Frontier Springs Ltd.

Near-term slowdown is operational, not demand-led: Frontier Springs' Q1 FY27 slowdown should be viewed as a temporary supply chain issue rather than a deterioration in underlying demand. Performance was impacted by an acute industrial-gas shortage in the second half and logistics delays in procuring air-spring bellows, which lowered capacity utilization. Management has stated that both issues are resolved, operations are normalized and the deferred Q1 execution will be recovered through the year, while demand remained firm across all verticals.

Railway-led growth remains the core structural opportunity: The company remains a strong beneficiary of the multi-year Indian Railways capex cycle, with >90% of revenue currently linked to the railway ecosystem and a near-monopoly position in coil springs. Rising LHB coach production, wagon demand and Vande Bharat expansion should support sustained volumes. The ₹370 Cr order book at the start of FY27 covered roughly the first 2.5 quarters, providing reasonable near-term visibility

Air springs and forgings are shifting the growth mix: The next leg of growth should increasingly come from air springs and forgings rather than only the legacy coil-spring business. Air-spring capacity of 300 coach sets/month is currently running at 180-200 sets, while the new 6-tonne forging hammer is operating only one 8-hour shift, leaving substantial capacity headroom. Management expects forging revenue of around ₹100 Cr in FY27, while higher utilization and a richer product mix should support operating leverage.

FIBA provides a meaningful new high-margin growth option: FIBA could become an important incremental growth driver, with Frontier having received basic RDSO approval and preparing for trials. The system has an estimated ₹40-50 Cr annual addressable market, with each LHB coach requiring two units; commercial revenue is targeted from Q4 FY27, with meaningful scale-up expected in FY28.

FY27 recovery: Management has retained its ₹500 Cr FY27 gross-revenue guidance, implying >30% growth. This requires a substantial acceleration over the remaining quarters, making Q2-Q4 execution the key near-term monitorable. We remain constructive because operations have normalized, the existing order pipeline is healthy and railway tender activity remains strong. Margins should recover, but FY27 is likely to be a transition year

Outlook:

We remain constructive on Frontier Springs as the Q1 slowdown appears temporary and not demand-led, with gas shortages and logistics disruptions now resolved. We expect revenue growth to accelerate from Q2 onwards as deferred volumes are executed, air springs and the 6-ton forging capacity ramp up, and railway tender activity strengthens in H2. With ₹500 Cr FY27 revenue guidance intact, rising utilization and a richer product mix should support margin recovery and earnings growth, while FIBA provides an additional growth lever from FY28.

We project Revenue/EBITDA/PAT CAGR growth of 31%/33%/33% over FY26-FY29E, with DCF based methodology we arrive to a TP of ₹1,740, implying an upside of 33%, with BUY rating for the stock.

CMP: ₹1,312
Reco: BUY
Target Price: ₹1,740

Stock Info	
BSE	522195
NSE	FRONTSP
Sector	Railways
Face Value (₹)	10
Equity Capital (₹ Cr)	11.8
Mkt Cap (₹ Cr)	1,577
Avg volume (1 year)	15,894
Dividend yield (%)	0.05
52w H/L (₹)	1,870/ 1,175

Source: Company filings, PESB research

Shareholding Pattern (June 2026)	
Promoters	51.76%
FII	0.00%
DII	0.36%
Public	47.89%

Source: Company filings, PESB research

Returns	FRONTSP (%)	NIFTY 500 (%)
1M	-5.98	1.39
3M	-19.22	6.15
1 year	-22.17	4.89

Source: Company filings, PESB research

Frontier Springs IC link:

Frontier Springs IC .pdf

New Estimates:

Year	FY27E	FY28E	FY29E
Revenue	433	563	732
EBITDA	112	155	202
PAT	82	111	145

Old Estimates:

Year	FY27E	FY28E	FY29E
Revenue	460	598	777
EBITDA	117	165	215
PAT	84	119	155

Anupama Bhootra
Analyst
Aman Bansal
Associate

Q1 FY27 Financials

Particulars	Q1 FY27	Q4 FY26	Q1 FY26	YoY (%)	QoQ (%)
In ₹ Crore					
Operational Income	**78**	**83**	**75**	*4%*	*-5%*
COGS	36	37	35	*1%*	*-3%*
Employee Expense	1	1	1	*2%*	*8%*
Other Expense	22	21	18	*21%*	*6%*
EBITDA	**19**	**24**	**20**	*-6%*	*-18%*
EBITDA Margin	*24.52%*	*28.5%*	*27.1%*	*-259bps*	*-400bps*
Depreciation and Amortization	1	2	1	*20%*	*-25%*
Finance Costs	0	0	0	*-11%*	*-9%*
Other Income	0	0	1	*-80%*	*-59%*
Exceptional Items	0	0	0		
EBT	**18**	**22**	**20**	*-9%*	*-18%*
EBT Margin	*23.01%*	*26.8%*	*26.4%*	*-344bps*	*-376bps*
Tax Expense	6	6	5	*17%*	*9%*
PAT	**12**	**17**	**15**	*-19%*	*-27%*
PAT Margin	*15.31%*	*20.1%*	*19.6%*	*-426bps*	*-475bps*

Source: Company filings, PESB research

Consolidated Financials

INCOME STATEMENT

Particulars (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue from Operations	135	231	322	433	563	732
Revenue growth rate		71%	39%	35%	30%	30%
Expenses						
COGS	67	115	149	204	253	329
Employee Expense	5	6	6	6	9	11
Other Expense	44	61	81	110	146	190
EBITDA	**21**	**50**	**86**	**112**	**155**	**202**
EBITDA Margin	***15.4%***	***21.4%***	***27%***	***26%***	***27%***	***28%***
EBITDA Growth rate		***138%***	***74%***	***30%***	***38%***	***30%***
Depreciation and Amortization	4	4	5	6	7	9
EBIT	**17**	**46**	**82**	**107**	**147**	**193**
EBIT Margin	***13%***	***20%***	***25%***	***25%***	***26%***	***26%***
EBIT Growth rate		***167%***	***79%***	***31%***	***38%***	***31%***
Finance Cost	0	0	0	0	1	1
Other Income	1	1	1	2	2	3
Exceptional items	0	0	0	0	0	0
EBT	**18**	**46**	**82**	**108**	**149**	**195**
EBT Margin	***13%***	***20%***	***26%***	***25%***	***26%***	***27%***
EBT Growth rate		***165%***	***77%***	***31%***	***38%***	***31%***
Tax expense	4	12	21	26	38	50
PAT	**13**	**35**	**61**	**82**	**111**	**145**
PAT Margin	***10%***	***15%***	***19%***	***19%***	***20%***	***20%***
PAT Growth rate		***166%***	***77%***	***33%***	***36%***	***31%***
EPS (₹)	***11***	***29***	***52***	***69***	***94***	***123***

	FY24-26	FY26-29E
Revenue CAGR	**54%**	**31%**
EBITDA CAGR	**104%**	**33%**
PAT CAGR	**117%**	**33%**

Source: Company filings, PESB research

CASH FLOW

Particulars (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net cash from operations	12	22	31	45	70	84
Net cash from Investing	-10	-20	-37	-24	-24	-29
Net cash from Financing	-2	1	4	3	3	4

Source: Company filings, PESB research

BALANCE SHEET

Particulars (₹ Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Assets						
Net Block	45	56	65	84	101	121
Capital WIP	2	1	1	1	1	1
Other Non Current Assets	19	26	49	49	49	49
Inventories	31	40	34	58	88	133
Loans	2	3	3	3	3	3
Trade Receivables	22	38	61	82	106	138
Cash and Equivalents	2	5	4	27	75	134
Other Current Assets	0	0	0	0	0	0
Total Assets	**123**	**169**	**218**	**305**	**424**	**581**
Equity						
Equity Share Capital	4	4	12	12	12	12
Other Equity	85	120	172	250	361	506
Total Equity	**89**	**124**	**183**	**262**	**373**	**518**
Liabilities						
Long term borrowings	1	2	2	2	2	2
Long term provisions	1	0	0	0	0	0
Other Non Current Liabilities	3	3	4	4	4	4
Current borrowings	3	4	9	12	16	21
Current provisions	3	3	4	4	4	4
Trade Payables	22	30	14	18	23	30
Other Current Liabilities	2	3	2	2	2	2
Total Equity and Liabilities	**123**	**169**	**218**	**305**	**424**	**581**

Source: Company filings, PESB research

RATIOS

	FY24	FY25	FY26	FY27E	FY28E	FY29E
Margin Analysis						
Gross Margins	51%	50%	54%	53%	55%	55%
EBITDA Margin	15%	21%	27%	26%	27%	28%
PAT Margin	10%	15%	19%	19%	20%	20%
	FY24	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Profitability						
ROA	11%	20%	28%	27%	26%	25%
ROCE	18%	35%	42%	39%	38%	36%
ROE	15%	28%	33%	31%	30%	28%
	FY24	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Liquidity and Solvency						
Current ratio (x)	1.9	2.1	3.5	4.6	6.0	7.2
Quick ratio (x)	0.9	1.2	2.3	3.0	4.1	4.9
fixed asset turnover (x)	2.9	4.0	4.8	5.1	5.5	6.0
Total Debt/ Equity (x)	0.0	0.0	0.1	0.1	0.0	0.0
Interest Coverage Ratio (x)	85.5	228.0	291.1	258.4	258.8	269.0
	FY24	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Valuation Ratios						
EV/EBITDA (x)			18.3	13.9	9.8	7.3
P/E (x)			25.7	19.3	14.2	10.9
P/B (x)			8.6	6.0	4.2	3.0
EV/Sales (x)			4.9	3.6	2.7	2.0

Source: Company filings, PESB research

Disclosures and Disclaimers:

Rating Guide:

Stock Rating	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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