth of 14.9% while the PAT stood at Rs121mn as against Rs134mn. The EPS came in at Rs28.51 as against Rs31.75 in H1FY25

Financials:

Performance (Q2FY26)									
Q2FY26 Result (Rs mn)	Sept-25	Sept-24	y-o-y	Jun-25	q-o-q	H1FY26	H1FY25	y-o-y	FY26E
Total Revenue	523	456	14.7%	485	7.9%	1009	878	14.9%	2075
EBITDA	95	97	(2.8%)	98	(3.3%)	192	194	(0.6%)	363
Other Income	5	5	(4.0%)	5	5.9%	9	10	(9.1%)	18
Interest	2	0.1	-	0.3	-	3	0.2	-	8
Depreciation	25	12	-	13	97.6%	38	23	65.3%	90
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	18	23	(23.4%)	23	(21.8%)	40	46	(12.6%)	72
Net Profit	**54**	**67**	**(19.4%)**	**67**	**(18.7%)**	**121**	**134**	**(10.2%)**	**211**

Outlook and Recommendations:

The company has reported good growth for the quarter under review with an increase of ~14.7% on a y-o-y basis. This growth appears to be propelled owing to sustained demand from automotive, construction, railways, and heavy engineering sectors. The company's gross margins for the quarter under review stood at ~68.86% as compared to ~70.23% in Q2FY25, indicating slight pressure on the raw material prices and could also be because of slight changes in the sales/product mix. The company had shipped its products to the US prior to the reciprocal tariff announcements which appears to have also contributed to the growth in topline during the quarter under review.

Outlook and Recommendations (contd.):

The growth capex seems to be more or less coming to an end. The third moulding line project was commissioned on 27th June, 2025. Post commissioning of this project, all expenses incurred in respect of the project have been charged to revenue, which is seen in the higher depreciation going forward. This capex involved the addition of bulk storage & pumping systems, a new auto pour system, and two 5-axis CNC grinding machines in its finishing division. As a result of the expansion plans, the installed moulding capacity now stands at 2,000MT per month, while that of the melting capacity stands at 1,500MT per month. The Management will look at additional melting capacity addition depending on the demand pickup in near or distant future, if any. At full utilisation, the recent expansion can fetch a topline of ~Rs4000-4500mn which can take ~12-16 quarters. Besides this, incremental/maintenance capex if any is anticipated to be modest.

The CFO is positive for the company but the FCF is currently negative which is mainly due to the heavy capex recently completed. ~44% of MECL's sales come from the US, which currently has a ~50% tariff on exports; under such circumstances the exports to US can make the business unviable for MECL and its customers. Many customers have currently adopted a wait and watch stance. As per industry data, if the duties reduce to ~25% or lower, then the exports to the US can become profitable to players like MECL. Despite short-term headwinds related to the US tariffs, Magna has till now been resilient with its well structured foundry operations, strong relationships with existing clients and efforts put to reduce costs through operational efficiencies. Till now the strategy of MECL was to offer products which are high-value and low-volume, however, there could be change in the same to fetch better volumes to help absorb the fixed costs. The company has been offering niche products, which also makes it difficult for customers to quickly switch suppliers. The company is looking at expanding its client base in Europe to probably try and mitigate the associated risks to the US exports. The reciprocal tariff related issues have been quite ambiguous for the entire industry and owing to the uncertainty in the outcome of tariffs, which can adversely affect the profitability of the company, we have reduced our estimates. We have reduced our target price to Rs1200 (from earlier Rs1350) and maintain a hold on the stock.

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