

# Solar Industries India Ltd. (SOIL)

Defence | 1QFY26 Result Update

**Upgrade To BUY**

**CMP: Rs14,456 | Target Price (TP): Rs17,720 | Upside: 23%**

**August 9, 2025**

**‘Make-in-India + global scale’ compounder with a healthy mix of stability, visibility, and upside potential**

## Key Points

- Revenue, EBITDA, and PAT grew 27%, 19%, and 18% YoY, reaching Rs21.5bn, Rs5.3bn, and Rs3.5bn, respectively—outperforming NBIE estimates of Rs19.5bn, Rs5.2bn, and Rs3.3bn.
  - This robust performance was driven by the company’s strategic manufacturing presence across 9 countries and a global distribution network spanning 90 countries.
  - International business (38% of revenue) grew 43% YoY.
  - The defence segment (19% of revenue) delivered a strong 115% YoY growth.
  - CIL (Coal India) and housing & infra segments declined 3% and 12% YoY, contributing 11% and 15% to revenue, respectively.
  - Non-CIL & institutional (16% of revenue) and others (1%) grew 14% and 43% YoY, respectively.
- **Management guidance for FY26:**
  - **Revenue guidance:** The company anticipates revenue to grow ~33% YoY to Rs100bn in FY26. The defence segment is expected to contribute 30% of total revenue (Rs30bn). Explosives revenue is projected to grow 15-20%.
  - Over the next 4-5 years, revenue from the defence vertical is estimated to scale up to ~Rs80bn.
  - **Order book:** The current order book stands at over Rs168bn, comprising of defence orders worth Rs150bn and explosives orders of Rs18bn. Execution of the Pinaka project will start in 2Q/3QFY26 and is expected to be a key driver toward achieving the defence revenue target of Rs30bn for FY26.
  - **Profitability:** EBITDA margins are expected to remain healthy at over 27%, supported by the product mix and operational efficiency.
  - **Capex plans:** Management has guided for a capital expenditure of ~Rs25bn in FY26, aimed at: (1) Enhancing manufacturing capabilities. (2) Upgrading technologies. (3) Expanding the product portfolio to include advanced munitions and aerospace solutions; lastly, the investment will be funded through a mix of internal accruals and debt.
- **View and valuation:** Revenue, EBITDA, and PAT Growth CAGR during FY25E-FY27E stands at 39%, 41%, and 51%, respectively. The stock is trading at a 1-year forward P/E of 48x, above the 5-year average P/E of 42x. The stock has rallied 48% since we initiated it on 18-Mar-25. We upgrade the stock to BUY and value it at 57x Jun-27E EPS, which is +2SD above its 5-year average, supported by a healthy order book significantly exceeding historical levels, implying an upside of 23% with a target price of Rs17,720/sh. We like the company for the following reasons:
  - International business contributes ~35-40% of revenue, providing a natural hedge against domestic cyclical and policy risks.
  - Consistent revenue and profit growth (28% and 38% CAGR, respectively, over the last 5 years).
  - Healthy balance sheet with a net debt to equity of 0.1x.
  - Stable ROCE/ROE in the range of 25%/30%.
- **Risks & concerns:** The management is confident that it can pass on the rising input costs to the customers under the mitigation clauses.

Est Change	Upgrade
TP Change	Upgrade
Rating Change	Upgrade

## Company Data and Valuation Summary

Reuters:	SLIN.BO
Bloomberg:	SOIL IN Equity
Mkt Cap (Rsbn/US\$bn):	1,308.7 / 15.0
52 Wk H / L (Rs):	17,820 / 8,483
ADTV-3M (mn) (Rs/US\$):	3,129.5 / 36.4
Stock performance (%) 1M/6M/1yr:	(12.4) / 59.2 / 40.7
Nifty 50 performance (%) 1M/6M/1yr:	(4.5) / (2.8) / (0.0)

Shareholding	3QFY25	4QFY25	1QFY26
Promoters	73.2	73.2	73.2
DIIIs	12.8	14.1	13.6
FIIIs	7.2	5.8	6.8
Others	6.8	6.9	6.5
Pro pledge	0.6	1.5	1.5

## Financial and Valuation Summary

Particulars (Rsmn)	FY24	FY25	FY26E	FY27E
Net Sales	60,695	75,502	1,07,209	1,45,732
Growth YoY %	(12.3)	24.4	42.0	35.9
Gross margin %	47.3	48.2	49.0	50.2
EBITDA	13,692	19,604	28,117	38,962
EBITDA margin %	22.6	26.0	26.2	26.7
Adj PAT	8,359	12,094	18,903	27,554
Growth YoY %	10.4	44.7	56.3	45.8
Adj EPS (Rs)	92.4	133.6	208.9	304.5
RoCE	20.8	24.9	26.1	27.2
RoE	28.3	31.4	36.1	37.6
RoIC	24.0	30.3	35.0	36.4
P/E	156.5	108.2	69.2	47.5
EV/EBITDA	96.2	66.9	46.7	33.5
P/BV	39.6	29.8	21.5	15.3

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

**Key Links:** [1QFY26 Result](#)

Please refer to the disclaimer towards the end of the document.

**1QFY26 operational performance:** The company reported revenue of Rs21,545mn, up 27% YoY, driven by strong execution in international and defence orders. The revenue mix in 1QFY26 stood at 43% domestic, 38% international, and 19% defence. Within the domestic segment, the revenue split between CIL, non-CIL, and institutional/housing & infrastructure stood at 11%, 16%, and 15%, respectively. Absolute EBITDA rose 19% YoY, aided by higher topline, while costs remained elevated. EBITDA margin came in at 24.8%, compared to 24.9% in 4QFY25. Adjusted PAT increased 18.2% YoY.

**Expansion plans and order book status:** Management has guided that the capex for FY26 will be ~Rs25bn, which will help the company unlock new opportunities by scaling existing capabilities, upgrading technologies, and expanding the product portfolio, including advanced munitions and aerospace solutions. This will be funded partly by internal accruals and partly by raising debt.

The current order book stands at ~Rs168bn, of which, defence orders make up Rs150bn and the domestic explosives business makes up Rs18bn.

## Exhibit 1: 1QFY26 consolidated performance

Particulars (Rsmn)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	FY25	FY26E
<b>Net Sales</b>	<b>16,948</b>	<b>17,158</b>	<b>19,731</b>	<b>21,666</b>	<b>21,545</b>	<b>23,291</b>	<b>27,978</b>	<b>34,396</b>	<b>75,502</b>	<b>1,07,209</b>
YoY Change (%)	0.7	27.3	38.1	34.5	27.1	35.7	41.8	58.8	24.4	42.0
<b>Expenditure</b>										
Raw Material Consumed	8,140	6,408	8,851	9,271	9,947	10,861	13,177	15,713	<b>32,670</b>	<b>49,697</b>
Purchase of Traded Goods	966	(508)	1,304	1,859	1,225	1,324	1,590	1,955	<b>3,620</b>	<b>6,094</b>
Changes in Inventory	(403)	2,530	132	525	(228)	(246)	(296)	(363)	<b>2,783</b>	<b>(1,133)</b>
Employee Costs	1,311	1,447	1,507	1,736	1,838	1,947	2,292	2,762	<b>6,001</b>	<b>8,839</b>
Other Expenses	2,441	2,834	2,672	2,878	3,414	3,506	4,001	4,673	<b>10,825</b>	<b>15,595</b>
<b>Total Expenditure</b>	<b>12,454</b>	<b>12,711</b>	<b>14,465</b>	<b>16,269</b>	<b>16,196</b>	<b>17,392</b>	<b>20,765</b>	<b>24,740</b>	<b>55,899</b>	<b>79,092</b>
<b>EBITDA</b>	<b>4,494</b>	<b>4,448</b>	<b>5,265</b>	<b>5,397</b>	<b>5,349</b>	<b>5,899</b>	<b>7,213</b>	<b>9,656</b>	<b>19,604</b>	<b>28,117</b>
YoY Change (%)	39.1	32.3	47.8	52.6	19.0	32.6	37.0	78.9	43.2	43.4
Margin (%)	26.5	25.9	26.7	24.9	24.8	25.3	25.8	28.1	26.0	26.2
Depreciation	400	436	474	505	560	523	523	523	1,815	2,091
Interest	275	297	305	288	274	274	274	274	1,165	1,094
Other income	243	305	95	66	293	233	280	344	708	1,149
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
<b>PBT (bei)</b>	<b>4,062</b>	<b>4,019</b>	<b>4,582</b>	<b>4,670</b>	<b>4,807</b>	<b>5,336</b>	<b>6,696</b>	<b>9,203</b>	<b>17,332</b>	<b>26,080</b>
<b>PBT</b>	<b>4,062</b>	<b>4,019</b>	<b>4,582</b>	<b>4,670</b>	<b>4,807</b>	<b>5,336</b>	<b>6,696</b>	<b>9,203</b>	<b>17,332</b>	<b>26,080</b>
Tax	1,078	1,032	1,216	1,183	1,281	1,334	1,674	2,301	4,508	6,590
<b>ETR (%)</b>	<b>26.5</b>	<b>25.7</b>	<b>26.5</b>	<b>25.3</b>	<b>26.7</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>26.0</b>	<b>25.3</b>
Reported PAT	2,985	2,987	3,365	3,487	3,526	4,002	5,022	6,903	12,824	19,490
<b>Adj. PAT</b>	<b>2,865</b>	<b>2,859</b>	<b>3,149</b>	<b>3,222</b>	<b>3,387</b>	<b>3,852</b>	<b>4,873</b>	<b>6,753</b>	<b>12,094</b>	<b>18,903</b>
YoY Change (%)	45.1	42.8	54.9	37.1	18.2	34.8	54.8	109.6	44.7	56.3
<b>Adj. EPS (Rs)</b>	<b>31.7</b>	<b>31.6</b>	<b>34.8</b>	<b>35.6</b>	<b>37.4</b>	<b>42.6</b>	<b>53.8</b>	<b>74.6</b>	<b>133.6</b>	<b>208.9</b>

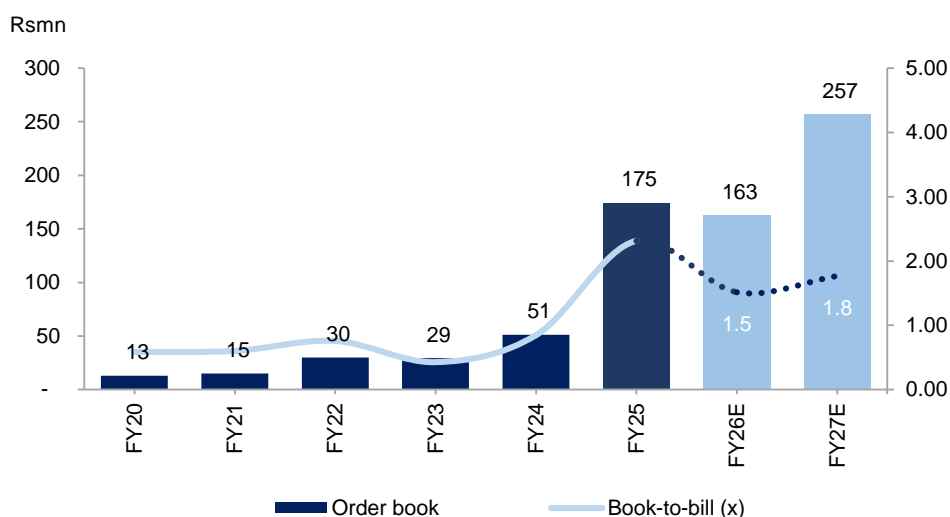
Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 2: Quarterly order book

(Rsmn)	1QFY25	2QFY25	3QFY25	4QFY25	FY25	1QFY26	2QFY26E	3QFY26E	4QFY26E	FY26E
<b>Order Inflow</b>	<b>12,568</b>	<b>27,188</b>	<b>33,381</b>	<b>1,25,046</b>	<b>1,98,182</b>	<b>14,945</b>	<b>25,000</b>	<b>22,000</b>	<b>38,000</b>	<b>99,945</b>
YoY Growth (%)	-11.3	5.3	50.0	497.0	138.3	18.9	-8.0	-34.1	-69.6	-49.6
<b>Closing Order Book</b>	<b>47,540</b>	<b>57,570</b>	<b>71,220</b>	<b>1,74,600</b>	<b>1,74,600</b>	<b>1,68,000</b>	<b>1,69,709</b>	<b>1,63,731</b>	<b>1,67,335</b>	<b>1,67,335</b>
YoY Growth (%)	77.5	47.2	51.3	236.3	236.3	253.4	194.8	129.9	-4.2	-4.2
<b>Execution</b>	<b>16,948</b>	<b>17,158</b>	<b>19,731</b>	<b>21,666</b>	<b>75,502</b>	<b>21,545</b>	<b>23,291</b>	<b>27,978</b>	<b>34,396</b>	<b>1,07,209</b>
YoY Growth (%)	0.7	27.3	38.1	34.5	24.4	27.1	35.7	41.8	58.8	42.0

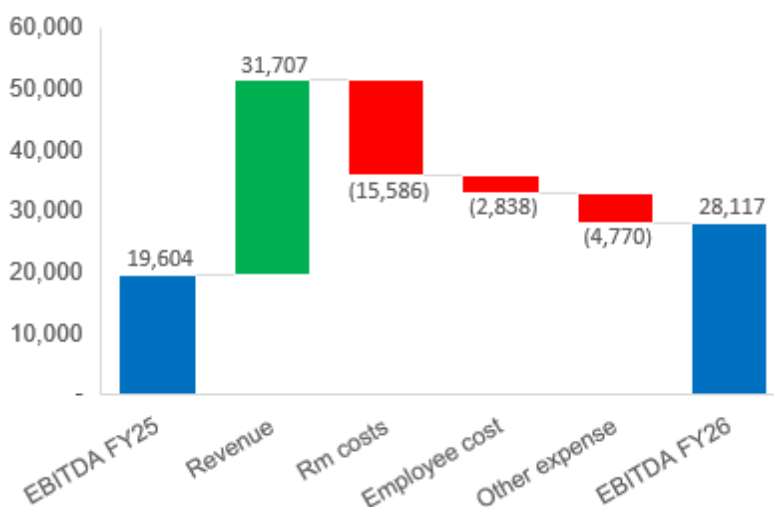
Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 3: Annual closing order book position



Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 4: EBITDA waterfall chart



Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 5: Detailed financials

Y/E March (Rsmn)	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)	Estimates	Variance (%)	FY25	FY26E	YoY (%)
<b>Net Sales</b>	<b>16,948</b>	<b>21,666</b>	<b>21,545</b>	<b>27.1</b>	<b>(0.6)</b>	<b>19,526</b>	<b>10.3</b>	<b>75,502</b>	<b>1,07,209</b>	<b>42.0</b>
Expenditure										
Raw Material Consumed	8,140	9,271	9,947	22.2	7.3	-	-	32,670	49,697	52.1
Purchase of Traded Goods	966	1,859	1,225	26.8	(34.1)	-	-	3,620	6,094	68.3
Changes in Inventory	(403)	525	(228)	NA	NA	-	-	2,783	-1,133	(140.7)
Employee Costs	1,311	1,736	1,838	40.2	5.9	-	-	6,001	8,839	47.3
Other Expenses	2,441	2,878	3,414	39.9	18.6	-	-	10,825	15,595	44.1
Total Expenditure	12,454	16,269	16,196	30.0	(0.4)	14,281	13.4	55,899	79,092	41.5
<b>EBITDA</b>	<b>4,494</b>	<b>5,397</b>	<b>5,349</b>	<b>19.0</b>	<b>(0.9)</b>	<b>5,246</b>	<b>2.0</b>	<b>19,604</b>	<b>28,117</b>	<b>43.4</b>
<b>EBITDA Margin (%)</b>	<b>26.5</b>	<b>24.9</b>	<b>24.8</b>	<b>(169)bps</b>	<b>(8)bps</b>	<b>26.9</b>	<b>(204)bps</b>	<b>26.0</b>	<b>26.2</b>	<b>26bps</b>
Depreciation	400	505	560	40.0	10.9	-	-	1,815	2,091	15.2
Interest	275	288	274	(0.1)	(4.7)	-	-	1,165	1,094	(6.1)
Other income	243	66	293	20.5	346.7	-	-	708	1,149	62.3
Exceptional Items	-	-	-	-	-	-	-	-	-	-
PBT	4,062	4,670	4,807	18.3	2.9	-	-	17,332	26,080	50.5
Tax	1,078	1,183	1,281	18.9	8.4	-	-	4,508	6,590	46.2
<b>Reported PAT</b>	<b>2,985</b>	<b>3,487</b>	<b>3,526</b>	<b>18.1</b>	<b>1.1</b>	<b>-</b>	<b>-</b>	<b>12,824</b>	<b>19,490</b>	<b>52.0</b>
<b>Adjusted PAT</b>	<b>2,865</b>	<b>3,222</b>	<b>3,387</b>	<b>18.2</b>	<b>5.1</b>	<b>3,339</b>	<b>1.5</b>	<b>12,094</b>	<b>18,903</b>	<b>56.3</b>
<b>NPM (%)</b>	<b>16.9</b>	<b>14.9</b>	<b>15.7</b>	<b>(118)bps</b>	<b>85bps</b>	<b>17.1</b>	<b>(138)bps</b>	<b>16.0</b>	<b>17.6</b>	<b>161bps</b>
<b>EPS (Rs)</b>	<b>31.7</b>	<b>35.6</b>	<b>37.4</b>	<b>18.2</b>	<b>5.1</b>	<b>36.9</b>	<b>1.5</b>	<b>133.6</b>	<b>208.9</b>	<b>56.0</b>

Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 6: Change in estimates

(Rsmn)	New		Old		% Change	
Particulars	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	1,07,209	1,45,732	1,03,841	1,40,192	3.2	4.0
EBITDA	28,117	38,962	27,165	37,256	3.5	4.6
PAT	18,903	27,554	18,184	26,231	4.0	5.0

Source: Nirmal Bang Institutional Equities Research

## Exhibit 7: Actual performance vs NBIE and consensus estimates

Particulars					
1QFY26 (Rsmn)	Actual	Our Estimate	Deviation (%)	Bloomberg Consensus	Deviation (%)
Revenue	21,545	19,526	10.3	20,063	7.4
EBITDA	5,349	5,246	2.0	5,301	0.9
PAT	3,526	3,339	5.6	3,423	3.0

Source: Nirmal Bang Institutional Equities Research

**1QFY26 earnings call highlights****Updates:**

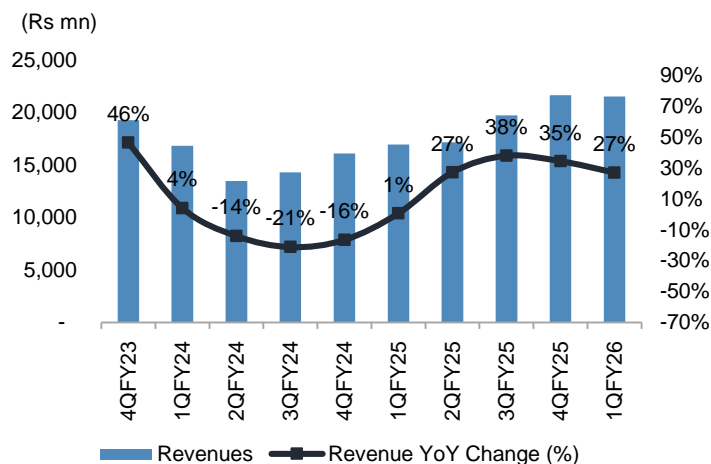
- Bhargavastra and Rudrastra were successfully tested this quarter, though it may take a few more quarters before these lead to firm orders.
- The company bagged repeat orders for its UAVs and multi-mode hand grenades.
- Demand from the mining sector was softer this time, mainly due to milder heat waves and an early monsoon, but the management is still upbeat on the longer-term prospects for mining, housing, and infrastructure.
- Commercial production of 155mm shell ammunition is about to kick off.
- After the success of Nagastra-1, work has begun on Nagastra-2 and Nagastra-3 for special applications, with a focus on high-altitude and longer-endurance capabilities.

**Performance:**

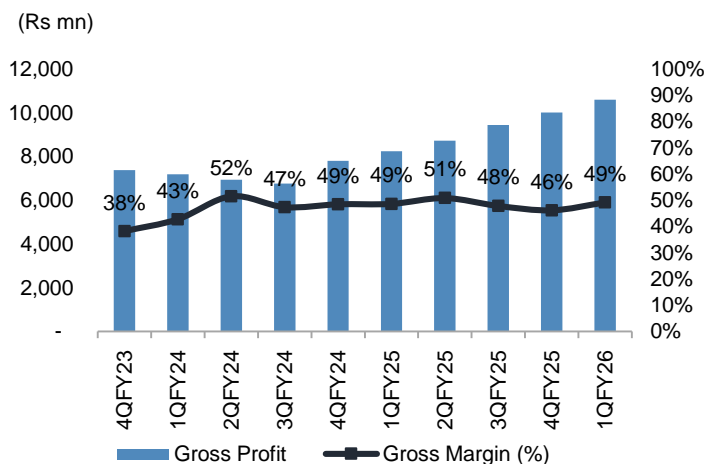
- The company delivered its highest-ever quarterly EBITDA and PAT at Rs5.6bn and Rs3.5bn, respectively.
- EBITDA margin was slightly lower, impacted by about 1.5%, due to hyperinflation in Turkey.
- Revenue rose 28% YoY, driven by strong execution of both international and domestic orders. International business grew 43% YoY, while the defence segment jumped 115% YoY.
- Revenue from Q2 and Q3FY26 is expected to pick up sharply as defence orders ramp up.
- Among all subsidiaries, the South African arm posted an especially strong performance.
- The explosives segment is set for healthy growth with the Kazakhstan plant scheduled to open in October.

**Capex and guidance:**

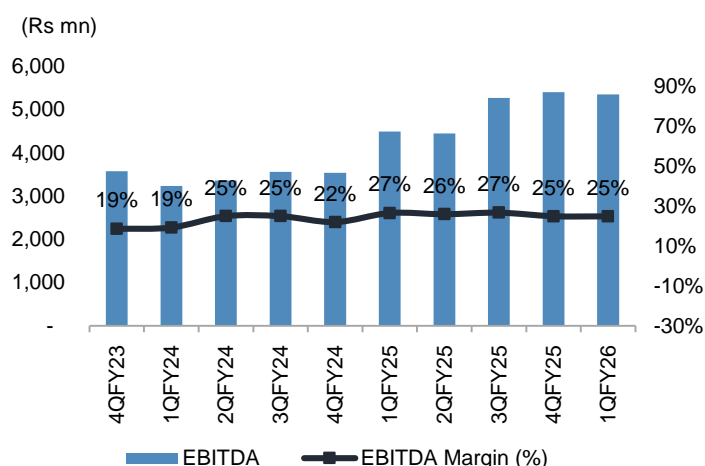
- Management has maintained its capex guidance of Rs25bn for FY26.
- The company is targeting revenue of Rs100bn this year with around Rs40bn expected to come from international orders.
- EBITDA margin guidance stands at ~27%, though the management noted that entry into new products could temporarily push costs higher.

**Exhibit 8: Revenue increased 27% YoY**


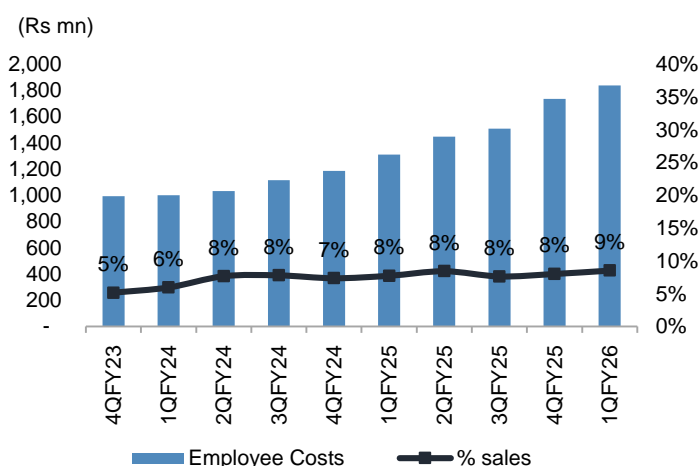
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 9: Gross margin at 49%**


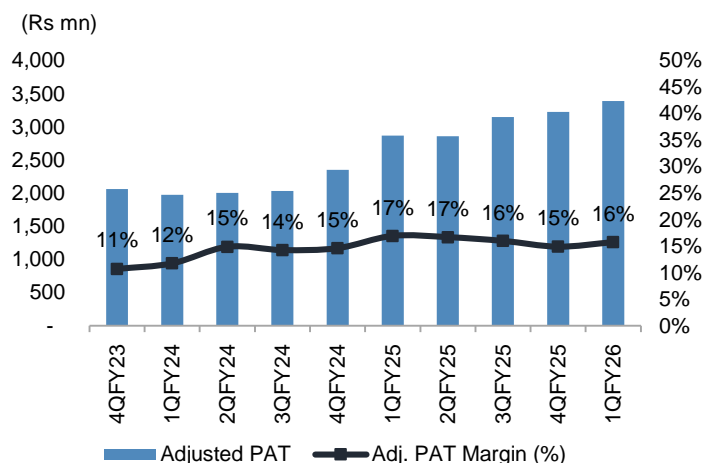
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 10: EBITDA margin at 25%**


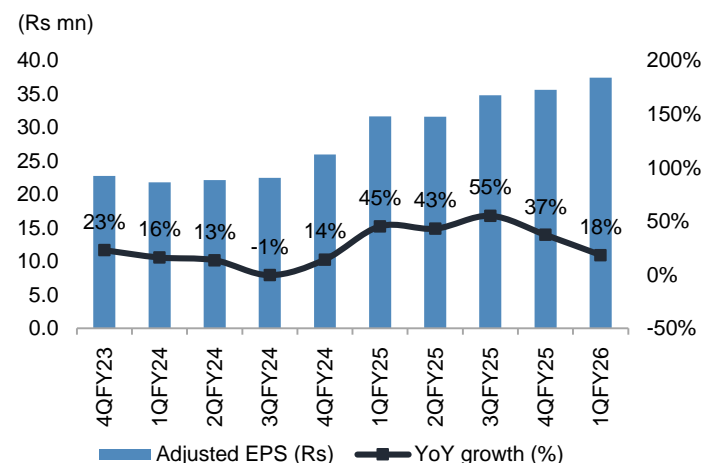
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 11: Employee cost at 9% of sales**


Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 12: PAT margin at 16%**


Source: Company, Nirmal Bang Institutional Equities Research

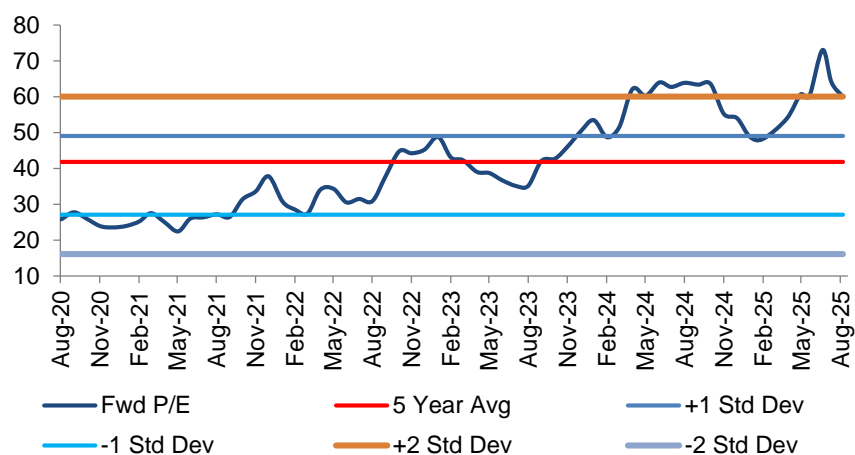
**Exhibit 13: EPS up 18% YoY**


Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 14: Valuation summary**

Particulars	(Rsmn)
Jun-27E EPS	308.4
Target multiple (x)	<b>57</b>
<b>Value per share (Rs)</b>	17,720
CMP (Rs)	14,456
<b>Upside / (downside)</b>	<b>23%</b>

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 15: Rolling valuation charts**


Source: Company, Nirmal Bang Institutional Equities Research



## Financial Statements

**Exhibit 16: Income statement**

Y/E March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
<b>Net Sales</b>	<b>69,225</b>	<b>60,695</b>	<b>75,502</b>	<b>1,07,209</b>	<b>1,45,732</b>
Growth YoY %	75.4%	-12.3%	24.4%	42.0%	35.9%
<b>Gross profit</b>	<b>25,802</b>	<b>28,734</b>	<b>36,430</b>	<b>52,551</b>	<b>73,118</b>
<b>Gross margin %</b>	<b>37.3%</b>	<b>47.3%</b>	<b>48.2%</b>	<b>49.0%</b>	<b>50.2%</b>
Staff costs	3,527	4,335	6,001	8,839	12,637
% of sales	5.1%	7.1%	7.9%	8.2%	8.7%
Other expenses	9,385	10,707	10,825	15,595	21,519
% of sales	13.6%	17.6%	14.3%	14.5%	14.8%
<b>EBITDA</b>	<b>12,889</b>	<b>13,692</b>	<b>19,604</b>	<b>28,117</b>	<b>38,962</b>
Growth YoY %	72.5%	6.2%	43.2%	43.4%	38.6%
<b>EBITDA margin %</b>	<b>18.6%</b>	<b>22.6%</b>	<b>26.0%</b>	<b>26.2%</b>	<b>26.7%</b>
Depreciation	1,282	1,434	1,815	2,091	2,966
<b>EBIT</b>	<b>11,607</b>	<b>12,258</b>	<b>17,789</b>	<b>26,025</b>	<b>35,995</b>
Interest	904	1,094	1,165	1,094	1,072
Other income	315	445	708	1,149	2,186
<b>PBT (bei)</b>	<b>11,019</b>	<b>11,609</b>	<b>17,332</b>	<b>26,080</b>	<b>37,109</b>
<b>PBT</b>	<b>11,019</b>	<b>11,609</b>	<b>17,332</b>	<b>26,080</b>	<b>37,109</b>
<b>ETR</b>	<b>26.4%</b>	<b>24.6%</b>	<b>25.0%</b>	<b>25.3%</b>	<b>25.0%</b>
<b>PAT</b>	<b>8,114</b>	<b>8,749</b>	<b>12,824</b>	<b>19,490</b>	<b>27,832</b>
<b>Adj PAT</b>	<b>7,572</b>	<b>8,359</b>	<b>12,094</b>	<b>18,903</b>	<b>27,554</b>
<b>Growth YoY %</b>	<b>71.6%</b>	<b>10.4%</b>	<b>44.7%</b>	<b>56.3%</b>	<b>45.8%</b>

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 18: Balance sheet**

Y/E March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
<b>Share capital</b>	<b>181</b>	<b>181</b>	<b>181</b>	<b>181</b>	<b>181</b>
<b>Reserves</b>	<b>25,922</b>	<b>32,875</b>	<b>43,682</b>	<b>60,695</b>	<b>85,494</b>
<b>Net worth</b>	<b>26,103</b>	<b>33,056</b>	<b>43,863</b>	<b>60,876</b>	<b>85,675</b>
Long term debt	4,917	6,073	4,177	8,177	8,177
Short term debt	7,030	5,305	5,573	5,573	5,573
<b>Total debt</b>	<b>11,947</b>	<b>11,378</b>	<b>9,750</b>	<b>13,750</b>	<b>13,750</b>
<b>Net debt</b>	<b>9,346</b>	<b>8,506</b>	<b>2,495</b>	<b>3,980</b>	<b>(2,361)</b>
Other non-current liabilities	1,616	2,012	11,932	11,932	11,932
<b>Total Equity &amp; Liabilities</b>	<b>50,363</b>	<b>57,372</b>	<b>82,613</b>	<b>1,08,125</b>	<b>1,36,107</b>
Gross block	20,855	24,507	31,829	51,829	66,829
Accumulated depreciation	4,715	5,316	7,131	9,222	12,189
<b>Net Block</b>	<b>16,140</b>	<b>19,191</b>	<b>24,698</b>	<b>42,607</b>	<b>54,640</b>
CWIP	2,794	4,874	7,034	7,034	7,034
Intangible and others	508	440	731	731	731
Other non-current assets	2,960	2,687	4,118	4,118	4,118
Investments	785	1,565	1,473	1,473	1,473
Trade receivables	8,253	8,449	12,386	14,686	19,963
Inventories	10,980	8,468	10,400	13,178	17,507
Cash & Cash Equivalents	2,601	2,873	7,255	9,769	16,111
Other current assets	3,287	6,993	12,330	12,330	12,330
<b>Total current assets</b>	<b>25,120</b>	<b>26,782</b>	<b>42,371</b>	<b>49,964</b>	<b>65,911</b>
Trade payables	4,885	5,527	4,925	8,835	11,738
Other current liabilities	4,408	4,183	10,641	10,641	10,641
<b>Total current liabilities</b>	<b>16,323</b>	<b>15,014</b>	<b>21,139</b>	<b>25,049</b>	<b>27,951</b>
<b>Total Assets</b>	<b>50,363</b>	<b>57,372</b>	<b>82,613</b>	<b>1,08,125</b>	<b>1,36,107</b>

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 17: Cash flow**

Y/E March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
<b>PBT</b>	<b>11,019</b>	<b>11,609</b>	<b>17,332</b>	<b>26,080</b>	<b>37,109</b>
Depreciation	1,282	1,434	1,815	2,091	2,966
Interest	904	1,094	1,165	1,094	1,072
Other adjustments	1,172	1,115	251	1,738	2,466
Change in Working capital	(5,267)	1,804	(2,059)	(1,169)	(6,704)
Tax paid	2,544	2,996	4,031	6,590	9,277
<b>Operating cash flow</b>	<b>6,565</b>	<b>14,060</b>	<b>24,676</b>	<b>23,248</b>	<b>27,635</b>
Capex	(4,791)	(5,598)	(10,060)	(20,000)	(15,000)
<b>Free cash flow</b>	<b>1,774</b>	<b>8,463</b>	<b>14,616</b>	<b>3,248</b>	<b>12,635</b>
Other investing activities	(399)	(1,676)	(5,873)	-	-
<b>Investing cash flow</b>	<b>(5,190)</b>	<b>(7,273)</b>	<b>(15,932)</b>	<b>(19,721)</b>	<b>(15,000)</b>
Issuance of share capital	-	-	-	-	-
Movement of Debt	1,778	280	(2,592)	4,000	-
Dividend paid (incl DDT)	(679)	(724)	-	(1,890)	(2,755)
Other financing activities	82	(3,259)	(2,172)	(2,243)	(3,258)
<b>Financing cash flow</b>	<b>1,182</b>	<b>(3,703)</b>	<b>(4,764)</b>	<b>(134)</b>	<b>(6,013)</b>
<b>Net change in cash flow</b>	<b>2,557</b>	<b>3,084</b>	<b>3,980</b>	<b>3,393</b>	<b>6,622</b>
Opening C&CE	847	2,450	2,590	5,904	9,769
<b>Closing C&amp;CE</b>	<b>2,450</b>	<b>2,590</b>	<b>5,904</b>	<b>9,769</b>	<b>16,111</b>

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 19: Key ratios**

Y/E March	FY23	FY24	FY25	FY26E	FY27E
<b>Per share (Rs)</b>					
Adj EPS	83.7	92.4	133.6	208.9	304.5
Book value	288.4	365.3	484.7	672.7	946.7
DPS	8.4	8.3	13.4	20.9	30.4
<b>Valuation (x)</b>					
P/Sales	18.9	21.6	17.3	12.2	9.0
EV/EBITDA	102.2	96.2	66.9	46.7	33.5
P/E	172.8	156.5	108.2	69.2	47.5
P/BV	50.1	39.6	29.8	21.5	15.3
<b>Return ratios (%)</b>					
RoCE	22.5	20.8	24.9	26.1	27.2
RoCE (pre-tax)	30.5	27.6	33.2	34.9	36.2
RoE	33.5	28.3	31.4	36.1	37.6
RoIC	27.4	24.0	30.3	35.0	36.4
<b>Profitability ratios (%)</b>					
Gross margin	37.3	47.3	48.2	49.0	50.2
EBITDA margin	18.6	22.6	26.0	26.2	26.7
PAT margin	10.9	13.8	16.0	17.6	18.9
<b>Liquidity ratios (%)</b>					
Current ratio	1.5	1.8	2.0	2.0	2.4
Quick ratio	0.9	1.2	1.5	1.5	1.7
<b>Solvency ratio (%)</b>					
Net Debt to Equity ratio	0.4	0.3	0.1	0.1	0.0
<b>Turnover ratios</b>					
Fixed asset turnover ratio (x)	3.1	2.4	2.3	2.0	2.1
Debtor days	36	50	50	50	50
Inventory days	76	111	88	88	88
Creditor days	40	59	49	59	59
Net Working capital days	72	102	90	79	79

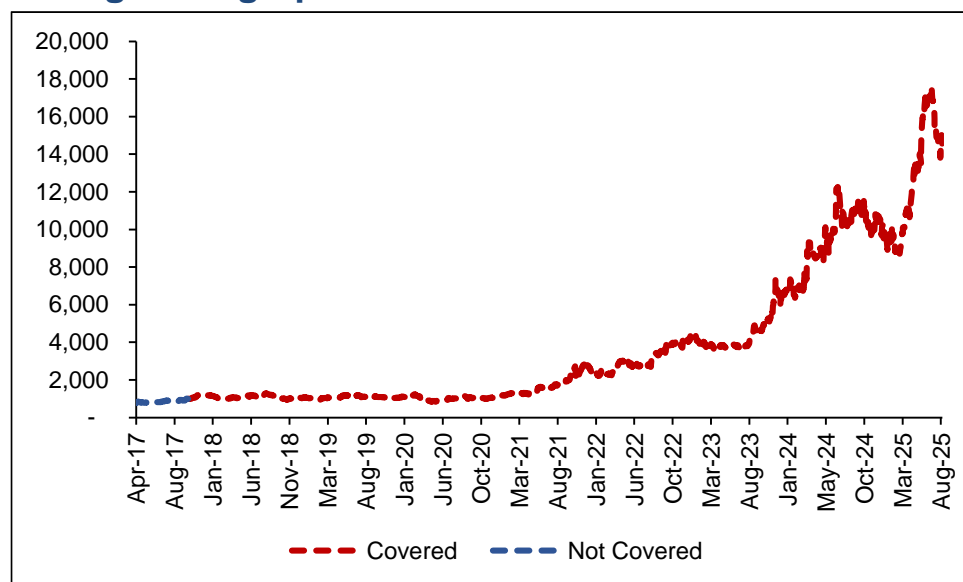
Source: Company, Nirmal Bang Institutional Equities Research



## Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
29 May 2021	Buy	1,401	1,625
1 August 2021	Buy	1,704	1,975
26 September 2021	Buy	2,002	2,300
09 October 2021	Buy	2,418	2,900
30 October 2021	Buy	2,487	2,850
31 January 2022	Buy	2,309	2,900
21 February 2022	Buy	2,290	3,150
08 May 2022	Buy	2,984	3,460
26 July 2022	Buy	2,832	3,460
19 September 2022	Buy	3,560	4,250
6 November 2022	Buy	4,009	5,065
26 January 2023	Hold	4,067	4,400
22 March 2023	Hold	3,816	3,920
04 May 2023	Hold	3,848	4,000
06 August 2023	Buy	3,852	4,535
04 November 2023	Buy	5,594	6,450
30 November 2023	Buy	6,536	7,665
08 February 2024	Hold	6,910	7,240
16 May 2024	Hold	8,900	8,620
07 August 2024	Hold	10,185	9,730
10 October 2024	Hold	11,297	10,900
18 November 2024	Hold	10,009	10,385
26 December 2024	Hold	10,215	10,980
26 February 2025	Hold	8,870	8,980
18 March 2025	Buy	10,089	12,578
11 April 2025	Buy	11,308	13,237
21 May 2025	Buy	14,190	16,651
16 June 2025	Hold	16,848	16,651
13 July 2025	Hold	15,420	16,651
9 August 2025	Buy	14,456	17,720

## Rating track graph



## DISCLOSURES

This Report is published by Nirmal Bang Equities Private Limited (hereinafter referred to as “NBEPL”) for private circulation. NBEPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001436. NBEPL is also a registered Stock Broker with National Stock Exchange of India Limited and BSE Limited in cash and derivatives segments.

NBEPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBEPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. NBEPL, its associates or analyst or his relatives do not hold any financial interest in the subject company. NBEPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBEPL or its associates or Analyst or his relatives do not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBEPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBEPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company and NBEPL / analyst has not been engaged in market making activity of the subject company.

**Analyst Certification:** I, Jyoti Gupta, research analyst the author of this report, hereby certify that the views expressed in this research report accurately reflects my personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst is principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

## Disclaimer

### Stock Ratings Absolute Returns

BUY > 15%

HOLD -5% to 14%

SELL < -5%

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. NBEPL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader.

This research has been prepared for the general use of the clients of NBEPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NBEPL will not treat recipients as customers by virtue of their receiving this report. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NBEPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBEPL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NBEPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. NBEPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBEPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBEPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither NBEPL, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Copyright of this document vests exclusively with NBEPL.

\*\*\*Registration granted by SEBI and certification from NISM in no way guarantee the performance of the intermediary or provide any assurance of returns to investors.

Our reports are also available on our website [www.nirmalbang.com](http://www.nirmalbang.com)

**Access all our reports on Bloomberg, Thomson Reuters and Factset.**

Team Details:			
Name		Email Id	Direct Line
Rahul Arora	CEO	rahul.arora@nirmalbang.com	-
Krishnan Sambamoorthy	Head of Research	krishnan.s@nirmalbang.com	+91 22 6273 8210
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

## Nirmal Bang Equities Pvt. Ltd.

### Correspondence Address

B-2, 301/302, Marathon Innova,  
Nr. Peninsula Corporate Park,  
Lower Parel (W), Mumbai-400013.

Board No.: 91 22 6273 8000/1; Fax.: 022 6273 8010