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Trade View Report-



Published Date	April 24th, 2026
Rating	BUY
Trade Type	Long Term
Stock Name	WALCHANNAG
Entry Price	222
Target	280
Stop Loss Price	200
Target%	26%
SL%	10%

Rationale-

Walchandnagar Industries Limited (WIL) is an Indian heavy engineering and project execution company with a legacy dating back to 1908. As of early 2026, the company is undergoing a transition phase, moving from a period of operational losses and labor disputes toward a "turnaround" story driven by high-tech defense and nuclear orders.

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## 1. Investment Rationale

- **Strategic National Importance:** WIL is a key player in India's **Nuclear, Aerospace, and Defense** programs. It supplies critical components for ISRO (space missions) and NPCIL (nuclear power).
- **Turnaround Momentum:** After a period of losses, the company reported a net profit in Q3 FY26, signaling a recovery in operational efficiency.
- **Strong Order Book:** As of Q4 FY26, the order book stands at approximately **₹670 crore**, providing revenue visibility for the next 18–24 months.
- **Operational Normalization:** The withdrawal of the lockout at its Satara foundry plant in late 2025 has allowed the company to resume full manufacturing capacity.

## 2. Financial Growth & Metrics (FY25–FY26)

- **Revenue Growth:** While the 9-month revenue for FY26 saw a decline (₹182 cr vs ₹206 cr YoY), the **Q3 FY26 revenue spiked 37%** to ₹80.95 cr, showing a sharp recovery in project execution.
- **Profitability:** \* **Q3 FY26 PAT:** ₹4.66 cr (compared to a loss of ₹17.13 cr in Q3 FY25).
  - **9M FY26 Loss:** Reduced to ₹17.63 cr from ₹29.90 cr in the previous year.
- **Debt Status:** The company maintains a high debt-to-equity ratio (approx. **0.52 to 0.67**), though it has been working on reducing absolute debt levels to lower finance costs.
- **Asset Value:** Trading at a Price-to-Book (P/B) ratio of roughly **4.1x to 6.1x** depending on current market volatility.

## 3. Expansion & Future Outlook

- **Defense & Aerospace Pivot:** Management is shifting focus from traditional sugar/cement machinery to high-margin defense and aerospace components. They expect significant new aerospace orders in early 2026.
- **Nuclear Renaissance:** With India's push for more domestic nuclear power plants, WIL expects additional contracts from NPCIL within the next 3–6 months.

- **Export Potential:** The company is exploring international markets for specialized engineering products to diversify beyond Indian government contracts.
- **Margin Guidance:** Management is targeting an EBITDA margin of **8–10%** for FY27, contingent on steady project execution and input cost stability.

#### 4. Risk Factors to Watch

- **High Promoter Pledge:** Approximately **49.2%** of promoter shares are pledged, which poses a risk during market downturns.
- **High Interest Costs:** Finance costs remain a significant drag on net profitability, though they decreased by ~20% in the most recent quarter.
- **Working Capital Cycle:** The nature of heavy engineering involves long gestation periods, often leading to stretched debtor days (currently around 98 days).

Walchandnagar Industries Limited (WIL) has evolved from a traditional industrial machinery manufacturer into a high-tech engineering player. Its product mix is categorized into three primary business segments:

#### 1. Heavy Engineering (Core Segment)

This is the dominant revenue driver (approx. **85–90%** of total turnover) and includes the company's high-tech "DNA" (Defense, Nuclear, Aerospace) divisions.

- **Aerospace & Defense:**
  - **ISRO Partnerships:** Critical components for satellite launch vehicles (PSLV, GSLV MKIII), including S-200 motor casings and nozzle end-ups.
  - **Missile Programs:** Combustion chambers and motor cases for Agni and Akash missile systems.
  - **Naval Systems:** Main propulsion gearboxes for warships and core equipment for nuclear submarines.

- **Nuclear Power:**
  - **Core Reactor Components:** Manufacturing Calandrias (reactor vessels), End Shields, and Moderator Heat Exchangers for 220/540/700 MWe PHWR reactors.
  - **Advanced Reactors:** Equipment for India's 500 MWe Prototype Fast Breeder Reactor (PFBR).
- **Industrial EPC & Machinery:**
  - **Sugar Plants:** Complete turnkey solutions ranging from 1,000 to 26,000 TCD (Tons of Cane per Day) capacity.
  - **Cement Plants:** Greenfield projects up to 6,000 TPD, clinker grinding units, and vertical roller mills.
  - **Boilers:** High-pressure steam generators for captive and co-generation power plants.
  - **Industrial Gearboxes:** Heavy-duty gears for marine, cement, and sugar industries.

## 2. Foundry & Machine Shop

Located at Satara Road, this segment focuses on high-precision castings for diverse industrial sectors.

- **Cast Iron (CI) & Ductile Iron (SG) Castings:** Single-piece castings ranging from 500 kg to 12,000 kg.
- **Sector-Specific Products:**
  - **Automotive:** Press tool dies and engine components.
  - **Energy:** Windmill castings and turbine components.
  - **Industrial:** Pump bodies, valve castings, and compressor frames.
  - **Machine Tools:** Bed castings and flame-hardenable grade components.

### **3. Others (Instrumentation & Services)**

A smaller but high-margin segment involving specialized technical products.

- **Instrumentation (TIWAC & TIWIN):**
  - Manufacturing a wide range of pressure gauges and temperature gauges.
  - Precision instruments for aerospace and defense applications.
- **Engineering Services:**
  - Design and consulting for complex engineering projects.
  - Maintenance and retrofitting for existing cement and sugar plants.

### **Shift in Revenue Concentration (2026 Trend)**

The company is actively de-prioritizing the volatile "Sugar & Cement" EPC business to focus on **High-Tech Manufacturing (Defense/Nuclear)**, which offers better margins and more stable government-backed order books.

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Investment in securities market is subject to market risks. Read all the related documents carefully before investing. Trading in Futures & Options (F&O) carries high risk as it depends on market momentum. "Registration granted by SEBI & Certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to Investors." Past performance is no guarantee of future results.

Intraday- Not more than one day

Short term – 0-15 days

Medium term – 1- 3 months

Long term – more than a Year

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