

August 8, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	835		1,028	
Sales (Rs. m)	50,783	56,175	51,801	57,331
% Chng.	(2.0)	(2.0)		
EBITDA (Rs. m)	5,942	7,584	6,682	7,854
% Chng.	(11.1)	(3.4)		
EPS (Rs.)	16.6	22.9	19.8	24.2
% Chng.	(16.3)	(5.4)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	47,022	48,942	50,783	56,175
EBITDA (Rs. m)	7,388	7,118	5,942	7,584
Margin (%)	15.7	14.5	11.7	13.5
PAT (Rs. m)	4,612	3,552	3,157	4,357
EPS (Rs.)	24.2	18.7	16.6	22.9
Gr. (%)	16.6	(23.0)	(11.1)	38.0
DPS (Rs.)	4.0	4.0	4.0	5.7
Yield (%)	0.5	0.5	0.5	0.7
RoE (%)	15.5	10.7	8.7	11.1
RoCE (%)	17.4	14.5	9.3	12.3
EV/Sales (x)	3.3	3.2	3.1	2.8
EV/EBITDA (x)	21.1	22.1	26.5	20.7
PE (x)	34.7	45.1	50.7	36.8
P/BV (x)	5.1	4.5	4.3	3.9

Key Data

CRBR.BO | CU IN

52-W High / Low	Rs.1,667 / Rs.809
Sensex / Nifty	79,858 / 24,363
Market Cap	Rs.160bn / \$ 1,828m
Shares Outstanding	190m
3M Avg. Daily Value	Rs.159.81m

Shareholding Pattern (%)

Promoter's	39.23
Foreign	11.81
Domestic Institution	29.22
Public & Others	19.74
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(15.0)	(23.9)	(45.6)
Relative	(10.8)	(25.8)	(46.3)

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Weak quarter; persistent pain in subsidiaries

Quick Pointers:

- Management reduced consolidated revenue growth guidance from 6%-7% to 5.5%-6.5% with PBIT margin decline of 250-300bps YoY in FY26.
- Consolidated Abrasives growth was impacted due to change of logistics partner at RHODIUS.

We revise our FY26/27E EPS estimates by -16.3%/-5.4% accounting for continued weakness in Abrasives on account of Chinese dumping and near-term headwinds in Rhodius. Carborundum Universal (CU) reported a modest 1.9% YoY increase in consolidated sales, while EBITDA margin contracted by 622 bps YoY to 9.9%, weighed down by weaker subsidiary profitability. In the Abrasives segment, logistics-related disruptions at Rhodius and softer demand across distribution channels due to inventory correction, impacted performance. Conversely, the Ceramics segment benefited from improved volumes and pricing in Industrial and Metallized ceramics. Standalone Electrominerals witnessed healthy demand from both domestic and export markets; however, consolidated profitability remained under pressure due to sanctions on VAW, leading to a ~25% volume decline. Given the prevailing near-term headwinds, management has downward revised its FY26 consolidated revenue growth guidance to 5.5–6.5% YoY. We maintain 'Hold' rating with a SoTP-based revised TP of Rs835 (Rs1,028 earlier) valuing Abrasives/Ceramics/Electrominerals at 30x/35x/15x Mar'27E (32x/40x/20x Mar'27E earlier).

Long-term View: We remain cautious in the short-term given the continued challenges in CU's subsidiaries along with Chinese dumping. 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. The stock is trading at a P/E of 50.7x/36.8x on FY26/27E earnings.

Margins declined amid weaker revenue growth: Consolidated revenue was up 1.9% YoY to Rs12.2bn (PL: Rs12.7bn). Gross margin declined 170bps YoY to 63.1% (PL: 62.3%). EBITDA declined 37.4% YoY to Rs1.2bn (PL: Rs1.6bn). EBITDA margin contracted by 622bps YoY to 9.9% (PL: 12.8%) primarily due to lower gross margin and increase in employee cost & other expenses. PAT declined by 45.2% YoY to Rs619mn (PL: Rs947mn) due to weaker operational performance partially offset by higher other income (+166.8% YoY to Rs187mn).

Abrasives growth was impacted due to lower sales at RHODIUS: Abrasives sales declined 8.0% YoY to Rs5.1bn mainly due to decline in standalone business and RHODIUS. Ceramics revenue grew 11.1% YoY to Rs3.0bn driven by growth in standalone business and subsidiary in Australia while Electrominerals sales also improved by 6.3% YoY to Rs4.0bn. Abrasives EBIT margin declined 773bps YoY to 2.2% and Ceramics EBIT margin improved by 102bps YoY to 25.0%. Meanwhile, Electrominerals EBIT margin sharply declined by 1,027bps YoY to 1.1%.

Exhibit 1: EBITDA margin declined by 622bps YoY to 9.9% due to lower gross margin and higher operating expenses

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr.	Q1FY26E	% Var.	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
Sales	12,067	11,841	1.9%	12,528	-3.7%	11,989	0.6%	50,203	48,335	3.9%
Other Operating income	124	134	-8.0%	150	-17.5%	182	-32.0%	580	607	-4.4%
Total Revenue	12,190	11,975	1.8%	12,678	-3.8%	12,171	0.2%	50,783	48,942	3.8%
Gross Profit	7,689	7,757	-0.9%	7,898	-2.6%	7,639	0.7%	31,689	30,992	2.2%
Margin (%)	63.1	64.8	(170)	62.3	77	62.8	31	62.4	63.3	(92)
Employee Cost	2,380	1,918	24.1%	2,155	10.4%	2,249	5.8%	9,141	8,623	6.0%
as % of sales	19.7	16.2	353	17.2	252	18.8	97	18.2	17.8	37
Power & Fuel	1,223	1,124	8.8%	1,230	-0.6%	1,172	4.3%	5,180	4,667	11.0%
as % of sales	10.1	9.5	64	9.8	32	9.8	36	10.3	9.7	66
Other expenditure	2,874	2,780	3.4%	2,890	-0.6%	2,756	4.3%	11,426	10,585	7.9%
as % of sales	23.8	23.5	34	23.1	74	23.0	83	22.8	21.9	86
EBITDA	1,213	1,936	-37.4%	1,623	-25.3%	1,463	-17.1%	5,941	7,118	-16.5%
Margin (%)	9.9	16.2	(622)	12.8	(285)	12.0	(207)	11.7	14.5	(284)
Depreciation	589	514	14.5%	567	3.9%	561	5.0%	2,463	2,120	16.2%
EBIT	624	1,422	-56.1%	1,056	-40.9%	902	-30.9%	3,478	4,997	-30.4%
Margin (%)	5.1	11.9	(676)	8.3	(321)	7.4	(230)	6.8	10.2	(336)
Other Income	187	70	166.8%	150	24.9%	63	199.2%	661	410	61.3%
Interest	35	33	5.4%	30	16.3%	31	11.5%	115	140	-17.5%
PBT (ex. Extra-ordinaries)	776	1,459	-46.8%	1,176	-34.0%	934	-16.9%	4,024	5,268	-23.6%
Margin (%)	6.4	12.2	(582)	9.3	(291)	7.7	(130)	7.9	10.8	(284)
Extraordinary Items	-	-	-	-	0.0%	-	0.0%	-	(1,041)	-
PBT	776	1,459	-46.8%	1,176	-34.0%	934	-16.9%	4,024	4,226	-4.8%
Total Tax	254	429	-40.7%	314	-19.0%	746	-65.9%	1,046	1,692	-38.1%
Effective Tax Rate (%)	32.8	29.4	338	26.7	608	79.9	(4,715)	26.0	40.0	(1,402)
PAT before JVs/MI	522	1,030	-49.3%	862	-39.5%	187	178.5%	2,978	2,535	17.5%
Share of Profit/loss from JVs/MI	97	100	-2.5%	85	14.5%	104	-6.5%	179	392	-54.5%
Reported PAT	619	1,130	-45.2%	947	-34.6%	291	112.4%	3,157	2,927	7.8%
Adj. PAT	619	1,130	-45.2%	947	-34.6%	291	112.4%	3,157	3,552	-11.1%
Margin (%)	5.1	9.4	(436)	7.5	(239)	2.4	268	6.2	7.3	(104)
Adj. EPS	3.3	5.9	-45.2%	5.0	-34.6%	1.5	112.9%	16.6	18.7	-11.1%

Source: Company, PL

Exhibit 2: Decent standalone performance was offset by weaker subsidiary performance across segments

Segment Breakup	Q1FY26	Q1FY25	YoY gr.	Q1FY26E	% Var.	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
Revenue (Rs mn)										
Abrasives	5,076	5,516	-8.0%	5,572	-8.9%	5,381	-5.7%	22,027	21,594	2.0%
Ceramics	2,996	2,696	11.1%	3,041	-1.5%	2,963	1.1%	13,208	11,601	13.9%
Electrominerals	4,049	3,808	6.3%	4,067	-0.4%	3,749	8.0%	15,559	15,736	-1.1%
Others	431	418	3.3%	472	-8.6%	371	16.2%	1,956	1,700	15.1%
Less: Intersegmental	486	597	-18.7%	624	-22.2%	475	2.2%	2,547	2,295	11.0%
Total	12,067	11,841	1.9%	12,528	-3.7%	11,989	0.6%	50,203	48,335	3.9%
EBIT (Rs mn)										
Abrasives	114	551	-79.3%	362	-68.5%	335	-66.0%	1,346	1,514	-11.1%
Ceramics	749	647	15.8%	745	0.5%	738	1.5%	3,058	2,865	6.8%
Electrominerals	44	433	-89.8%	244	-81.8%	90	-51.0%	617	1,774	-65.3%
Others	(20)	(17)	21.0%	(5)	328.2%	(42)	-52.4%	(150)	(135)	10.6%
EBIT Margin (%)										
Abrasives	2.2%	10.0%	(773)	6.5%	(425)	6.2%	(398)	6.1%	7.0%	(90)
Ceramics	25.0%	24.0%	102	24.5%	49	24.9%	10	23.2%	24.7%	(154)
Electrominerals	1.1%	11.4%	(1,027)	6.0%	(491)	2.4%	(132)	4.0%	11.3%	(731)
Others	-4.7%	-4.0%	(69)	-1.0%	(369)	-11.4%	674	-7.7%	-8.0%	31

Source: Company, PL

Exhibit 3: SoTP valuation – Ceramics segment accounts for ~59% of value

Particular	Mar'27 EPS	Multiple (x)	Net Value/share
Abrasives	8.8	30	263
Industrial Ceramics	14.2	35	497
Electrominerals	5.3	15	79
Others	(3.6)	1	(4)
SoTP			835

Source: Company, PL

Conference Call Highlights

- **Guidance:** The management lowered their consolidated revenue growth guidance from 6-7% to 5.5-6.5% YoY while they also lowered profitability guidance from prior drop of 100-150bps to currently 250-300bps drop YoY in PBIT.
- **Abrasives:** Abrasives revenue declined YoY due to lower standalone and Rhodius sales. Management is currently witnessing softer demand in the channels due to inventory correction as retail distributors are clearing their stocks. Segment's profitability was also lower due to lower volumes and higher freight costs in standalone business along with lower volumes at Rhodius. **Management now expects revenue growth of 4-5% YoY (vs 5-6% previously) and PBIT margin in the range of 6-6.5% (vs 8-8.5% previously) for FY26.**
- **Ceramics:** Revenue growth in Ceramics was primarily driven by standalone business and Australia subsidiary. Standalone revenue growth was due to better volume and price in Industrial ceramics and metallized ceramics. **Management retained their revenue growth guidance of 16-18% at consolidated level with PBIT margins in the range of 23.5-23.7% in FY26.**
- **Electrominerals** saw YoY revenue growth driven by good traction from domestic as well as export markets. However, profitability was impacted due to lower volumes in VAW and competition from low-cost imports in the standalone business. **Management maintained their revenue growth guidance of 1-2% on a consolidated basis while lowering their profitability guidance from 6.5-7.5% EBIT margin to 4.5-5.5% EBIT margin in FY26 on account of higher alumina costs.**
- **RHODIUS recorded sales of EUR13.2mn in Q1FY26 vs EUR17.3mn YoY:** During the quarter, RHODIUS shifted to a different logistics partner which resulted in disruption and non-fulfillment of orders. Company expects the disruption to be resolved by the end of Aug'25.
- **Awuko posted sales of EUR2.6mn in Q1FY26 vs EUR3.0mn YoY** while Loss before tax is flat YoY.
- **VAW reported sales of RUB1.84bn in Q1FY26 vs RUB2.46bn YoY:** VAW's performance continues to be impacted by sanctions placed on it. The volume drop in VAW due to sanctions is in line with management's expectations of ~25%.
- **Foskor Zirconia posted sales of Rs560mn in Q1FY26 vs Rs540mn YoY.** While its loss before tax increased to Rs80mn vs Rs50mn in Q1FY25.

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	47,022	48,942	50,783	56,175
YoY gr. (%)	1.0	4.1	3.8	10.6
Cost of Goods Sold	16,973	17,950	19,094	20,729
Gross Profit	30,049	30,992	31,689	35,447
Margin (%)	63.9	63.3	62.4	63.1
Employee Cost	7,761	8,623	9,141	9,718
Other Expenses	14,900	15,252	16,606	18,145
EBITDA	7,388	7,118	5,942	7,584
YoY gr. (%)	13.3	(3.7)	(16.5)	27.6
Margin (%)	15.7	14.5	11.7	13.5
Depreciation and Amortization	1,908	2,120	2,463	2,678
EBIT	5,481	4,998	3,479	4,905
Margin (%)	11.7	10.2	6.9	8.7
Net Interest	183	140	115	84
Other Income	767	410	661	760
Profit Before Tax	6,064	4,227	4,025	5,581
Margin (%)	12.9	8.6	7.9	9.9
Total Tax	1,741	1,692	1,046	1,451
Effective tax rate (%)	28.7	40.0	26.0	26.0
Profit after tax	4,323	2,535	2,978	4,130
Minority interest	149	60	104	145
Share Profit from Associate	439	452	283	372
Adjusted PAT	4,612	3,552	3,157	4,357
YoY gr. (%)	16.6	(23.0)	(11.1)	38.0
Margin (%)	9.8	7.3	6.2	7.8
Extra Ord. Income / (Exp)	-	(624)	-	-
Reported PAT	4,612	2,928	3,157	4,357
YoY gr. (%)	11.4	(36.5)	7.8	38.0
Margin (%)	9.8	6.0	6.2	7.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,612	2,928	3,157	4,357
Equity Shares O/s (m)	190	190	190	190
EPS (Rs)	24.2	18.7	16.6	22.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	19,669	22,853	25,353	28,053
Tangibles	19,669	22,853	25,353	28,053
Intangibles	-	-	-	-
Acc: Dep / Amortization	8,814	10,620	13,083	15,762
Tangibles	8,814	10,620	13,083	15,762
Intangibles	-	-	-	-
Net fixed assets	10,855	12,232	12,269	12,291
Tangibles	10,855	12,232	12,269	12,291
Intangibles	-	-	-	-
Capital Work In Progress	781	1,184	835	902
Goodwill	4,755	4,928	5,174	5,284
Non-Current Investments	1,922	2,232	2,559	2,832
Net Deferred tax assets	(196)	(1)	23	93
Other Non-Current Assets	1,106	1,221	1,466	1,759
Current Assets				
Investments	-	-	-	-
Inventories	8,502	10,550	11,278	12,475
Trade receivables	6,790	7,662	8,528	9,432
Cash & Bank Balance	5,579	3,806	3,431	4,272
Other Current Assets	692	837	863	955
Total Assets	41,519	46,433	48,251	52,246
Equity				
Equity Share Capital	190	190	190	190
Other Equity	31,067	35,096	37,206	40,615
Total Networth	31,257	35,286	37,396	40,806
Non-Current Liabilities				
Long Term borrowings	275	249	249	249
Provisions	300	323	229	225
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	852	954	754	554
Trade payables	3,372	3,498	3,617	4,002
Other current liabilities	2,558	2,854	2,925	3,185
Total Equity & Liabilities	41,126	46,141	48,251	52,246

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	6,503	4,679	4,025	5,581
Add. Depreciation	1,908	2,120	2,463	2,678
Add. Interest	183	140	115	84
Less Financial Other Income	767	410	661	760
Add. Other	(276)	299	-	-
Op. profit before WC changes	8,318	7,237	6,603	8,344
Net Changes-WC	(206)	(2,217)	(1,765)	(1,676)
Direct tax	(2,097)	(1,978)	(1,046)	(1,451)
Net cash from Op. activities	6,015	3,042	3,792	5,217
Capital expenditures	(2,184)	(2,731)	(2,347)	(2,827)
Interest / Dividend Income	425	458	-	-
Others	(106)	(1,553)	(87)	73
Net Cash from Inv. activities	(1,865)	(3,826)	(2,434)	(2,753)
Issue of share cap. / premium	137	55	-	-
Debt changes	(1,190)	(22)	(200)	(200)
Dividend paid	(793)	(912)	(1,047)	(948)
Interest paid	(152)	(93)	(115)	(84)
Others	(130)	(116)	(656)	(581)
Net cash from Fin. activities	(2,129)	(1,089)	(2,018)	(1,813)
Net change in cash	2,021	(1,873)	(660)	651
Free Cash Flow	3,822	302	1,444	2,390

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	24.2	18.7	16.6	22.9
CEPS	34.3	29.8	29.5	37.0
BVPS	164.2	185.4	196.5	214.3
FCF	20.1	1.6	7.6	12.6
DPS	4.0	4.0	4.0	5.7
Return Ratio(%)				
RoCE	17.4	14.5	9.3	12.3
ROIC	15.1	9.8	7.6	10.2
RoE	15.5	10.7	8.7	11.1
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.1)	(0.1)
Net Working Capital (Days)	93	110	116	116
Valuation(x)				
PER	34.7	45.1	50.7	36.8
P/B	5.1	4.5	4.3	3.9
P/CEPS	24.6	28.2	28.5	22.8
EV/EBITDA	21.1	22.1	26.5	20.7
EV/Sales	3.3	3.2	3.1	2.8
Dividend Yield (%)	0.5	0.5	0.5	0.7

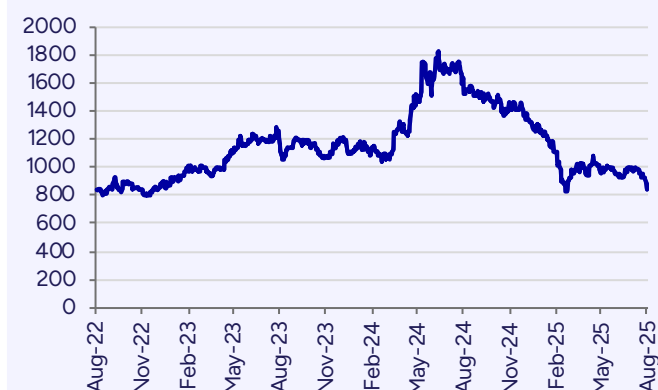
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	12,241	12,555	12,171	12,190
YoY gr. (%)	6.8	9.0	1.3	1.8
Raw Material Expenses	4,415	4,785	4,532	4,501
Gross Profit	7,826	7,770	7,639	7,689
Margin (%)	63.9	61.9	62.8	63.1
EBITDA	1,950	1,770	1,463	1,213
YoY gr. (%)	16.4	(8.0)	(30.1)	(37.4)
Margin (%)	15.9	14.1	12.0	9.9
Depreciation / Depletion	520	526	561	589
EBIT	1,430	1,244	902	624
Margin (%)	11.7	9.9	7.4	5.1
Net Interest	37	39	31	35
Other Income	113	164	63	187
Profit before Tax	1,506	1,369	934	776
Margin (%)	12.3	10.9	7.7	6.4
Total Tax	458	58	746	254
Effective tax rate (%)	30.4	4.2	79.9	32.8
Profit after Tax	1,048	1,311	187	522
Minority interest	3	28	10	(15)
Share Profit from Associates	114	106	114	82
Adjusted PAT	1,159	1,389	291	619
YoY gr. (%)	13.7	24.8	(78.4)	(45.2)
Margin (%)	9.5	11.1	2.4	5.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,159	1,389	291	619
YoY gr. (%)	13.7	24.8	(78.4)	(45.2)
Margin (%)	9.5	11.1	2.4	5.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,159	1,389	291	619
Avg. Shares O/s (m)	190	190	190	190
EPS (Rs)	6.1	7.3	1.5	3.3

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	Hold	1,028	994
2	14-May-25	Hold	1,028	985
3	09-Apr-25	Accumulate	1,052	950
4	17-Feb-25	Accumulate	1,114	1,005
5	09-Jan-25	Accumulate	1,583	1,245
6	05-Nov-24	Accumulate	1,601	1,401
7	07-Oct-24	Hold	1,650	1,469

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,600	5,093
2	Apar Industries	Hold	9,540	9,682
3	BEML	Hold	4,142	4,522
4	Bharat Electronics	Hold	374	387
5	BHEL	Hold	215	228
6	Carborundum Universal	Hold	1,028	994
7	Cummins India	BUY	3,647	3,478
8	Elgi Equipments	Accumulate	559	535
9	Engineers India	Accumulate	250	242
10	GE Vernova T&D India	Accumulate	2,706	2,473
11	Grindwell Norton	Hold	1,739	1,635
12	Harsha Engineers International	Hold	402	423
13	Hindustan Aeronautics	Accumulate	5,500	5,003
14	Ingersoll-Rand (India)	BUY	4,522	4,045
15	Kalpataru Projects International	Accumulate	1,268	1,190
16	KEC International	Accumulate	911	860
17	Kirloskar Pneumatic Company	BUY	1,636	1,316
18	Larsen & Toubro	BUY	4,144	3,496
19	Praj Industries	BUY	545	497
20	Siemens	Accumulate	3,497	3,291
21	Thermax	Hold	3,633	3,779
22	Triveni Turbine	BUY	650	533
23	Voltamp Transformers	BUY	10,285	8,892

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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