

Carborundum Universal (CU IN)

Rating: HOLD | CMP: Rs788 | TP: Rs825

January 30, 2026

Q3FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

| Rating | Current | | Previous | |
|----------------|---------|--------|----------|--------|
| | FY27E | FY28E | FY27E | FY28E |
| Rating | HOLD | | HOLD | |
| Target Price | 825 | | 894 | |
| Sales (Rs. m) | 56,246 | 61,972 | 56,175 | 62,002 |
| % Chng. | 0.1 | - | - | - |
| EBITDA (Rs. m) | 7,481 | 8,738 | 7,584 | 8,680 |
| % Chng. | (1.4) | 0.7 | - | - |
| EPS (Rs.) | 21.7 | 25.5 | 22.9 | 26.5 |
| % Chng. | (5.2) | (3.7) | - | - |

Key Financials - Consolidated

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 48,942 | 51,196 | 56,246 | 61,972 |
| EBITDA (Rs. m) | 7,118 | 6,015 | 7,481 | 8,738 |
| Margin (%) | 14.5 | 11.8 | 13.3 | 14.1 |
| PAT (Rs. m) | 3,552 | 2,867 | 4,133 | 4,853 |
| EPS (Rs.) | 18.7 | 15.1 | 21.7 | 25.5 |
| Gr. (%) | (23.0) | (19.3) | 44.1 | 17.4 |
| DPS (Rs.) | 4.0 | 3.6 | 5.4 | 10.9 |
| Yield (%) | 0.5 | 0.5 | 0.7 | 1.4 |
| RoE (%) | 10.7 | 7.9 | 10.7 | 11.5 |
| RoCE (%) | 14.5 | 9.5 | 12.1 | 13.3 |
| EV/Sales (x) | 3.0 | 2.9 | 2.6 | 2.3 |
| EV/EBITDA (x) | 20.7 | 24.6 | 19.6 | 16.5 |
| PE (x) | 42.2 | 52.3 | 36.3 | 30.9 |
| P/BV (x) | 4.3 | 4.0 | 3.7 | 3.4 |

Key Data

| | CRBR.BO CU IN |
|---------------------|---------------------|
| 52-W High / Low | Rs.1,217 / Rs.771 |
| Sensex / Nifty | 82,270 / 25,321 |
| Market Cap | Rs.150bn/ \$ 1,632m |
| Shares Outstanding | 190m |
| 3M Avg. Daily Value | Rs.247.2m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 38.90 |
| Foreign | 10.98 |
| Domestic Institution | 30.01 |
| Public & Others | 20.11 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-------|--------|--------|
| Absolute | (4.9) | (17.4) | (32.6) |
| Relative | (2.1) | (18.2) | (37.1) |

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Weak Q3 amid continued losses from subsidiaries

Quick Pointers:

- Management cut consolidated EBIT margin guidance to 7-8% and reduced Abrasives margins and Ceramics growth and margin guidance.
- CUMI incurred capex of ~Rs2.5bn in 9MFY26 and expect to incur a total capex of ~Rs3.5bn in FY26.

Carborundum Universal (CU) reported muted consolidated revenue growth of 2.5% YoY, with EBITDA margin contracting 159 bps YoY to 12.5%, driven by continued losses at subsidiaries. While standalone Abrasives performance remains healthy, margin pressure from subsidiaries has prompted management to revise Abrasives margin guidance to 4-4.5% from 6-6.5%. The Ceramics business faces headwinds from weak demand in wear ceramics and tariff-related project delays in the US, leading to cuts in FY26 growth and margin guidance. Standalone Electrominerals is benefiting from export traction, but losses at VAW and Foskor Zirconia continue to weigh on consolidated performance, with a potential divestment of Foskor Zirconia under consideration. Despite these challenges, the India-EU FTA is expected to offer some support to the European business. The stock is trading at a P/E of 36.3x/30.9x on FY27/28E earnings. We revise our FY27/28 EPS estimates by -5.2%/-3.7% factoring in continued weakness in subsidiaries. We maintain 'Hold' rating with a SoTP-based revised TP of Rs825 (Rs894 earlier) valuing Abrasives/Ceramics/Electrominerals at 30x/34x/15x Sep'27E (30x/35x/15x Sep'27E earlier).

Long-term View: We remain cautious in the short-term given the continued challenges in VAW along with Chinese dumping impacting Abrasives. However, CU may perform well in the long run given 1) healthy domestic demand, 2) capacity expansion in Electrominerals and Abrasives 3) value-added product launches in Engineered ceramics, and 4) strong market reach and exports.

Lower revenue put pressure on margins: Consolidated revenue was up 2.5% YoY to Rs12.7bn (Ple: Rs13.1bn). EBITDA declined by 8.8% YoY to Rs1.6bn (PLe: Rs1.6bn) while EBITDA margin contracted by 159bps YoY to 12.5% (PLe: 12.2%) primarily due to lower gross margin partially offset by lower other expenses (-6.6% YoY to Rs2.6bn). PBT declined 20.4% YoY to Rs1.1bn (Ple: Rs1.1bn) due to weaker operational performance and lower other income (-18.8% YoY to Rs133mn). Adj. PAT declined by 34.8% YoY to Rs786mn (PLe: Rs892mn) on account of increase in effective tax rate (38.2% vs 17.7% in Q3FY25).

Weaker subsidiary performance across segments: Abrasives grew by 8.1% YoY to Rs5.7bn mainly driven by standalone business while EBIT margin contracted by 180bps YoY to 3.6%. Ceramics was flattish YoY to Rs3.2bn while its EBIT margin contracted by 392bps YoY to 17.8% primarily due to decline in standalone margins. Electrominerals sales declined by 3.6% to Rs4.0bn while its EBIT margin dropped by 760bps YoY to 8.6% likely due to VAW sanctions.

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Exhibit 1: Lower revenue growth led to EBITDA margin decline of 159bps YoY to 12.5%

| Y/e March (Rs mn) | Q3FY26 | Q3FY25 | YoY gr. | Q3FY26E | % Var. | Q2FY26 | QoQ gr. | 9MFY26 | 9MFY25 | YoY gr. |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|
| Sales | 12,728 | 12,412 | 2.5% | 12,970 | -1.9% | 12,867 | -1.1% | 37,662 | 36,346 | 3.6% |
| Other Operating income | 180 | 142 | 26.8% | 145 | 24.3% | 114 | 58.7% | 418 | 425 | -1.8% |
| Total Revenue | 12,909 | 12,555 | 2.8% | 13,115 | -1.6% | 12,981 | -0.6% | 38,080 | 36,771 | 3.6% |
| Gross Profit | 7,812 | 7,770 | 0.5% | 8,158 | -4.2% | 7,941 | -1.6% | 23,442 | 23,353 | 0.4% |
| Margin (%) | 60.5 | 61.9 | (137) | 62.2 | (168) | 61.2 | (66) | 61.6 | 63.5 | (195) |
| Employee Cost | 2,276 | 2,027 | 12.3% | 2,453 | -7.2% | 2,414 | -5.7% | 7,069 | 5,944 | 18.9% |
| as % of sales | 17.9 | 16.3 | 155 | 18.9 | (103) | 18.8 | (88) | 18.8 | 16.4 | 242 |
| Power & Fuel | 1,291 | 1,157 | 11.6% | 1,298 | -0.6% | 1,268 | 1.8% | 3,782 | 3,494 | 8.2% |
| as % of sales | 10.1 | 9.3 | 82 | 10.0 | 13 | 9.9 | 29 | 10.0 | 9.6 | 43 |
| Other expenditure | 2,631 | 2,816 | -6.6% | 2,807 | -6.3% | 2,695 | -2.4% | 8,200 | 8,259 | -0.7% |
| as % of sales | 20.7 | 22.7 | (202) | 21.6 | (97) | 20.9 | (27) | 21.8 | 22.7 | (95) |
| EBITDA | 1,614 | 1,770 | -8.8% | 1,600 | 0.9% | 1,564 | 3.2% | 4,391 | 5,655 | -22.4% |
| Margin (%) | 12.5 | 14.1 | (159) | 12.2 | 30 | 12.0 | 46 | 11.5 | 15.4 | (385) |
| Depreciation | 611 | 526 | 16.2% | 620 | -1.4% | 622 | -1.8% | 1,823 | 1,560 | 16.9% |
| EBIT | 1,003 | 1,244 | -19.4% | 980 | 2.3% | 942 | 6.5% | 2,568 | 4,095 | -37.3% |
| Margin (%) | 7.8 | 9.9 | (214) | 7.5 | 30 | 7.3 | 51 | 6.7 | 11.1 | (439) |
| Other Income | 133 | 164 | -18.8% | 163 | -18.4% | 169 | -21.3% | 489 | 347 | 40.9% |
| Interest | 46 | 39 | 19.2% | 20 | 129.5% | 44 | 3.6% | 125 | 108 | 15.4% |
| PBT (ex. Extra-ordinaries) | 1,090 | 1,369 | -20.4% | 1,123 | -3.0% | 1,066 | 2.2% | 2,932 | 4,334 | -32.3% |
| Margin (%) | 8.4 | 10.9 | (246) | 8.6 | (12) | 8.2 | 23 | 7.7 | 11.8 | (409) |
| Extraordinary Items | (43) | (1,041) | | - | 0.0% | - | 0.0% | (43) | (1,041) | |
| PBT | 1,047 | 328 | 219.2% | 1,123 | -6.8% | 1,066 | -1.8% | 2,889 | 3,293 | -12.3% |
| Total Tax | 400 | 58 | 588.5% | 292 | 37.0% | 383 | 4.6% | 1,037 | 945 | 9.7% |
| Effective Tax Rate (%) | 38.2 | 17.7 | 2,050 | 26.0 | 1,222 | 35.9 | 235 | 35.9 | 28.7 | 718 |
| PAT before JVs/MI | 647 | 270 | 139.7% | 831 | -22.2% | 684 | -5.4% | 1,852 | 2,348 | -21.1% |
| Share of Profit/loss from JVs/MI | 113 | 78 | 44.2% | 61 | 83.8% | 61 | 83.8% | 271 | 288 | -6.0% |
| Reported PAT | 759 | 348 | 118.3% | 892 | -14.9% | 745 | 1.9% | 2,123 | 2,636 | -19.5% |
| Adj. PAT | 786 | 1,205 | -34.8% | 892 | -11.9% | 745 | 5.5% | 2,150 | 3,493 | -38.4% |
| Margin (%) | 6.1 | 9.6 | (351) | 6.8 | (72) | 5.7 | 35 | 5.6 | 9.5 | (385) |
| Adj. EPS | 4.1 | 6.3 | -34.8% | 4.7 | -11.9% | 3.9 | 5.5% | 11.3 | 18.4 | -38.4% |

Source: Company, PL

Exhibit 2: Subsidiary performance continues to remain weak, dragging consolidated performance

| Segment Breakup | Q3FY26 | Q3FY25 | YoY gr. | Q3FY26E | % Var. | Q2FY26 | QoQ gr. | 9MFY26 | 9MFY25 | YoY gr. |
|------------------------|---------------|---------------|-------------|---------------|--------------|---------------|--------------|---------------|---------------|-------------|
| Revenue (Rs mn) | | | | | | | | | | |
| Abrasives | 5,692 | 5,263 | 8.1% | 5,500 | 3.5% | 5,837 | -2.5% | 16,605 | 16,213 | 2.4% |
| Ceramics | 3,156 | 3,145 | 0.4% | 3,617 | -12.7% | 3,015 | 4.7% | 9,167 | 8,638 | 6.1% |
| Electrominerals | 4,010 | 4,157 | -3.6% | 3,949 | 1.5% | 3,986 | 0.6% | 12,045 | 11,987 | 0.5% |
| Others | 365 | 497 | -26.5% | 581 | -37.2% | 499 | -26.9% | 1,295 | 1,329 | -2.5% |
| Less: Intersegmental | 495 | 650 | -23.9% | 677 | -27.0% | 470 | 5.2% | 1,450 | 1,820 | -20.3% |
| Total | 12,728 | 12,412 | 2.5% | 12,970 | -1.9% | 12,867 | -1.1% | 37,662 | 36,346 | 3.6% |
| EBIT (Rs mn) | | | | | | | | | | |
| Abrasives | 205 | 284 | -28.0% | 330 | -38.0% | 331 | -38.2% | 650 | 1,179 | -44.9% |
| Ceramics | 563 | 684 | -17.7% | 803 | -29.9% | 625 | -9.9% | 1,937 | 2,127 | -9.0% |
| Electrominerals | 347 | 675 | -48.7% | 178 | 95.0% | 327 | 6.0% | 718 | 1,684 | -57.4% |
| Others | 4 | (15) | -127.3% | (46) | -108.8% | 8 | -51.2% | (8) | (93) | -91.7% |
| EBIT Margin (%) | | | | | | | | | | |
| Abrasives | 3.6% | 5.4% | (180) | 6.0% | (241) | 5.7% | (208) | 3.9% | 7.3% | (336) |
| Ceramics | 17.8% | 21.8% | (392) | 22.2% | (437) | 20.7% | (289) | 21.1% | 24.6% | (350) |
| Electrominerals | 8.6% | 16.2% | (760) | 4.5% | 414 | 8.2% | 44 | 6.0% | 14.0% | (809) |
| Others | 1.1% | -3.0% | 414 | -8.0% | 912 | 1.7% | (56) | -0.6% | -7.0% | 641 |

Source: Company, PL

Exhibit 3: SoTP valuation – Ceramics segment accounts for ~58% of value

| Particular | Sep'27 EPS | Multiple (x) | Net Value/share |
|---------------------|------------|--------------|-----------------|
| Abrasives | 8.9 | 30 | 266 |
| Industrial Ceramics | 14.1 | 34 | 481 |
| Electrominerals | 5.4 | 15 | 81 |
| Others | (3.4) | 1 | (3) |
| SoTP | | | 825 |

Source: Company, PL

Conference Call Highlights

- **Guidance:** The management maintained their consolidated revenue growth guidance of 5.5-6.5% YoY while they reduced the PBIT margin guidance to 7-8% in FY26. Management expects consolidated Abrasives revenue to grow by 4-5% while PBIT margin may come between 4-4.5% in FY26. Similarly, Ceramics is expected to grow by 13-14% YoY with PBIT margins in the range of 21-22% in FY26. Electrominerals is anticipated to grow by 1-2% on consolidated basis with PBIT margin between 4.5-5.5% amid drag from VAW.
- **Abrasives:** Revenue growth of 8.1% YoY was primarily driven by broad based growth in standalone business aided by demand from retail, industrial and precision abrasives. Meanwhile, continued sluggishness in Awuko and Rhodius weighed on the standalone results.
- **Rhodius** reported Q3FY26 sales of EUR 14.8mn (-3% YoY) primarily due to Q3 being a seasonally slower quarter amid Christmas vacations. Loss after tax extended to EUR 0.84mn in Q3FY26 vs EUR 0.78mn YoY. Given the continued weakness in Rhodius, **management now anticipates a total sales of EUR 60mn in FY26 with a loss after tax of EUR 4.5mn** after write off of PPA of EUR 2.8mn for FY26.
- **Awuko** reported Q3FY26 sales at EUR 2.4mn vs EUR 2.3mn YoY. Q3FY26 loss before tax stood at EUR 2.7mn vs loss of EUR 1.4mn YoY. Losses extended this quarter primarily on account of loss of production for optimization of inventory. **Management expect Awuko to clock flattish YoY growth in FY26.** CUMI has suffered total losses to the extent of EUR 30mn in last 4 years in Awuko. **Given the continued losses, management expect to explore divestment opportunity in next one year.**
- **Ceramics:** Ceramics continue to face challenges in wear ceramics and project based fire refractories. Ceramics business in the USA is also sluggish due to project delays by customers on account of tariff uncertainty. **Management expects Q4FY26 to be strong for ceramics** given the current order backlog. **Standalone Ceramics are anticipated to growth by 9-11% YoY in FY26** while consolidated Ceramics are expected to clock 13-14% YoY.
- **Foskor Zirconia:** Q3FY26 sales stood at ZAR 101mn vs ZAR 106mn YoY. During 9MFY26, volumes went up by 28% YoY while realization fell by 13% YoY due to heightened Chinese competition. Foskor had a loss of ZAR 10mn in Q3FY26 on account of drop in price and depreciation of the currency. Currently, company is only producing Z-450 product and has stopped production of all other products. If Z-450 doesn't perform in Q4, and losses do not stop, management will explore divestment opportunities for Foskor Zirconia.
- **VAW** Q3FY26 sales declined 46% YoY to RUB 1.4bn.
- **India-EU FTA** is expected to be beneficial to CUMI. The tariffs are anticipated to be 4-5% lower for the categories in which CUMI operations in EU.

Financials

Income Statement (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|---------------|---------------|---------------|---------------|
| Net Revenues | 48,942 | 51,196 | 56,246 | 61,972 |
| YoY gr. (%) | 4.1 | 4.6 | 9.9 | 10.2 |
| Cost of Goods Sold | 17,950 | 19,710 | 21,036 | 22,992 |
| Gross Profit | 30,992 | 31,485 | 35,210 | 38,980 |
| Margin (%) | 63.3 | 61.5 | 62.6 | 62.9 |
| Employee Cost | 8,623 | 9,343 | 9,731 | 10,535 |
| Other Expenses | 15,252 | 16,127 | 17,999 | 19,707 |
| EBITDA | 7,118 | 6,015 | 7,481 | 8,738 |
| YoY gr. (%) | (3.7) | (15.5) | 24.4 | 16.8 |
| Margin (%) | 14.5 | 11.8 | 13.3 | 14.1 |
| Depreciation and Amortization | 2,120 | 2,463 | 2,678 | 3,052 |
| EBIT | 4,998 | 3,552 | 4,803 | 5,686 |
| Margin (%) | 10.2 | 6.9 | 8.5 | 9.2 |
| Net Interest | 140 | 115 | 84 | 58 |
| Other Income | 410 | 661 | 760 | 806 |
| Profit Before Tax | 4,227 | 4,098 | 5,479 | 6,434 |
| Margin (%) | 8.6 | 8.0 | 9.7 | 10.4 |
| Total Tax | 1,692 | 1,393 | 1,561 | 1,834 |
| Effective tax rate (%) | 40.0 | 34.0 | 28.5 | 28.5 |
| Profit after tax | 2,535 | 2,705 | 3,917 | 4,600 |
| Minority interest | 60 | 95 | 137 | 161 |
| Share Profit from Associate | 452 | 257 | 353 | 414 |
| Adjusted PAT | 3,552 | 2,867 | 4,133 | 4,853 |
| YoY gr. (%) | (23.0) | (19.3) | 44.1 | 17.4 |
| Margin (%) | 7.3 | 5.6 | 7.3 | 7.8 |
| Extra Ord. Income / (Exp) | (624) | - | - | - |
| Reported PAT | 2,928 | 2,867 | 4,133 | 4,853 |
| YoY gr. (%) | (36.5) | (2.1) | 44.1 | 17.4 |
| Margin (%) | 6.0 | 5.6 | 7.3 | 7.8 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 2,928 | 2,867 | 4,133 | 4,853 |
| Equity Shares O/s (m) | 190 | 190 | 190 | 190 |
| EPS (Rs) | 18.7 | 15.1 | 21.7 | 25.5 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Non-Current Assets | | | | |
| Gross Block | 22,853 | 26,353 | 29,153 | 31,953 |
| Tangibles | 22,853 | 26,353 | 29,153 | 31,953 |
| Intangibles | - | - | - | - |
| Acc: Dep / Amortization | 10,620 | 13,083 | 15,761 | 18,813 |
| Tangibles | 10,620 | 13,083 | 15,761 | 18,813 |
| Intangibles | - | - | - | - |
| Net fixed assets | 12,232 | 13,269 | 13,391 | 13,139 |
| Tangibles | 12,232 | 13,269 | 13,391 | 13,139 |
| Intangibles | - | - | - | - |
| Capital Work In Progress | 1,184 | 1,169 | 935 | 935 |
| Goodwill | 4,928 | 5,174 | 5,284 | 5,366 |
| Non-Current Investments | 2,232 | 2,563 | 2,832 | 3,111 |
| Net Deferred tax assets | (1) | 28 | 94 | 168 |
| Other Non-Current Assets | 1,221 | 1,466 | 1,759 | 2,110 |
| Current Assets | | | | |
| Investments | - | - | - | - |
| Inventories | 10,550 | 11,093 | 12,034 | 13,105 |
| Trade receivables | 7,662 | 7,904 | 8,530 | 9,241 |
| Cash & Bank Balance | 3,806 | 3,088 | 4,424 | 6,266 |
| Other Current Assets | 837 | 870 | 956 | 1,054 |
| Total Assets | 46,433 | 48,435 | 52,195 | 56,584 |
| Equity | | | | |
| Equity Share Capital | 190 | 190 | 190 | 190 |
| Other Equity | 35,096 | 36,916 | 40,171 | 43,896 |
| Total Networth | 35,286 | 37,107 | 40,361 | 44,086 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | 249 | 249 | 249 | 249 |
| Provisions | 323 | 230 | 225 | 248 |
| Other non current liabilities | - | - | - | - |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | 954 | 754 | 554 | 304 |
| Trade payables | 3,498 | 3,647 | 4,007 | 4,414 |
| Other current liabilities | 3,146 | 3,377 | 3,591 | 3,913 |
| Total Equity & Liabilities | 46,433 | 48,435 | 52,195 | 56,584 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|--------------------------------------|----------------|----------------|----------------|----------------|
| PBT | 4,679 | 4,098 | 5,479 | 6,434 |
| Add. Depreciation | 2,120 | 2,463 | 2,678 | 3,052 |
| Add. Interest | 140 | 115 | 84 | 58 |
| Less Financial Other Income | 410 | 661 | 760 | 806 |
| Add. Other | 299 | - | - | - |
| Op. profit before WC changes | 7,237 | 6,677 | 8,241 | 9,544 |
| Net Changes-WC | (2,217) | (1,396) | (1,734) | (2,046) |
| Direct tax | (1,978) | (1,393) | (1,561) | (1,834) |
| Net cash from Op. activities | 3,042 | 3,887 | 4,946 | 5,664 |
| Capital expenditures | (2,731) | (3,500) | (2,800) | (2,800) |
| Interest / Dividend Income | 458 | - | - | - |
| Others | (1,553) | 257 | 353 | 414 |
| Net Cash from Inv. activities | (3,826) | (3,243) | (2,447) | (2,386) |
| Issue of share cap. / premium | 55 | - | - | - |
| Debt changes | (22) | (200) | (200) | (250) |
| Dividend paid | (912) | (1,047) | (878) | (1,128) |
| Interest paid | (93) | (115) | (84) | (58) |
| Others | (116) | - | - | - |
| Net cash from Fin. activities | (1,089) | (1,362) | (1,163) | (1,436) |
| Net change in cash | (1,873) | (718) | 1,336 | 1,842 |
| Free Cash Flow | 302 | 387 | 2,146 | 2,864 |

Key Financial Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E | |
|----------------------------|------|-------|-------|-------|-------|
| Per Share(Rs) | | | | | |
| EPS | | 18.7 | 15.1 | 21.7 | 25.5 |
| CEPS | | 29.8 | 28.0 | 35.8 | 41.5 |
| BVPS | | 185.4 | 195.0 | 212.0 | 231.5 |
| FCF | | 1.6 | 2.0 | 11.3 | 15.0 |
| DPS | | 4.0 | 3.6 | 5.4 | 10.9 |
| Return Ratio(%) | | | | | |
| RoCE | | 14.5 | 9.5 | 12.1 | 13.3 |
| ROIC | | 9.8 | 6.9 | 9.8 | 11.1 |
| RoE | | 10.7 | 7.9 | 10.7 | 11.5 |
| Balance Sheet | | | | | |
| Net Debt : Equity (x) | | (0.1) | (0.1) | (0.1) | (0.1) |
| Net Working Capital (Days) | | 110 | 109 | 107 | 106 |
| Valuation(x) | | | | | |
| PER | | 42.2 | 52.3 | 36.3 | 30.9 |
| P/B | | 4.3 | 4.0 | 3.7 | 3.4 |
| P/CEPS | | 26.4 | 28.1 | 22.0 | 19.0 |
| EV/EBITDA | | 20.7 | 24.6 | 19.6 | 16.5 |
| EV/Sales | | 3.0 | 2.9 | 2.6 | 2.3 |
| Dividend Yield (%) | | 0.5 | 0.5 | 0.7 | 1.4 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Net Revenue | 12,171 | 12,190 | 12,981 | 12,909 |
| YoY gr. (%) | 1.3 | 1.8 | 6.0 | 2.8 |
| Raw Material Expenses | 4,532 | 4,501 | 5,040 | 5,097 |
| Gross Profit | 7,639 | 7,689 | 7,941 | 7,812 |
| Margin (%) | 62.8 | 63.1 | 61.2 | 60.5 |
| EBITDA | 1,463 | 1,213 | 1,564 | 1,614 |
| YoY gr. (%) | (30.1) | (37.4) | (19.8) | (8.8) |
| Margin (%) | 12.0 | 9.9 | 12.0 | 12.5 |
| Depreciation / Depletion | 561 | 589 | 622 | 611 |
| EBIT | 902 | 624 | 942 | 1,003 |
| Margin (%) | 7.4 | 5.1 | 7.3 | 7.8 |
| Net Interest | 31 | 35 | 44 | 46 |
| Other Income | 63 | 187 | 169 | 133 |
| Profit before Tax | 934 | 776 | 1,066 | 1,090 |
| Margin (%) | 7.7 | 6.4 | 8.2 | 8.4 |
| Total Tax | 746 | 254 | 383 | 400 |
| Effective tax rate (%) | 79.9 | 32.8 | 35.9 | 36.7 |
| Profit after Tax | 187 | 522 | 684 | 690 |
| Minority interest | 10 | (15) | (3) | (28) |
| Share Profit from Associates | 114 | 82 | 59 | 85 |
| Adjusted PAT | 291 | 619 | 745 | 802 |
| YoY gr. (%) | (78.4) | (45.2) | (35.7) | (42.2) |
| Margin (%) | 2.4 | 5.1 | 5.7 | 6.2 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 291 | 619 | 745 | 802 |
| YoY gr. (%) | (78.4) | (45.2) | (35.7) | (42.2) |
| Margin (%) | 2.4 | 5.1 | 5.7 | 6.2 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 291 | 619 | 745 | 802 |
| Avg. Shares O/s (m) | 190 | 190 | 190 | 190 |
| EPS (Rs) | 1.5 | 3.3 | 3.9 | 4.2 |

Source: Company Data, PL Research

Price Chart



Recommendation History

| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1 | 07-Jan-26 | Hold | 894 | 824 |
| 2 | 31-Oct-25 | Hold | 894 | 901 |
| 3 | 07-Oct-25 | Hold | 835 | 919 |
| 4 | 08-Aug-25 | Hold | 835 | 841 |
| 5 | 09-Jul-25 | Hold | 1,028 | 994 |
| 6 | 14-May-25 | Hold | 1,028 | 985 |
| 7 | 09-Apr-25 | Accumulate | 1,052 | 950 |
| 8 | 17-Feb-25 | Accumulate | 1,114 | 1,005 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|----------------------------------|------------|---------|------------------|
| 1 | ABB India | Accumulate | 5,540 | 4,695 |
| 2 | Apar Industries | BUY | 9,629 | 7,695 |
| 3 | BEML | Hold | 1,982 | 1,861 |
| 4 | Bharat Electronics | Reduce | 411 | 453 |
| 5 | BHEL | Hold | 245 | 263 |
| 6 | Carborundum Universal | Hold | 894 | 824 |
| 7 | Cummins India | Hold | 4,172 | 4,148 |
| 8 | Elgi Equipments | Accumulate | 561 | 472 |
| 9 | Engineers India | BUY | 255 | 205 |
| 10 | GE Vernova T&D India | BUY | 4,050 | 2,911 |
| 11 | Grindwell Norton | Hold | 1,744 | 1,576 |
| 12 | Harsha Engineers International | Hold | 407 | 395 |
| 13 | Hindustan Aeronautics | BUY | 5,507 | 4,525 |
| 14 | Ingersoll-Rand (India) | Accumulate | 4,271 | 3,395 |
| 15 | Kalpataru Projects International | BUY | 1,494 | 1,174 |
| 16 | KEC International | BUY | 932 | 717 |
| 17 | Kirloskar Pneumatic Company | BUY | 1,557 | 1,068 |
| 18 | Larsen & Toubro | BUY | 4,806 | 3,794 |
| 19 | Praj Industries | Hold | 353 | 322 |
| 20 | Siemens | Accumulate | 3,470 | 3,134 |
| 21 | Siemens Energy India | Accumulate | 3,312 | 2,603 |
| 22 | Thermax | Accumulate | 3,513 | 3,069 |
| 23 | Triveni Turbine | Accumulate | 609 | 533 |
| 24 | Voltamp Transformers | BUY | 10,318 | 7,720 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |

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(Indian Clients)

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