BONANZA RESEARCH – SME IPO

27 July 2026

Poojaa Precision Engg. Limited -SUBSCRIBE

Company Overview

Poojaa Precision Engg. Limited (formerly Pooja Castings Pvt. Ltd.), a Pune-based company incorporated in 1992, manufactures aluminum die-cast and machined components. It serves diverse automotive (including EVs) and non-automotive segments agriculture, defence, energy, healthcare and engineering goods, reflecting broad industrial capability built over three decades.

Investment Rationale

- Strong Structural Growth Runway: India's auto component industry crossed Rs. 6,73,000 crore (USD 78.74 Bn) in FY25, growing at 14% CAGR (FY20–25). With the domestic auto market (USD 222 Bn) set to become the world's 3rd largest by 2030, Tier-1/Tier-2 suppliers like Poojaa enjoy a strong long-term tailwind.
- Robust Financial Track Record: Revenue rose from Rs. 17,372 Lakh (FY24) to Rs. 29,386 Lakh (FY26), a 30.06% CAGR, while PAT nearly doubled to Rs. 3,090 Lakh, with EBITDA margins steady above 17%.
- Superior Return Ratios: Poojaa's RoNW of 23.21% far outpaces peers (Alicon 5.48%, RICO Auto 6.68%, Endurance 13.91%).
- Integrated Precision Manufacturing: End-to-end capability spanning design (Adstefan, Solidcam), melting, casting (GDC/LPDC/HPDC), machining and assembly drives customer stickiness, top 5 customers contribute 70%+ of revenue over three years.
- EV & Diversification Optionality: Growing EV exposure (9.81% of revenue) and entry into magnesium casting for aerospace/defence position Poojaa as an emerging powertrain-transition beneficiary.
- Cost & Sustainability Play: A Rs. 1,481.43 Lakh investment in a 3.3 MW captive solar project cuts power costs and carbon footprint.

Valuation

At the upper band of Rs. 301, Poojaa Precision Engg. is priced at just 13.74x FY26 EPS of Rs. 21.90, a sharp discount to peers averaging 37x. Backed by 30% revenue and 39% PAT CAGR, industry-leading return ratios (ROE 28.18%, ROCE 26.38%, RONW 23.21%) and a low 0.31x D/E, the pricing looks attractive with strong growth visibility. Hence, we recommend **SUBSCRIBE** to this SME IPO.

IPO Details	
Industry	Auto Components
Issue Open Date	28-Jul-26
Issue Close Date	30-Jul-26
Price Band	Rs. 285-301
Issue Size*	Rs. 15,983 Lakh
Issue Size (Shares)	53,10,000
Bid Lot	400 Shares
Listing Exchanges	BSE SME
Face Value	Rs. 10/-

*At highest price band

Issue Details	
Fresh Issue*	Rs. 15,983 Lakh
Issue Type	Fresh Capital only
Lead Manager	Hem Securities
Registrar	MUFG Intime India
Issue structure	Market Maker: 5.01% QIB: 47.08% NII: 14.15% Retail: 32.98%
Allotment	31-Jul-26
Credit of Shares	03-Aug-26
Listing Date	04-Aug-26

Objective of Issue

Particular	Estimated Amt (in Lakh)
Capex	10,634
Working Capital	3,000
General Corporate Purposes	-

Shareholding Pattern

Shareholding (%)	Pre (%)	Post (%)
Promoter	82.63	60.63
Public & Others	17.37	39.37

Business Highlights

- **Diversified product portfolio (600+ SKUs):** Brackets, compressors, intake manifolds, cylinder head covers, camshaft carriers, clutch housings, EV transmission housings, drive box housings, cast flanges, elbows, and contact carriers.
- **Geographic Revenue Split (FY26):** Maharashtra: 60.64%, Karnataka: 9.74%, Punjab: 7.20%, Haryana: 6.15%, Gujarat: 5.73%, Others: 10% (Telangana, Uttarakhand, Jharkhand) with minor exports to Germany, USA, Italy, Switzerland.
- **Sectoral Revenue Mix (FY26):** Automotive (ICE): 72.58%, EV: 9.81%, Non-Automotive (Defence, Agri, Healthcare, Energy): 17.61%.

Financials

Profit & Loss Statement:

Particulars (in Lakh)	FY24	FY25	FY26	CAGR (FY24-26)
Revenue from Operations	17,372	22,200	29,386	30%
EBITDA	2,745	3,989	5,178	37%
EBITDA Margin	15.80%	17.97%	17.62%	
PAT	1,610	2,393	3,090	39%
PAT Margin	9.27%	10.78%	10.52%	

- Revenue almost doubled in two years, driven by capacity utilization and new customer additions.
- EBITDA margin has expanded 180 bps vs FY24 despite aluminum price volatility, reflecting operating leverage and better product mix.
- PAT margin held above 10% in FY25 & FY26, a strong figure for a Tier-1 castings player.
- FY26 EPS at Rs. 21.90 gives strong absolute earnings visibility ahead of listing.

Balance Sheet:

Particulars	FY24	FY25	FY26	Particulars	FY24	FY25	FY26
Equity & Liabilities				**Assets**			
Net Worth	6,483	8,620	13,316	PPE	4,175	5,564	7,447
Long Term Debt	817	1,195	1,947	Inventories	1,585	2,706	5,070
Short Term Debt	611	758	2,169	Trade Rec.	1,989	3,548	5,182
Trade Payables	909	1,541	2,704	Cash	387	323	490

- Net Worth more than doubled in 2 years from Rs. 6,483 Lakh to Rs. 13,316 Lakh; FY26 jump aided by both retained earnings and pre-IPO capital infusion.
- Long Term Debt Grew 2.3x over FY24–FY26 to fund Capex for Unit 3/Unit 4. Still moderate in absolute terms relative to net worth.
- Short Term Debt Nearly 3x jump in FY26 from Rs. 758 Lakh to Rs. 2,169 Lakh, largely working capital drawdown as inventory & receivables ballooned.
- Inventories 3.2x surge from Rs. 1,585 Lakh to Rs. 5,070 Lakh; inventory days rose from 33 to 63, indicates stocking ahead of new capacity ramp but also ties up working capital.
- Trade Receivables 2.6x growth from Rs. 1,989 Lakh to Rs. 5,182 Lakh; debtor days elongated from 42 to 64, mirrors revenue growth but signals longer OEM payment cycles.

Cash Flow:

Particulars	FY24	FY25	FY26
Operating Cash Flow	1,626.81	1,587.37	2,379.80
Investing Cash Flow	(1,459.41)	(1,597.07)	(5,734.55)
Financing Cash Flow	(658.40)	13.38	3,376.97
Net Cash Flow	(491.00)	3.68	22.22

- Operating cash flows are positive & growing, up 46% YoY in FY26.
- Sharp increase in investing outflows (Rs. 5,734.55 Lakh in FY26) validates ongoing capacity-expansion narrative.
- Financing inflows in FY26 (Rs. 3,376.97 Lakh) reflect debt drawdown for Capex, post-IPO leverage will ease.

Key Ratios:

Ratio	FY26
Return on Equity	28.18%
Return on Capital Employed	26.38%
Debt-Equity Ratio	0.31x
Current Ratio	1.56x
EPS (Rs.)	21.90
NAV (Rs.)	94.36

ROE: Strong return, indicating efficient use of equity and healthy profitability.

ROCE: Being close to ROE and comfortably above typical borrowing costs, it signals effective capital utilization and positive leverage.

D/E Ratio: The company relies far more on equity than debt, reflecting a strong balance sheet and low financial risk.

Peer Comparison

Metrics	Poojaa Precision Engg	Alicon Castalloy	RICO Auto Industries	Endurance Technologies
Revenue	29,386	1,77,573	2,47,773	14,59,588
EBITDA	5,178	18,699	21,491	1,94,469
PAT	3,090	3,444	5,242	95,171
EPS (Rs.)	21.9	21.09	3.73	67.66
RONW	23.21%	5.48%	6.68%	13.91%
NAV (Rs.)	94.36	386.36	57.97	486.33
P/E Ratio	13.74	31.77	38.61	40.17

Risk & Concerns

- Customer Concentration: Top 5 customers are 74.72% of FY26 revenue; top 10 are 88.64%.
- Supplier Concentration: Top 10 suppliers are 57.17% of purchases; no long-term fixed-price aluminium contracts.
- Sector Concentration: Automotive contributes 72.58% of revenue, cyclical demand risk and vulnerability to EV disruption.
- Geographical Concentration: Maharashtra alone are 60.64% of revenue in FY26.
- Litigation: Civil litigations against Promoters aggregating Rs. 1,880.39 Lakh, including contempt petitions relating to real estate projects.
- Raw Material Volatility: Aluminium accounts for 72%+ of raw material consumption; no pass-through mechanism.
- Leasehold Risk: Both proposed Unit 3 & Unit 4 are on leasehold land, vulnerable to non-renewal.

Name	Designation
Sanket Roge	Research Analyst

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